FRANCHISE DISCLOSURE DOCUMENT

CONFIE FRANCHISE SERVICES, LLC
A Nevada limited liability company
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We license third parties the right to own and operate a business that will primarily sell, service, and deliver insurance services and ancillary products to clients under the trademark Freeway Insurance® (the "**Freeway Brokerages**" and individually, a "**Freeway Brokerage**").

The total investment necessary to begin operation of a single Freeway Insurance® start-up brokerage business is $34,950 to $84,000. This includes $13,000 to $31,000 that must be paid to the franchisor or its affiliate(s). The total investment necessary to begin operation of a single Freeway Insurance® conversion brokerage business is $10,950 to $45,800. This includes $3,000 to $6,000 that must be paid to the franchisor or its affiliate(s).

The total investment necessary to begin operation of a multi-unit Freeway Insurance® start-up brokerage business for three units is $104,850 to $232,000. This includes $39,000 to $73,000 that must be paid to the franchisor or its affiliate(s). The total investment necessary to begin operation of a multi-unit Freeway Insurance® conversion brokerage business for three units is $32,850 to $137,400. This includes $9,000 to $18,000 that must be paid to the franchisor or its affiliate(s).

This Disclosure Document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar days before you sign a binding agreement with, or make any payment to, us or our affiliates in connection with the proposed franchise sale. **Note that no governmental 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 Alex Trachtman, Senior Vice President, Franchise Sales and Operations at (800) 741-5769.

The terms of your Franchise Agreement will govern your franchise relationship. Don't rely on the Disclosure Document alone to understand your Franchise Agreement. Read the entire Franchise Agreement carefully. Show your Franchise Agreement and this Disclosure Document to an advisor, like a lawyer or an accountant.

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

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

Issuance Date: April 22, 2024

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How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit E-1 and Exhibit E-2.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit A includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Freeway Insurance® business in my area?	Item 12 and the "territory" provisions in the Franchise Agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchise have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this Disclosure Document to better understand this franchise opportunity. See the Table of Contents.

What You Need to Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

Your state also may have laws that require special disclosures or amendments be made to your Franchise Agreement. If so, you should check the State Specific Addenda. See Exhibit G for the State Specific Addenda.

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Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution**. The Franchise Agreement requires you to resolve all disputes with the franchisor by mediation, arbitration, or litigation only in California. Out-of-state mediation, arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate, arbitrate or litigate in California than in your own state.

2. **Short Operating History**. The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

3. **Spousal Liability**. Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both you and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

4. **Going Concern**. The auditor's report on the franchisor's financial statements expresses substantial doubt about the franchisor's ability to remain in business. This means that the franchisor may not have the financial resources to provide services or support you.

5. **Financial Condition:** Franchisor is undercapitalized (see Item 21) and may not be able to meet preopening obligations to all franchisees.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" to see whether your state requires other risks to be highlighted.

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Michigan Addendum to the Disclosure Document

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU:

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

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

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

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials, which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business, are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logo type, 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.

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(g) A provision that permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to: (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards; (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor; (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations; (iv) 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 that permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligation to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

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

Any questions regarding this notice should be directed to Department of the Attorney General's Office, Consumer Protection Division, Franchise Section, G. Mennen Williams Building, 525 W. Ottawa Street, Lansing, MI 48913; telephone number (517) 335-7567.

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ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, "we" or "us" means Confie Franchise Services, LLC, a Nevada limited liability company, the franchisor. "You" or "your" means the person or legal entity that buys the franchise, and we generally require that our franchisees be legal entities instead of individuals. If you are a corporation, partnership or limited liability company, certain provisions of this Disclosure Document also apply to your owners. To fully understand all of your rights, our rights, and our obligations to each other, you must still carefully review the actual agreements you will execute. These will control if there is any dispute between us.

Franchisor, Parents and Affiliates

We are a Nevada limited liability company originally formed on February 1, 2021, in Delaware and converted to a Nevada limited liability company on May 19, 2021. We do not do business under any name other than our corporate name and the name "Freeway Insurance." We began selling franchises as of the issue date of this Disclosure Document.

We do not operate a business similar to the Freeway Brokerage being franchised under this Disclosure Document. Our principal place of business and corporate office is located at 7711 Center Avenue, Suite 200, Huntington Beach, CA 92647.

Our registered agents for service of process are listed in Exhibit H. We do not have any predecessors that offered franchises. We have not offered franchises in any other line of business.

Our parent is Confie Holding II Co. ("**CH II**"), a California corporation originally formed on August 16, 2007, in Delaware and converted to a California corporation on December 2, 2021, with a principal business address of 7711 Center Avenue, Suite 200, Huntington Beach, CA 92647. Our parent licenses to us the right to use certain Proprietary Marks used in connection with the Franchised Brokerage and System. Our parent has never offered franchises in any line of business.

Our affiliate, Confie Administrative Services, Inc., a California corporation formed on November 27, 2007, with a principal business address of 7711 Center Avenue, Suite 200, Huntington Beach, CA 92647 ("**CAS**"), provides back-office support services through our Shared Services Center (as defined later in this Item 1). CAS also licenses to us the right to use certain Proprietary Marks used in connection with the Franchised Brokerage and System. CAS has never offered franchises in any line of business.

Our affiliate, SSBCC México, Sociedad De Responsabilidad Limitada De Capital Variable, a Mexican entity formed on January 14, 2011, with a principal business address of Blvd. Rodolfo Sánchez Taboada 9589-201, Zona Urbana Rio Tijuana, Tijuana, Baja California, C.P. 22010 ("**SSBCC**"), provides back-office support services through our Shared Services Center (as defined later in this Item 1). SSBCC has never offered franchises in any line of business.

Our parent, CH II, wholly owns our affiliate, Confie Risk Solutions, LLC ("**CRS**"), a California limited liability company, whose principal business address is 7711 Center Avenue, Suite 200, Huntington Beach, CA 92647. CRS does not offer franchises in any line of business and does not provide services to Freeway Brokerages. Freeway Insurance Services America, LLC, an Illinois limited liability company, formed on December 5, 2001, with a principal business address of 7711 Center Avenue, Suite 200, Huntington Beach, CA 92647 ("**FISA**"), is a wholly-owned subsidiary of CRS and maintains the contractual relationships with the Contracted Carriers and Ancillary Product Providers (as defined below) and will make payments to you

in connection with said sales to Clients (as defined below) generated by you. FISA owns all right, title, and interest in and to the Proprietary Marks (as defined in Item 1) and licenses us the right to use, and sublicense the use of, the Proprietary Marks. FISA, through various wholly-owned subsidiaries, owns and operates (a) 543 Freeway Brokerages across the United States; (b) 6 insurance brokerages across the United States operating under BAJA AUTO INSURANCE; (c) 50 insurance brokerages across the United States operating under COST-U-LESS INSURANCE CENTER; (d) 3 insurance brokerages across the United States operating under OASIS INSURANCE; (e) 22 insurance brokerages across the United States operating under SOUTHERN HARVEST INSURANCE; (f) 11 insurance brokerages across the United States operating under USAGENCIES; (g) 19 insurance brokerages across the United States operating under VERN FONK; and (h) 4 insurance brokerages across the United States operating under AUTO PARTNERS INSURANCE. FISA has never offered franchises in any line of business.

CRS also wholly-owns InsureOne Insurance Services America, LLC, an Illinois limited liability company whose principal business address is 7711 Center Avenue, Suite 200, Huntington Beach, CA 92647 ("**IISA**"). IISA does not offer franchises in any line of business and does not provide services to Freeway Brokerages. IISA owns and operates 50 insurance brokerages operating under the name INSUREONE in 10 states. Generally, INSUREONE insurance brokerages do not contract with the Contracted Carriers, offer insurance products that differ from that offered by Freeway Brokerages, and does not compete with Freeway Brokerages. If you refer leads to IISA, IISA may pay you a fee for such referral.

CRS also wholly-owns Acceptance Insurance Agency of Tennessee, Inc., a Tennessee corporation whose principal business address is 7711 Center Avenue, Suite 200, Huntington Beach, CA 92647 ("**AIAT**"). AIAT does not offer franchises in any line of business and does not provide services to Freeway Brokerages. AIAT owns and operates 288 insurance brokerages operating under the name ACCEPTANCE INSURANCE in 13 states.

CRS also wholly-owns ExpressLink, Inc., a California corporation whose principal business address is 7711 Center Avenue, Suite 200, Huntington Beach, CA 92647 ("**EL**"). EL does not offer franchises in any line of business and does not provide services to Freeway Brokerages. EL sells a very small amount of insurance products that are the same or similar to the services offered by Freeway Brokerages via the Internet. However, because the number of policies is so minimal, EL is not competitive with Freeway Brokerages.

Our affiliate, CRS, is the majority owner of Velox Insurance, LLC, a Georgia limited liability company that has a principal business address at 425 Ernest W. Barrett Parkway NW, Suite 1075, Kennesaw, GA 30144 ("**VI**") and was formed on April 12, 2007. VI does not offer franchises in any line of business and does not provide services to Freeway Insurance® franchisees. VI owns and operates 13 insurance businesses under the name VELOX INSURANCE. Between May 2009 to September 2018, VI offered a license program to third parties to operate Velox Insurance stores. VI no longer offers any such license arrangements and there are no longer any Velox Insurance stores operating under a license agreement.

VI also wholly-owns Velox Franchise Company, LLC, a Georgia limited liability company with a principal business address at 425 Ernest W. Barrett Parkway NW, Suite 1075, Kennesaw, GA 30144 ("**Velox**"). Our affiliates, VI and Velox RC, Inc. ("**VRC**") acquired all the interests in Velox as of December 31, 2021. Velox has offered franchises for the operation of insurance businesses under the name VELOX INSURANCE since 2019. As of December 31, 2023, Velox had 26 total franchisees with 23 operating in Georgia and 3 in Florida. We will not own or operate any Velox franchises.

Our parent, CH II, wholly owns our affiliate, Confie Estrella, Inc. ("**CEI**"), a California corporation formed on April 28, 2023, with a business address of 7711 Center Avenue, Suite 200, Huntington Beach, CA 92647, which in turn, wholly-owns Estrella Franchising Corp., a Florida corporation with a principal address at

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1801 SW 3rd Avenue, Miami, Florida 33129 ("**EFC**"). As of December 31, 2023, EFC had 201 total franchisees operating in various states. We will not own or operate any Estrella franchises. CEI also wholly-owns Estrella General Agency, Inc. ("**EGA**"), a Florida corporation incorporated on June 2, 2006. Each of these companies has a principal business address of 1801 SW 3rd Avenue, Miami, Florida 33129. EGA is a managing general agent and is not engaged in other businesses and has not offered franchises in any line of business.

Except as described above, we have no parents, predecessors, or other affiliates that are required to be disclosed in this Item 1.

Franchised Brokerage - Overview

We have established and have licensed others the right to develop and operate a franchised Freeway Insurance® business within a designated geographic area (the "**Protected Area**") that is primarily engaged in the business of offering, selling, and servicing personal lines insurance products, insurance brokering services, and other insurance products and services (the "**Insurance Services**") and certain ancillary products and services, including, without limitation, roadside assistance, identity theft protection, and car registration (the "**Ancillary Products**"), to clients (each, a "**Client**" and collectively, the "**Clients**"), all as authorized by us (each, a "**Franchised Brokerage**" and collectively, the "**Franchised Brokerages**").

Pursuant to this Disclosure Document, we offer you the opportunity to execute a Franchise Agreement, in the form attached as Exhibit B, which allows you to develop and operate a single Franchised Brokerage under certain trade names, trademarks, service marks and/or indicia of origin that we license you the right to use (the "**Proprietary Marks**"). Freeway Brokerages operate under a unique system developed by us and our affiliates, which system includes, but is not limited to, assistance in site evaluation, marketing, advertising, sales and promotional techniques, office build-out, training, data analytics, Client service, accounting and record-keeping methods, Client Accounts (as defined in Item 14), terms of contracts with, and guidelines required by, Contracted Carriers and Ancillary Product Providers, knowledge, know-how, trade names, service marks, trademarks, logos, emblems, trade dress and other intellectual property, distinctive signage, standards, specifications and sources for services, products, supplies, appearance, operations and management control, safety standards, training and assistance, purchasing programs, and advertising, marketing, promotional and sales programs, and other matters relating to the operation and promotion of Freeway Brokerages, all of which may be updated from time to time (the "**System**"), and all of which are designed to enhance the reputation and goodwill of the Freeway Brokerages with the public.

Your Franchised Brokerage will be located at a site approved by us (the "**Approved Location**"). Your Franchised Brokerage must at all times be operated under the direct supervision of the "**Brokerage Principal Operator**," which means the person specified to us in the Franchise Agreement and appointed by you who: (i) has been licensed by all applicable governmental and other regulatory authorities; (ii) successfully completes all of the Initial Training and ongoing/additional/refresher training required by the Franchise Agreement; (iii) is approved in writing by us; (iv) will be our primary point of contact for any business matters relating to the Franchised Brokerage; and (v) has the authority to make all business decisions on your behalf.

You will offer, sell, and service the Insurance Services by offering, selling, servicing, and renewing insurance policies (the "**Policies**") for Clients through the insurance carriers with which FISA has active contracts ("**Contracted Carriers**"). You will offer and sell the Ancillary Products through companies with which FISA has active contracts ("**Ancillary Product Providers**"). We will, at our sole discretion and with our Contracted Carriers' or Ancillary Product Providers' approval, as applicable, determine which

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Contracted Carriers or Ancillary Product Providers you may use, as well as which lines of insurance business and specific policy types you may sell with such Contracted Carriers.

You are required to process all applications for Policies and Ancillary Products exclusively through our facilities and systems or the systems required by the Contracted Carriers or Ancillary Product Providers. We, not you, will be the "agent of record" for all Policies sold, renewed, serviced, or delivered through your Franchised Brokerage. As compensation for your efforts, you will earn a percentage of (a) the base commissions we receive from the Contracted Carriers on Client Accounts you generate through the Franchised Brokerage; (b) any fees paid to us on Client Accounts you generate through the Franchised Brokerage, including, but not limited to, broker fees, endorsement fees, and monthly payment fees; and (c) the amount we receive from the Ancillary Product Providers on Client Accounts you generate through the Franchised Brokerage. All "**Freeway Policy Commissions,**" **Freeway Policy Fees**," and "**Ancillary Product Payments**" are paid directly to FISA, either by the Contracted Carriers and Ancillary Product Providers with respect to Freeway Policy Commissions and Ancillary Product Payments, or paid to FISA by customers, with respect to Freeway Policy Fees, and we, in turn, forward you a certain percentage of these commissions on a monthly basis, as described in more detail in Item 6.

Each Franchised Brokerage has access to our shared services center that provides customer service, quality control, information technology helpdesk, and telesales/lead procurement (the "**Shared Services Center**") and must follow our "**Freeway Technology Specifications**," which incorporate technology solutions that enable seamless interface, along with coaching systems that provide improved workflows and efficiencies.

Conversion Program

Under our Conversion Program, you will convert your independently owned business to a Franchised Brokerage (a "**Conversion Franchised Brokerage**") under a Franchise Agreement and a conversion addendum (the "**Conversion Franchise Addendum**") in the form attached to the Franchise Agreement as Exhibit 4. All provisions of our Franchise Agreement will apply to a Conversion Franchised Brokerage unless otherwise stated in the Conversion Franchise Addendum. Whether a franchisee qualifies to purchase a Conversion Franchised Brokerage is solely determined by us and will be based on the existing book of business at the time of execution of the Franchise Agreement.

Refranchising Program

Under our refranchising program, you will purchase an affiliate-owned and operated Freeway Insurance® Brokerage and convert it to a Franchised Brokerage that will be operated under a Franchise Agreement. The form of bill of sale you will execute in connection with the purchase of the affiliate-owned and operated Freeway Brokerage is attached to this Disclosure Document as Exhibit K.

Development Program

We may, in our sole and absolute discretion, offer you the right to open at least two (2), or convert at least two (2), existing insurance businesses to Franchised Brokerages within a designated area (the "**Development Area**") under the terms of an agreement (the "**Development Agreement**"). You must sign our then-current franchise agreement for each Franchised Brokerage opened under the Development Agreement, and then-current conversion addendum for any Conversion Franchised Brokerages, which may differ from the current document included with this Disclosure Document. We will determine, at our sole discretion, the size of the Development Area, the number of Franchised Brokerages, and the timeline by which each Franchised Brokerage must be open for business (the "**Development Schedule**").

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Market and Competition

The market for your services will be the general public. The market for insurance agencies and brokerages is competitive and developed. Other Freeway Brokerages may have an effect on the sales of your Franchised Brokerage. You will also be competing with other independent and captive insurance agencies and brokerages that offer the same types of products and services that you do. These agencies and brokerages may be associated with national or regional insurance companies (franchised or not) or they may be local, single locations. You will also compete with other insurance agencies and brokerages that offer products different from those offered under the System.

The ability of each Freeway Brokerage to compete also depends on its location, service, employee attitudes, overhead, changing local market and economic conditions, and many other factors both within and outside your control.

Industry Specific Laws

The insurance industry is regulated at the state level, and you will be subject to all licensure and other laws and regulations applicable to the operation of an insurance brokerage. You will also be subject to certain minimum continuing education requirements specified by such laws and regulations. In addition, there are other local, state, and federal laws and regulations applicable to businesses generally with which you must comply, including zoning laws, labor laws and the Fair Labor Standards Act, workers' compensation laws, business licensing laws, tax regulations, anti-terrorism laws, and the Americans with Disabilities Act. You must also obtain all real estate permits and licenses, and operational licenses necessary to operate the Franchised Brokerage.

We are not required to provide any guidance regarding compliance with these laws and regulations, and any guidance that is provided is not guaranteed to be complete or accurate. You should consult with your attorney concerning these and other laws, regulations, and ordinances that may affect the operation of your Franchised Brokerage. You are solely responsible for investigating and complying with all of these applicable laws, regulations, and other requirements, despite any advice or information that we may give you. We have not researched any of these laws to determine their applicability to your Franchised Brokerage. You will also be required to comply with all of our rules and procedures, as well as those of the Contracted Carriers and Ancillary Product Providers.

ITEM 2
BUSINESS EXPERIENCE

***Unless otherwise noted, each employee serves its position in Huntington Beach, California.

Mr. Cesar Soriano: Chief Executive Officer

Mr. Cesar Soriano has been our Chief Executive Officer since our formation. Mr. Soriano has served as Chief Executive Officer of Velox since December 2021. Mr. Soriano also serves as Chief Executive Officer for CH II and has served in that position since August 2017. Mr. Soriano served as Chief Strategy Officer for CH II from September 2016 to August 2017. Prior to that, Mr. Soriano was President and Chief Operating Officer of Interstate National Corporation in Atlanta, Georgia.

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Ms. Carol Newman: Executive Vice-President, General Counsel, and Corporate Secretary

Ms. Carol Newman has been our Executive Vice-President, General Counsel, and Corporate Secretary since our formation. Ms. Newman has served as Executive Vice-President, General Counsel, and Corporate Secretary of Velox since February 2021. Ms. Newman also serves as General Counsel and Corporate Secretary for CH II and has served in those positions since April 2016.

Mr. Alex Trachtman: Senior Vice-President, Franchise Sales and Operations

Mr. Alex Trachtman has been our Senior Vice-President, Franchise Sales and Operations since April 2021. Mr. Trachtman also serves as Senior Vice President, Business Development for CH II and has served in that position since January 2018. Mr. Trachtman has been employed by CH II in various capacities since October 2006. Most recently, Mr. Trachtman has served as CH II's (a) Chief Administrative Officer from June 2011 through December 2017; and (b) Chief Financial Officer from October 2006 to June 2011.

Mr. Michael Kaplan: Chief Financial Officer

Mr. Michael Kaplan has been our Chief Financial Officer since our formation. Mr. Kaplan has served as Chief Financial Officer of Velox since December 2021. Mr. Kaplan also serves as Chief Financial Officer for CH II and has served in that position since May 2016.

Mr. Darrin Silveria: Executive Vice-President and Chief Sales Officer

Mr. Darrin Silveria has been our Executive Vice-President and Chief Sales Officer since our formation. Mr. Silveria has served as Executive Vice-President and Chief Sales Officer of Velox since December 2021. Mr. Silveria also serves as Executive Vice-President and Chief Sales Officer for CH II and has served in that position since August 2013.

Mr. Jose Merille: Vice President

Mr. Merille has been CAS' and EFC's Vice-President since May 2023, operating out of Miami, Florida. Prior to that, Mr. Merille served as President and Chief Operating Officer for EFC from February 2008 through May 2023, operating out of Miami, Florida.

Mr. Michael Sanchez: Director of Franchise Operations

Mr. Sanchez has been our Director of Franchise Operations since September 2021. Prior to that, Mr. Sanchez served as District Manager for FISA from December 2016 until September 2021.

Mr. Felipe Martinez: Director of Franchise Development

Mr. Martinez has been CAS' Director of Franchise Development since May 2023, operating out of Miami, Florida. Prior to that, Mr. Martinez served as Director of Franchise Development for EFC from December 2018 through May 2023, operating out of Miami, Florida.

ITEM 3
LITIGATION

No litigation must be disclosed in this Item.

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ITEM 4
BANKRUPTCY

No bankruptcy information must be disclosed in this Item.

ITEM 5
INITIAL FEES

Initial Fees Single Franchised Brokerage and Conversion Franchised Brokerage

Initial Fees for Single Franchised Brokerage

Generally

The initial franchise fee for a start-up Franchised Brokerage or purchase of an affiliate-owned Brokerage is $25,000 (the "**Initial Fee**"). For those franchisees that were disclosed with the 2022 FDD and signed under the 2023 FDD due to timing requirements, we collected initial franchise fees ranging from $10,000 to $15,000 (due to 2022 pricing).

Honorably Discharged Veteran

If you are an honorably discharged veteran, or are currently serving military personnel, and are purchasing a start-up Franchised Brokerage, we will reduce the Initial Fee to $15,000. During the Fiscal Year ended December 31, 2023, for one franchisee that qualified as an honorably discharged veteran, we collected an initial franchise fee of $10,000.

Affiliate Employee

If you are a current employee of one of our affiliates (each, an "**Affiliate Employee**"), and are purchasing a start-up Franchised Brokerage, we will reduce the Initial Fee to $10,000. The Initial Fee reductions outlined here are not applicable for the purchase of affiliate-owned Brokerages.

Initial Fees for Conversion Franchised Brokerage

For a Conversion Franchised Brokerage, we will not charge you an Initial Fee.

Initial Fees for Development Program

Initial Fees for Multiple Single Franchised Brokerages and Conversion Franchised Brokerages

Generally

If we grant you the right to open and operate multiple Franchised Brokerages, we will reduce the Initial Fee for each Franchised Brokerage after you open your first Franchised Brokerage. Currently, the multi-unit fee is equal to $25,000 for the first Franchised Brokerage, plus $15,000 for each Franchised Brokerage we grant you the right to develop after your first. This is a total Initial Fee of $55,000 for 3 Franchised Brokerages.

When you sign your Area Development Agreement, you must (a) sign a Franchise Agreement for the first Franchised Brokerage you have agreed to develop; and (b) pay to us $25,000 plus 50% of the reduced Initial

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Fees due for all Franchised Brokerages we grant you the right to open (total of $40,000 for 3 Franchised Brokerages due at signing). The remaining 50% of the reduced Initial Fee due for each Franchised Brokerage is payable when you sign the then-current franchise agreement for each Franchised Brokerage. Prior to opening any additional Franchised Brokerages you agree to develop, you must sign our then-current form Franchise Agreement which may be materially different than the Franchise Agreement you executed for your first Franchised Brokerage.

Veteran

If we grant you the right to open and operate multiple Franchised Brokerages, and you are an honorably discharged veteran, or are currently serving military personnel, the multi-unit fee is equal to $15,000 for the first Franchised Brokerage, plus $10,000 for each Franchised Brokerage we grant you the right to develop after your first. This is a total Initial Fee of $45,000 for 3 Franchised Brokerages.

When you sign your Area Development Agreement, you must (a) sign a Franchise Agreement for the first Franchised Brokerage you have agreed to develop; and (b) pay to us $15,000 plus 50% of the reduced Initial Fees due for all Franchised Brokerages we grant you the right to open (total of $25,000 for 3 Franchised Brokerages due at signing). The remaining 50% of the reduced Initial Fee due for each Franchised Brokerage is payable when you sign the then-current franchise agreement for each Franchised Brokerage.

Affiliate Employee

If we grant you the right to open and operate multiple Franchised Brokerages, and you are an Affiliate Employee, the multi-unit fee is equal to $10,000 for each Franchised Brokerage we grant you the right to open. This is a total Initial Fee of $30,000 for 3 Franchised Brokerages.

When you sign your Area Development Agreement, you must (a) sign a Franchise Agreement for the first Franchised Brokerage you have agreed to develop; and (b) pay to us $10,000 plus 50% of the Initial Fees due for all Franchised Brokerages we grant you the right to open (total of $20,000 for 3 Franchised Brokerages due at signing). The remaining 50% of the Initial Fee due for each Franchised Brokerage is payable when you sign the then-current franchise agreement for each Franchised Brokerage.

Initial Fees for Multiple Conversion Franchised Brokerage

For multiple Conversion Franchised Brokerages, we will not charge you an Initial Fee for any Conversion Franchised Brokerage.

Except as outlined below, the entire Initial Fee is payable to us in full on the date you sign the Franchise Agreement.

We may finance up to 50% of the Initial Fee (as described in Item 10). If we agree to finance a portion of the Initial Fee, you must pay us the portion of the Initial Fee that is not financed on the date you sign the Franchise Agreement.

All Initial Fees will not be refundable under any circumstances and are deemed earned upon payment. Except as outlined above, the Initial Fees are uniformly imposed.

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Computer Equipment

You must purchase the Computer System and copiers only from us. We estimate this amount to range from $3,000 to $6,000 for a Single Franchised Brokerage. Under the Development Program, this fee is $9,000 to $18,000 for 3 Single Franchised Brokerages or Conversion Franchised Brokerages.

The amount paid for this equipment is nonrefundable and uniformly imposed for similarly situated franchisees.

Sublease Agreement

If you purchase a refranchised Franchised Brokerage, and we or our affiliate is required to sublease the location of the Franchised Brokerage to you, upon execution of the Sublease Agreement, you must pay us (a) a security deposit equal to the amount of the security deposit under the Primary Lease for the location (as that term is defined in the Sublease Agreement); and (b) the first month's amount of rent and additional rent (or that portion of the rent and additional rent based on the effective date of the Sublease Agreement).

These amounts will vary based on the security deposit and rent/additional rent under the Primary Lease. These amounts are non-refundable.

The following table itemizes the fees disclosed in this Item 5:

Single Brokerage	Low	High	Multiple Brokerages (3)	Low	High	Note
Initial Franchise Fee	$25,000	$25,000	Initial Franchise Fee	$55,000	$55,000	$25,000 for location 1 and $15,000 for next two locations
Computer Equipment	$3,000	$6,000	Computer Equipment	$9,000	$18,000	$3,000 per location low end; $9,000 per location high end
Total Single Brokerage	**$28,000**	**$31,000**	**Total Multiple Brokerages (3)**	**$64,000**	**$73,000**	
Single Broker Veteran	**Low**	**High**	**Multiple Brokerages Veteran (3)**	**Low**	**High**	**Note**
Initial Franchise Fee	$15,000	$15,000	Initial Franchise Fee	$45,000	$45,000	$15,000 for location 1 and $10,000 for next two locations
Computer Equipment	$3,000	$6,000	Computer Equipment	$9,000	$18,000	$3,000 per location low end; $9,000 per location high end
Total Single Brokerage Vet	**$18,000**	**$21,000**	**Total Multiple Brokerages Vet (3)**	**$54,000**	**$63,000**	
Single Broker Employee	**Low**	**High**	**Multiple Brokerages Employee (3)**	**Low**	**High**	**Note**
Initial Franchise Fee	$10,000	$10,000	Initial Franchise Fee	$30,000	$30,000	$10,000 for each location
Computer Equipment	$3,000	$6,000	Computer Equipment	$9,000	$18,000	$3,000 per location low end; $9,000 per location high end
Total Single Brokerage Emp	**$13,000**	**$16,000**	**Total Multiple Brokerages Emp (3)**	**$39,000**	**$48,000**	
Single Broker Conversion	**Low**	**High**	**Multiple Brokerages Conversion (3)**	**Low**	**High**	**Note**
Initial Franchise Fee	$0	$0	Initial Franchise Fee	$0	$0	
Computer Equipment	$3,000	$6,000	Computer Equipment	$9,000	$18,000	$3,000 per location low end; $9,000 per location high end
Total Single Brokerage Conv	**$3,000**	**$6,000**	**Total Multiple Brokerages Conv (3)**	**$9,000**	**$18,000**	

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ITEM 6
OTHER FEES

TYPE OF FEE (1)	AMOUNT	DUE DATE	REMARKS
Royalty Fee	14% of Total Revenue	On or about the 15th day of each month for the month ending forty-five (45) days immediately prior to the payment date (due to payment date by Contracted Carriers)	See Note 2. "**Total Revenue**" shall mean the sum of Freeway Policy Commissions, Freeway Policy Fees, and Freeway Ancillary Product Payments. We will defer the collection of Freeway Policy Commissions, Freeway Ancillary Product Payments and Freeway Policy Fees for Conversion Franchised Brokerages for a period ending on the six-month anniversary of the Effective Date of the Franchise Agreement. With respect to payment date, we are providing the following example: We will pay you your portion of the Freeway Policy Commissions, Freeway Ancillary Product Payments and Freeway Policy Fees no later than April 15 for Freeway Policy Commissions, Freeway Ancillary Product Payments and Freeway Policy Fees earned by the Franchised Brokerage during the month of February. We will pay you Freeway Policy Commissions, Freeway Ancillary Product Payments and Freeway Policy Fees no later than May 15 for Freeway Policy Commissions, Freeway Ancillary Product Payments and Freeway Policy Fees earned by the Franchised Brokerage during the month of March.

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TYPE OF FEE (1)	AMOUNT	DUE DATE	REMARKS
Franchisee Expenses	Pro-rata portion of expenses borne by us that relate to your Franchised Brokerage	On or about the 15th day of each month for the month ending forty-five (45) days immediately prior to the payment date	See Note 3. We will defer the collection of Franchisee Expenses for Conversion Franchised Brokerages for a period ending on the six-month anniversary of the Effective Date of the Franchise Agreement.
Technology Access Fee	Up to $1,000 per month for one user Currently, $650 per month for up to three users and $50 per month for each additional user	On or about the 15th day of each month	Payable in connection with the provision of certain components of the Computer System. We will defer the collection of the Technology Access Fee for Conversion Franchised Brokerages for a period ending on the six-month anniversary of the Effective Date of the Franchise Agreement.
Quality Audit Fee	Then-current fee Currently, $0	As incurred	We reserve the right to conduct a quality control audit of each Policy written by your Franchised Brokerage prior to submission to the Contracted Carrier and charge you our then-current quality assurance audit fee per policy audited.
Brand Fund Contribution	Up to 10% of Total Revenue Currently, 7% of Total Revenue	On or about the 15th day of each month	We will defer the collection of the Brand Fund Contribution for Conversion Franchised Brokerages for a period ending on the six-month anniversary of the Effective Date of the Franchise Agreement.
Third Party Transfer Fee	75% of then-current Initial Fee if transferee is not a current Freeway Insurance® franchisee 50% of then-current Initial Fee if transferee is a current Freeway	Prior to consummation of transfer	Payable in the event of a transfer of a majority of equity interests (51% or greater) of franchisee, or a transfer that results in a change in controlling interest. See Note 4.

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TYPE OF FEE (1)	AMOUNT	DUE DATE	REMARKS
	Insurance® franchisee		
Transfer Fee – Minority Interest and Transfer to Controlled Entity	$2,500	Prior to consummation of transfer	Payable in the event of a transfer (a) of a minority of equity interests of franchisee without a change in controlling interest; or (b) individual franchisee assigning to a wholly-owned, newly-created entity. See Note 4.
Successor Fee	$5,000 per successor term	Prior to renewal	Payable if you request, and we grant you, the right to enter into our then-current form of franchise agreement for a successor term.
Advertising Cooperative	Reasonable cost, currently $0	As incurred	See Note 5.
Costs and Attorneys' Fees Associated with Enforcement or Collection	Our costs and expenses	As incurred	See Note 6.
Indemnification	The losses and expenses incurred by us and our affiliates	As incurred	See Note 7.

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TYPE OF FEE (1)	AMOUNT	DUE DATE	REMARKS
Additional Training Fee (at Our Headquarters)	Then-current fee Currently, $350 per day per attendee, plus all travel, wages, and room and board for you and your attendees	Prior to training	We have the right to require that you and/or personnel attend and complete, to our satisfaction, all additional training deemed necessary or appropriate by us at our discretion, which shall not exceed four (4) training events per calendar year at our headquarters.
Additional On-Site Training Fee (at your Franchised Brokerage)	Then-current fee Currently, $350, per trainer, per day, plus all travel, wages, and room and board for the trainers	Prior to training	Payable if we deem necessary and appropriate the provision of, or if you request and we are available to provide, additional assistance with respect to the opening or operation of the Franchised Brokerage or other additional training at any time during the term of the Franchise Agreement at your Franchised Brokerage.
Relocation Fee	10% of the then-current initial fee for the start-up Franchised Brokerage	Upon request for relocation	Payable if you request to relocate your Franchised Brokerage.
Convention Fee	Then-current fee $600 per attendee, plus all travel, wages, and room and board for your attendees	Upon demand	Payable if we host and/or require your attendance at a franchise convention, seminar, or meeting. We will not increase this fee by more than 10% on an annual basis.
Management Fee	20% of Total Revenue, plus reimbursement of expenses	Upon demand	Payable if we are required to step-in and operate your Franchised Brokerage due to (a) your death or incapacity; or (b) your default of the Franchise Agreement.

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TYPE OF FEE (1)	AMOUNT	DUE DATE	REMARKS
Insurance	Premium cost, plus administrative costs of 18%	As incurred	If you fail to comply with the minimum insurance requirements set forth in the Franchise Agreement, we have the right to obtain such insurance and you must pay us the premium cost and administrative costs of 18% in connection with our obtaining the insurance.
Supplier/Product Evaluation	Our testing costs	As incurred	If we incur any costs in connection with evaluating an unapproved supplier at your request, you or the supplier must reimburse us for our reasonable costs, regardless of whether we subsequently approve the supplier.
Taxes	Amount of tax	As incurred	You are required to pay when due all federal, state, and local taxes levied or assessed with respect to the operation of your Franchised Brokerage. You agree to indemnify us in the event that we are held responsible for these taxes.
Fees for Leads	Varies based on location of lead and type of lead	As incurred	If you wish to purchase leads from us or an affiliate, you must pay a fee, which varies, based on location of lead and type of lead.
Rent/Additional Rent	Varies based on rent/additional rent under Primary Lease	First calendar day of each month	If you enter into a Sublease Agreement with us for the Franchised Brokerage, you must pay us rent and additional rent, and any additional Charges (as defined in the Sublease Agreement) based on the amounts in the Primary Lease.

Notes:

(1) Unless otherwise noted, all fees are uniformly imposed by and payable to us and are non-refundable.

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(2) All Client accounts generated by your Franchised Brokerage (the "**Client Accounts**") are our exclusive property, and all funds, correspondence, notices, and other communications relating to such Client Accounts must be forwarded to us. We are the "Agent of Record" with the Contracted Carriers on all such Client Accounts, so all base commissions paid by the Contracted Carriers are paid directly to FISA, and not to you. On or about the 15th day of each month (beginning after your Franchised Brokerage has been operating but no more than 60 days after the opening date depending upon when you open), we will pay you (via electronic funds transfer to an account you specify in the Electronic Funds Withdrawal and Deposit Authorization attached to the Franchise Agreement) a percentage of the Freeway Policy Commissions, Freeway Ancillary Product Payments, and Freeway Policy Fees for the Client Accounts and we will retain the remainder (with such remainder being referred to as the "**Royalty Fee**"). "**Freeway Policy Commissions**" means base commissions paid by the Contracted Carriers to us or FISA, less any volume commission discount rate and less any incentive provided by the Contracted Carrier to us or FISA in connection with our relationship. "**Freeway Ancillary Product Payments**" means the amount paid by the Ancillary Product Providers to us or FISA in connection with the sale of Ancillary Products, less any volume discount and less any incentive provided by the Ancillary Product Providers to us or FISA in connection with our relationship. "**Freeway Policy Fees**" means any fees paid to us/FISA on Client Accounts you generate, including, but not limited to, broker fees, endorsement fees, and monthly payment fees.

Additionally, we have the right to deduct the following charges from the monthly payments made to you: (i) any refunds we or our affiliates provide to Clients for which you were paid Freeway Policy Commissions or Freeway Ancillary Product Payments; and (ii) any payments provided by a Client as part of a sale of a Policy or Ancillary Product through your Franchised Brokerage that are rejected by said Client's bank or otherwise deemed uncollectible.

(3) We will deduct from the payments we make to you the expenses borne or paid by us which relate to the conduct of your Franchised Brokerage, as well as any additional costs we designate in the Confidential Operations Manual (as defined in Item 8) (the "**Franchisee Expenses**"). The Franchisee Expenses will change from time to time and are set forth in the Confidential Operations Manual. Currently, those recurring expenses include the following: Refunds, MVR, NSF Fees, Credit Card Fees and Chargebacks. The amount of these fees will be based on your volume, and we are unable to include an estimate or a cap on the Franchisee Expenses. However, your portion of these costs and expenses shall be determined by us in good faith, and such determination may be based, solely or partially, upon the expenses we incur, or the then-current fair market value of the items provided to you. At our discretion, we are also permitted to deduct from the payments we make to you: (a) the costs and expenses incurred by us (including, but not limited to, our reasonable labor and administrative costs) as a result of your failure to conduct your Franchised Brokerage in compliance with our procedures and standards of operation; and (b) any payments we make in good faith to your vendors or suppliers in order to cure your failure to make such payments on a timely basis.

(4) All transfers are subject to our prior consent, and you must meet various conditions in order to obtain our consent.

(5) We may require you to participate in a cooperative or other advertising and/or marketing programs as we prescribe from time to time in the Confidential Operations Manual. We do not currently have any cooperative advertising programs. Franchisor outlets will not have any voting power regarding fees imposed by franchisee cooperatives.

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(6) If we prevail in any action against you, or if any provision of the Franchise Agreement is enforced at any time by us, or if any amounts due from you to us are, at any time, collected by or through an attorney or collection agency, you will be liable to us for all costs and expenses of enforcement and collection including, but not limited to, court costs and reasonable attorneys' fees.

(7) You must indemnify and hold us and our directors, officers, agents, attorneys, members, managers, and shareholders harmless in all actions arising out of or resulting from (a) your breach of the Franchise Agreement; (b) unauthorized use of the Proprietary Marks or other proprietary materials; (c) the operation of your Franchised Brokerage; (d) any professional or other negligence; (e) unauthorized transfer; (f) the infringement of any third party intellectual property rights; (g) libel, slander or any other form of defamation of us, the operating System or our franchisees; or (h) any incident, death, injury or damage to any person or property occurring in, on, or about the premises of your Franchised Brokerage.

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ITEM 7
ESTIMATED INITIAL INVESTMENT

A. YOUR ESTIMATED INITIAL INVESTMENT UNDER A SINGLE UNIT FRANCHISE AGREEMENT A START-UP FRANCHISED BROKERAGE

Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made (1)
Initial Fee **(2)**	$ 10,000	$ 25,000	Lump Sum	Upon Signing of Franchise Agreement	Us
Leasehold Improvements **(3)**	$ 4,000	$ 12,000	Lump Sum	As Arranged	Contractor
Fixtures, Furnishings & Equipment **(4)**	$ 4,000	$ 6,000	As Arranged	As Arranged	Third Parties
Signage **(5)**	$ 2,200	$ 4,500	As Arranged	As Incurred	Third Parties
Computer System **(6)**	$ 3,000	$ 6,000	As Arranged	As Incurred	Us
Rent, Security Deposits and Utility Deposits **(7)**	$ 1,000	$ 3,200	As Arranged	Upon Signing Lease	Landlord, Utility Companies
Business Licenses & Permits **(8)**	$ 500	$ 800	As Arranged	As Incurred	Third Parties
Professional Fees **(9)**	$ 500	$ 1,000	As Arranged	As Incurred	Third Parties
Training Expenses **(10)**	$ 500	$ 2,500	As Arranged	As Incurred	Hotels, Restaurants and Airline Companies
Insurance **(11)**	$ 3,000	$ 5,000	As Arranged	As Incurred	Third Parties
Initial Inventory of Operating Supplies	$ 500	$ 1,000	As Arranged	As Incurred	Third Parties
Grand Opening Advertising **(12)**	$ 500	$ 1,500	As Arranged	As Incurred	Third Parties
Additional Funds **(13)**	$ 5,250	$ 15,500	As Arranged	As Incurred	Third Parties
TOTAL ESTIMATED INITIAL INVESTMENT (14)	**$ 34,950**	**$ 84,000**			

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Notes to Table A:

(1) Costs paid to us are not refundable. Whether any costs paid to third parties are refundable will vary based on the practice of such third party and the general practice in the area where your Franchised Brokerage is located.

(2) The manner in which the Initial Fee is paid and the circumstances under which the Initial Fee may be reduced are explained in greater detail in Item 5. We may finance up to 50% of the Initial Fee (as described in Item 10).

(3) Office build-out expenses can vary widely. Franchised Brokerages do not require extensive build-out; however, we permit franchisees who wish to do so to spend additional sums on leasehold improvements (though these additional amounts are not incorporated into the estimates above). The estimates above assume that you will operate the Franchised Brokerage from a 1,000 square foot space and will have to conduct minor construction. In some cases, your landlord may cover some portion of the cost of leasehold improvements, and this is not assumed in either of these estimates. In a new space, you may expect to install carpet, paint, cabling, and limited interior walls. There may also be plumbing or electrical costs. You should check with the relevant regulatory agencies to identify costs for required building permits, impact fees, taxes, bonds, licenses, and other fees, which can vary dramatically depending on the location.

(4) You must purchase certain fixtures, furnishings, and equipment in order to operate your Franchised Brokerage. The Franchised Brokerage will require desks, chairs, indoor signage, and miscellaneous reception area and back-office furniture. The estimates above assume that you will operate the Franchised Brokerage from a 1,000 square foot space.

(5) The type of signage to be installed at your Franchised Brokerage is governed by local ordinances and lease provisions regarding height and size restrictions. The types and amount of signage will vary based on the type of location, landlord requirements, and city/municipality requirements. The estimates above include store front, tenant panel, window and door decals for the Franchised Brokerage. All signage must conform to the specifications in the Confidential Operations Manual and must be submitted to us for approval prior to purchase and installation. You may be required to use our required vendor for signage. In some cases, your landlord may cover some or all of the cost of any exterior signage, but this estimate does not make that assumption.

(6) You must obtain a computer system that complies with the Freeway Technology Specifications. You are required to purchase and maintain PC, networking, telecom hardware and software, desktop software and licenses, Agency Management System licenses, software included with payment of the Technology Access Fee, and other miscellaneous equipment (collectively, the "**Computer System**").

(7) A typical Franchised Brokerage will occupy approximately 1,000 square feet of space and will typically be located in a strip mall center with a strong foot-traffic driver anchor big-box store with three (3) to six (6) parking spaces. Lease payments will vary considerably depending upon the property size, demographic data, and location. The estimates above assume that you will operate the Franchised Brokerage from a 1,000 square foot space and will have to conduct minor construction. Lease agreements may also include the following expenses: taxes, insurance, maintenance, fixed rent (with escalations), percentage rent, and other charges related to the operation of the Franchised Brokerage.

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(8) You must pay a third party vendor for the costs associated with adding your Franchised Brokerage and you to certain insurance licenses required by the state in which you are located, and any initial education costs associated with obtaining your licenses.

(9) These figures represent the estimated costs of engaging an attorney, CPA, or other business professionals to review this Disclosure Document and the accompanying agreements, to assist you in organizing a business entity and setting up your books, and to help you obtain required business licenses and permits.

(10) We do not charge you for the Initial Training (as defined in Item 11). Portions of the Initial Training may be provided online via a web-based or intranet portal, and you may access and attend portions of the Initial Training remotely. The low-end estimate assumes you will be attending the Initial Training program remotely. The high-end estimate assumes you will be attending the Initial Training program in-person. You must pay the costs of transportation, lodging and food for your owners, Brokerage Principal Operator and other approved designees during Initial Training. The amount of these expenses will depend on the distance you must travel, type of accommodations, the number of your people attending Initial Training, and their wages.

(11) The estimated amount above includes the cost of the errors and omissions, general liability and workers' compensation, EPLI and cyber insurance policies that you will need to obtain and maintain according to our standards and specifications. This assumes the entire insurance premium is paid during the initial three (3) months of operations.

(12) You are not required to conduct grand opening advertising; however, we recommend that you do so. All advertising materials must be approved by us prior to use (as outlined in Item 8). This does not include the purchase of leads.

(13) These figures are an estimate of your operating expenses for the initial three (3) months of operations. Both high-end and low-end estimates include rent, bank fees, utilities, marketing expenses, and technology costs. They do not include the Royalty Fee paid to us. This does not include payroll expenses because we believe it is unlikely that you will hire employees during the initial three (3) months of operations. These figures are estimates that we prepared using our and our affiliates' experience in opening and operating Freeway Brokerages across the United States of America since 1987 and do not include any amounts for owner salary.

(14) You should review these figures carefully with a business advisor before making any decision to purchase the right to operate the Franchised Brokerage. We have prepared these estimates based on our and our affiliates' experience in opening and operating Freeway Brokerages across the United States of America since 1987. Except as expressly indicated otherwise, these estimates cover your initial cash investment to open your Franchised Brokerage and are not offset by revenue generated by you. They do not provide for your cash needs to cover any financing incurred by you or your other expenses. You should not plan to draw income from the operation during the start-up and development stage of your Franchised Brokerage, the actual duration of which will vary materially from location to location and cannot be predicted by us for your Franchised Brokerage. You must have additional sums available, whether in cash or through a bank line of credit or have other assets that you may liquidate or against that you may borrow, to cover other expenses and any operating losses you may sustain, whether during your start-up and development stage, or beyond. The amount of necessary reserves will vary greatly from franchisee to franchisee and will depend upon many factors, including the rate of growth and success of your Franchised Brokerage, your ability to operate efficiently and in conformance with our recommended methods of doing business, and competition. Because the exact amount of reserves will vary from operation to

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operation and cannot be meaningfully estimated by us, we urge you to retain the services of an experienced accountant or financial advisor to develop a business plan and financial projections for your Franchised Brokerage.

(15) If you sign an Area Development Agreement, cost estimates for the initial investment required for 3 Franchised Brokerages are listed below:

Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made (1)
Initial Fees (Total) (Low Amount assumes you are an Affiliate Employee)	$ 30,000	$ 55,000	Lump Sum	Upon Signing of Development Agreement and each subsequent Franchise Agreement	Us
Costs to Open All 3 Franchised Brokerages (Less Initial Fee)	$ 74,850	$ 177,000	See above table for single Franchised Brokerage $9,000 to $18,000 payable to Us		
TOTAL	**$ 104,850**	**$ 232,000**			

B. YOUR ESTIMATED INITIAL INVESTMENT – CONVERSION FRANCHISED BROKERAGE

Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made (1)
Initial Fee **(2)**	$ 0	$ 0	Lump Sum	Upon Signing of Franchise Agreement	Us
Leasehold Improvements **(3)**	$ 0	$ 6,000	Lump Sum	As Arranged	Contractor
Fixtures, Furnishings & Equipment **(4)**	$ 0	$ 2,000	As Arranged	As Arranged	Us and Vendors
Signage **(5)**	$ 2,200	$ 4,500	As Arranged	As Incurred	Vendors
Computer System **(6)**	$ 3,000	$ 6,000	As Arranged	As Incurred	Us
Business Licenses & Permits **(7)**	$ 500	$ 800	As Arranged	As Incurred	Third Parties

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Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made (1)
Professional Fees **(8)**	$ 500	$ 1,000	As Arranged	As Incurred	Third Parties
Insurance **(9)**	$ 3,000	$ 5,000	As Arranged	As Incurred	Third Parties
Initial Inventory of Operating Supplies	$ 500	$ 1,000	As Arranged	As Incurred	Vendors
Training Expenses **(10)**	$ 500	$ 2,500	As Arranged	As Incurred	Hotels, Restaurants and Airline Companies
Grand Opening Advertising **(11)**	$ 500	$ 1,500	As Arranged	As Incurred	Vendors
Additional Funds **(12)**	$ 250	$ 15,500	As Arranged	As Incurred	Third Parties, Vendors
TOTAL ESTIMATED INITIAL INVESTMENT (13)	**$ 10,950**	**$ 45,800**			

Notes to Table B:

(1) Costs paid to us are not refundable. Whether any costs paid to third parties are refundable will vary based on the practice of such third party and the general practice in the area where your Franchised Brokerage is located.

(2) We do not charge an Initial Fee for Conversion Franchised Brokerages.

(3) Office build-out expenses can vary widely. Franchised Brokerages do not require extensive build-out; however, we permit franchisees who wish to do so to spend additional sums on leasehold improvements (though these additional amounts are not incorporated into the estimates above). The low-end estimate above assumes that you already have a space to operate the Franchised Brokerage, and the high-end estimate above assumes that you will need to make minimal improvements to the location to comply with the standards in our Confidential Operations Manual. You should check with the relevant regulatory agencies to identify costs for required building permits, impact fees, taxes, bonds, licenses, and other fees, which can vary dramatically depending on the location. In some cases, the landlord of an office or retail space may cover some portion of the cost of leasehold improvements, and this is not assumed in either of these estimates.

(4) Generally, you must purchase certain fixtures, furnishings, and equipment in order to operate your Franchised Brokerage. The low-end estimate above assumes that you already have furniture, fixtures, and equipment that complies with our standards in the Confidential Operations Manual, and the high-end estimate above assumes that you will need to make minimal purchases of furniture, fixtures, and equipment. The Franchised Brokerage will require desks, chairs, indoor signage, and miscellaneous reception area and back-office furniture.

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(5) The type of signage to be installed at your Franchised Brokerage is governed by local ordinances and lease provisions regarding height and size restrictions. The types and amount of signage will vary based on the type of location, landlord requirements, and city/municipality requirements. The estimates above include store front, tenant panel, window and door decals for the Franchised Brokerage. All signage must conform to the specifications in the Confidential Operations Manual and must be submitted to us for approval prior to purchase and installation. You may be required to use our required vendor for signage. In some cases, your landlord may cover some or all of the cost of any exterior signage, but this estimate does not make that assumption.

(6) You must obtain the Computer System from us.

(7) You must pay a third party for the costs associated with adding your Franchised Brokerage and you to certain insurance licenses required by the state in which you are located, and any initial education costs associated with obtaining your licenses.

(8) These figures represent the estimated costs of engaging an attorney, CPA, or other business professionals to review this Disclosure Document and the accompanying agreements.

(9) The estimated amount above includes the cost of the errors and omissions, general liability and workers' compensation, EPLI, and cyber insurance policies that you will need to obtain and maintain according to our standards and specifications. This assumes the entire insurance premium is paid during the initial three (3) months of operations.

(10) We do not charge you for the Initial Training (as defined in Item 11). Portions of the Initial Training may be provided online via a web-based or intranet portal, and you may access and attend portions of the Initial Training remotely. The low-end estimate assumes you will be attending the Initial Training program remotely. The high-end estimate assumes you will be attending the Initial Training program in-person. You must pay the costs of transportation, lodging and food for your owners, Brokerage Principal Operator and other approved designees during Initial Training. The amount of these expenses will depend on the distance you must travel, type of accommodations, the number of your people attending Initial Training and their wages.

(11) You are not required to conduct grand opening advertising; however, we recommend that you do so. All advertising materials must be approved by us prior to use (as outlined in Item 8). This does not include the purchase of leads.

(12) These figures are an estimate of your operating expenses for the initial three (3) months of operations, however, these figures do not include those expenses that your business was already incurring as an already operational insurance business. Thus, both high-end and low-end estimates do not include rent and utilities. They do not include the Royalty Fee paid to us. This does include marketing expenses and technology costs. This does not include payroll expenses because we believe it is unlikely that you will hire employees during the initial three (3) months of operations. These figures are estimates that we prepared using our and our affiliates' experience in opening and operating Freeway Brokerages across the United States of America since 1987, and do not include any amounts for owner salary.

(13) You should review these figures carefully with a business advisor before making any decision to purchase the right to operate the Franchised Brokerage. We have prepared these estimates based on our and our affiliates' experience in opening and operating Freeway Brokerages across the United States of America since 1987. Except as expressly indicated otherwise, these estimates cover your initial cash investment to open your Franchised Brokerage. They do not provide for

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your cash needs to cover any financing incurred by you or your other expenses. You should not plan to draw income from the operation during the start-up and development stage of your Franchised Brokerage, the actual duration of which will vary materially from location to location and cannot be predicted by us for your Franchised Brokerage. You must have additional sums available, whether in cash or through a bank line of credit or have other assets that you may liquidate or against which you may borrow, to cover other expenses and any operating losses you may sustain, whether during your start-up and development stage, or beyond. The amount of necessary reserves will vary greatly from franchisee to franchisee and will depend upon many factors, including the rate of growth and success of your Franchised Brokerage, your ability to operate efficiently and in conformance with our recommended methods of doing business, and competition. Because the exact amount of reserves will vary from operation to operation and cannot be meaningfully estimated by us, we urge you to retain the services of an experienced accountant or financial advisor to develop a business plan and financial projections for your Franchised Brokerage.

(14) If you sign an Area Development Agreement, cost estimates for the initial investment required for 3 conversion Franchised Brokerages are listed below:

Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made (1)
Initial Fee	$ 0	$ 0	N/A	N/A	N/A
Conversion Franchised Brokerage Opening Costs for all 3 Conversion Franchised Brokerages	$ 32,850	$ 137,400	See above table for single conversion Franchised Brokerage $9,000 to $18,000 payable to Us		
TOTAL	**$ 32,850**	**$ 137,400**			

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To protect the reputation and goodwill of the Freeway Brokerages operating under the System, and to maintain standards of operation under the Proprietary Marks, we reserve the right to establish, and to require you to maintain, certain standards of quality, appearance, and service at the Franchised Brokerage, which helps to maintain the public image and reputation of the System and the demand for the Insurance Services and Ancillary Products. You will operate your Franchised Brokerage in accordance with the confidential and proprietary manual, whether in paper or electronic form, and any other items or documentation as may be provided, added to, changed, modified or otherwise revised by us from time to time that contain or describe the standards, methods, procedures and specifications of the System, as we may change from time to time in our sole discretion ("**Confidential Operations Manual**").

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Approved Insurance Services and Ancillary Products

You may only (a) offer, sell, service, and renew Policies written by the Contracted Carriers through us; and (b) offer and sell Ancillary Products through the Ancillary Product Providers. We reserve the right to change the Contracted Carriers and Ancillary Product Providers at any time. You are not permitted to be licensed as an agent, solicitor, representative, or broker for any insurance company or business other than us, the Contracted Carriers and Ancillary Product Providers unless authorized by us in writing. We will, at our sole discretion and with our Contracted Carriers' or Ancillary Product Providers' approval (as applicable), determine which Contracted Carriers and Ancillary Product Providers you may use, as well as which lines of insurance and specific Policy types you may sell with such Contracted Carriers.

Upon request, we will provide you with a list of the Contracted Carriers and Ancillary Product Providers. We will negotiate all contracts with the Contracted Carriers, including the compensation paid by them for the sale, renewal, service, or delivery of Policies, and Ancillary Product Providers. You are not permitted to conduct any business with regard to any type of insurance that has not been approved by us, or for which you are not licensed by the appropriate insurance, securities, or other regulatory authorities. Additionally, you are not permitted to conduct any business of any kind other than your Franchised Brokerage, either from the Approved Location or through the corporate entity that owns and operates the franchise.

You must process Client applications for Insurance Services and Ancillary Products in compliance with the procedures outlined by the Contracted Carriers and Ancillary Product Providers.

If you operate a Conversion Franchised Brokerage, you must assign and transfer your current insurance company appointments to us to allow us to work with our Contracted Carriers to have all of your current insurance company appointments increased up to our higher commission levels, wherever possible, during the conversion process.

Lease and Leasehold Improvements

We expect that you will lease the location for your Franchised Brokerage occupying approximately 1,000 square feet. We must approve your location and lease terms before you sign a lease for a location. We will condition our approval of your lease upon, among other conditions, you and your landlord's signing of our Collateral Assignment of Lease, where your landlord grants us the right to assume your rights and obligations under the lease in the event that you breach your lease, or your Franchise Agreement is terminated or expires.

The Franchised Brokerage shall conform to our standards and specifications for appearance, layout, and design. Franchised Brokerages do not require extensive build-out. You may not open your Franchised Brokerage until construction of your premises has been completed in accordance with the approved site and building plans, and we have provided you with authorization to open. You are solely responsible for ensuring that all necessary permits have been obtained and that all requirements for construction and operation have been met.

Approved Suppliers

With respect to the general operation of the Franchised Brokerage, you must purchase various products and services, which currently include the Computer System and Shared Services Center, from us, our affiliate or from approved or designated third-party suppliers (the "**Approved Suppliers**") as we will specify, from time to time, in the Confidential Operations Manual and otherwise in writing. We reserve the right to designate Approved Suppliers for other products and services in the future. This may include requirements

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that you purchase certain items only from Approved Suppliers, including us, our affiliates, and/or third parties. We may negotiate volume purchase agreements with Approved Suppliers for the purchase of furnishings, fixtures, equipment, and signage needed to operate your Franchised Brokerage.

Currently, we require that Franchised Brokerages purchase desks, chairs, indoor signage, and miscellaneous reception area and back-office furniture from our Approved Suppliers. If you are purchasing a Conversion Franchised Brokerage, we will inspect your current furniture and may waive the requirements to purchase new furniture.

You must purchase additional products and services from Approved Suppliers, as we may specify in the Manual or otherwise in writing. We, or our affiliates, may be one of several or the only Approved Supplier of any item(s).

Currently, we are the sole Approved Supplier of the Computer System (including our required telephone system) and copiers. Currently, CAS and SSBCC are the sole Approved Suppliers of the services provided through the Shared Services Center. Except for the Computer System and Shared Services Center, neither we, nor our affiliates, are the Approved Supplier of any item(s). Certain of our officers indirectly own de minimis shares in each of us, CAS and SSBCC.

Apart from these specified products and services, all other furnishings, fixtures, finishes, equipment, signage, and supplies for your Franchised Brokerage may be selected by you, and purchased from suppliers you choose, so long as they are compatible with our Computer System (if applicable) and meet our quality standards and minimum equipment specifications set forth in the Confidential Operations Manual. Upon our request, you must promptly acquire, install, update, or replace any furnishings, equipment, or any component of the Computer System, designated by us for use under the System and the Freeway Technology Specifications.

Unapproved Supplier/Product/Service

In the event you wish to purchase any approved items or services from an unapproved supplier, you must provide us with the name, address, and telephone number of the proposed supplier, a description of the item you wish to purchase, and the purchase price of the item, if known. If we incur any costs in connection with evaluating an unapproved item or supplier at your request, you or the supplier must reimburse us for our reasonable testing costs, regardless of whether we subsequently approve the item or supplier. We will notify you of approval or disapproval within 10 business days of receiving all requested information, and failure to provide notice during this timeframe will be deemed a disapproval. We are not required to approve any particular supplier. We may revoke our approval of particular items or suppliers when we determine, at our sole discretion, that such items or suppliers no longer meet our standards. Upon receipt of written notice of such revocation, you must cease purchasing items from such supplier. You must use items purchased from approved suppliers solely in connection with the operation of your Franchised Brokerage and not for any competitive business purpose.

Insurance

You must maintain in full force and effect the types of insurance that you determine are necessary or appropriate for the operation of your Franchised Brokerage, which shall include, at a minimum, insurance policies of the kinds and in the amounts required by us. The Franchise Agreement currently requires you to obtain and maintain in full force and effect: (i) a package policy or BOP providing general liability and property coverage ($1,000,000 per occurrence, $2,000,000 aggregate, and actual replacement cost of contents (e.g., furniture, fixtures, equipment, and build-out) but not less than $25,000 per location) plus

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business interruption and Extra Expense insurance providing coverage for Franchised Brokerage, Approved Location and operation of the Franchised Brokerage (actual loss sustained for not less than 12 months); (ii) a workers' compensation policy (as required under applicable law), including Employers' Liability limits of $500,000 for each accident, $500,000 policy limit, and $500,000 for each employee or as required per state; (iii) an errors and omissions policy providing insurance agents and brokers coverage of $1,000,000 aggregate limit; (iv) cyber insurance including, but not limited to, Privacy & Security coverage of $250,000 aggregate limit; (v) if you have employees, employment practices liability insurance of $250,000 aggregate limit; (vi) Crime Coverage including Employee Dishonesty ($100,000 limit) and Money and Securities coverage on the premises ($10,000 limit) and off the premises ($10,000 limit) and (vii) any other type(s) of policies that we determine are necessary for the operation of the Franchised Brokerage, as communicated in the Confidential Operations Manual or otherwise in writing, or as required by applicable law, or that are customary for the operation of an insurance brokerage. We do not designate the insurance carriers you must use for these purposes, but the policies must be written by an insurance company licensed in the state in which you operate and have at least an "A:VII" Rating Classification as indicated in the latest issue of A.M. Best's Key Rating Guide, unless otherwise acceptable to us. You also must carry such insurance as may be required by your lease or by any of your lenders or equipment lessors. You must maintain these insurance levels throughout the term of your Franchise Agreement. After termination, you must obtain an Errors and Omissions tail policy of no less than three years with a premium that will be no more than $10,000 on an annual basis.

You must add us and our designees or assignees to all insurance contracts as additional insureds for the term of your Franchise Agreement, the cost of which will be paid by you. You agree to waive rights of subrogation on the General Liability and Workers' Compensation insurance policies, and you will obtain any endorsements that may be necessary in connection therewith. The types and amounts of insurance you are required to obtain and maintain may be modified by amendments to the Confidential Operations Manual, or otherwise in writing by us. You must promptly provide us with all of your certificates of insurance, each of which must state that the policy will not be cancelled or materially altered without at least 30 days' prior written notice to us. If you fail to comply with our minimum insurance requirements, we have the right to obtain such insurance and keep the same in force and effect. You must pay us, on demand, the premium cost of the insurance, as well as an administrative cost of 18% in connection with us obtaining the insurance.

Advertising

You may not use our Proprietary Marks or other intellectual property in any advertising or promotional materials or literature without our prior consent. You must submit to us for approval samples of all advertising to be used by you that has not been prepared or previously approved by us. If we do not approve of your proposed advertising materials in writing within 10 business days of receipt, the proposed advertising materials will be deemed rejected, unless we subsequently convey otherwise in writing. You may use only business stationery, business cards, printed materials, or forms that have been approved in advance by us. You may not employ any person to act as your representative in connection with local promotion of your Franchised Brokerage in any public media without our prior approval.

From time to time, we may provide you with local advertising and marketing materials, including merchandising materials, sales aids, special promotions, and similar advertising. We reserve the right to charge a reasonable price for providing these materials. You must participate in all cooperative advertising and/or marketing programs as are from time to time prescribed by us. The terms and conditions required for participation in any such programs will be as specified in the Confidential Operations Manual or otherwise in writing.

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Our approval of any advertising or promotional materials or programs may be withdrawn at any time, and you must immediately cease the use and display of any materials or programs for which our approval has been withdrawn.

Computer Hardware and Software

You must engage with us to obtain and install the Computer System (including all hardware and software components), a high speed Internet connection, modems, printers, and other computer-related accessories or peripheral equipment, including, without limitation, the copier, as we may specify in the Confidential Operations Manual, the Freeway Technology Specifications or otherwise in writing from time to time.

General

Currently, we do not receive rebates or any material benefits from any supplier for the purchase of goods or services by you or other franchisees, although we and our affiliates may receive certain benefits from volume and contingency programs implemented by Contracted Carriers and Ancillary Product Providers (who are not suppliers). You will not receive any material benefit from purchasing from approved or designated suppliers. There are currently no purchasing or distribution cooperatives.

During the fiscal year ended December 31, 2023, we derived $163,541 from franchisee required purchases or leases, which is 27.8% of our total revenue of $588,299. Our affiliates did not derive any revenue due to franchisee required purchases or leases.

We estimate that the purchase of goods and services that are subject to our standards and specifications represents approximately 70% to 75% of all purchases and leases necessary to open your Franchised Brokerage and approximately 8% to 10% of your annual costs of goods and services necessary to operate your Franchised Brokerage on an ongoing basis.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

OBLIGATION		SECTION IN FRANCHISE AGREEMENT	SECTION IN DEVELOPMENT AGREEMENT	DISCLOSURE DOCUMENT ITEM
a.	Site selection and acquisition/lease	Section 7(a)(i-iv), Exhibits 3 and 5	Not Applicable	Items 7 and 11
b.	Pre-opening purchases/leases	Section 7(a)(i-ix) Sublease Agreement	Not Applicable	Items 7 and 8
c.	Site development and other pre-opening requirements	Section 7(a)(ii)	Not Applicable	Items 7 and 11
d.	Initial and ongoing training	Sections 4(a) and 6(a)	Not Applicable	Items 6, 7 and 11

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OBLIGATION		SECTION IN FRANCHISE AGREEMENT	SECTION IN DEVELOPMENT AGREEMENT	DISCLOSURE DOCUMENT ITEM
e.	Opening	Section 7(a)	Section 3	Items 7 and 11
f.	Fees	Sections 3, 7(m), 9 Exhibit 10 Sublease Agreement	Section 2	Items 5, 6 and 7
g.	Compliance with standards and policies/Operating Manual	Sections 6, 7(a)	Not Applicable	Items 8 and 11
h.	Trademarks and proprietary information	Sections 5 and 10(d)	Not Applicable	Items 13 and 14
i.	Restrictions on products/services offered	Sections 7(a)-(d) and 7(l)	Not Applicable	Items 8 and 16
j.	Warranty and customer service requirements	Section 6(b)(xi)	Not Applicable	Item 11
k.	Territorial development and sales quotas	Section 2	Section 2	Item 12
l.	Ongoing product/service purchases	Sections 6(b)(vii), 7(c), and 7(d)	Not Applicable	Items 8 and 16
m.	Maintenance, appearance and remodeling requirements	Section 7(x)(a) Sublease Agreement	Not Applicable	Item 11
n.	Insurance	Section 8	Not Applicable	Items 6, 7 and 8
o.	Advertising	Section 10	Not Applicable	Items 6, 8, and 11
p.	Indemnification	Section 16 Sublease Agreement	Section 8	Item 6
q.	Owner's participation/ management/staffing	Section 7(a)(viii)	Not Applicable	Items 11 and 15
r.	Records/reports	Sections 7(f)	Not Applicable	Item 6
s.	Inspections/audits	Section 9(b)	Not Applicable	Item 11
t.	Transfer	Section 12	Section 6	Item 17
u.	Renewal	Section 2(b)	Not Applicable	Item 17
v.	Post-termination obligations	Section 16	Not Applicable	Item 17
w.	Non-competition covenants	Section 15	Not Applicable	Item 17

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OBLIGATION		SECTION IN FRANCHISE AGREEMENT	SECTION IN DEVELOPMENT AGREEMENT	DISCLOSURE DOCUMENT ITEM
x.	Dispute resolution	Section 19	Section 12	Item 17

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ITEM 10
FINANCING

If you meet our credit standards, we will finance up to 50% of the Initial Fee for a Franchised Brokerage payable over the term of the Franchise Agreement as follows:

Item Financed	Source of Financing	Down Payment	Amount Financed	Term (Yrs)	Interest Rate	Monthly Payment	Prepay Penalty	Security Required	Liability upon Default	Loss of Legal Right on Default
Initial Fee	Us	50% of Initial Fee	50% of Initial Fee	1	Prime Rate as published by the Western Edition of the Wall Street Journal plus 4%	Initial Fee/12	None	We require you, your spouse and all the owners of your business entity, to sign a personal guaranty of the Note. We take a security interest in the franchise and you must execute a Security Agreement attached to the Franchise Agreement as Exhibit D. You will also execute a standard UCC-1 Financing Statement	Provided you remain in good standing, we do not impose additional finance charges; but if you default, we reserve the right to seek collection costs, including attorneys' fees, and charge a default interest at the highest legal rate. If you default under the terms of the Franchise Agreement, by failing to make your Royalty, Brand Fund, Technology Access Fee, or Note payment on time, we can repossess the franchise and the equipment, fixtures and improvements at your Franchised Brokerage.	If you do not pay on time, we can call the loan and demand immediate payment of the full outstanding balance and obtain our costs and attorney's fees if a collection action is necessary. We also have the right to terminate the Franchise Agreement if you do not make your payments on time. You waive your rights to notice of a collection action and to assert any defenses to collection against us

In 2023, the interest rate varied between 11.75% and 12.50%.

You must sign the standard promissory note ("Note") in Exhibit 10 attached to the Franchise Agreement in connection with this financing. With respect to the financing program, we will determine, in our discretion, whether you meet our credit standards, the amount of Initial Fee we will finance and the interest. We will

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use factors such as your creditworthiness, location of the Franchised Brokerage and other factors we deem appropriate.

It is not intended to be our practice or intent to sell, assign, or discount to a third party all or part of the financing arrangement. Neither we nor our affiliates receive any consideration for placing financing with the lender.

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

We do not guarantee your note, lease or other obligation.

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

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

Our Obligations Prior To Opening

Before you open your Franchised Brokerage, we will:

1. Assist, to the extent we determine necessary in our sole discretion, with respect to constructing, remodeling, or decorating the premises by providing site evaluation, preliminary plans, and layouts for the Franchised Brokerage. We will review your preliminary and final plans and specifications of your Franchised Brokerage, and you may not move forward until you receive our approval. (Franchise Agreement, Section 7(a)(ii)). We will review your lease for your proposed Approved Location, and you may not sign the lease until you receive our approval. (Franchise Agreement, Section 7(a)(iv)). You will acquire or lease your premises from a third party. Except as required under refranchising circumstances where a landlord will not allow us or our affiliate to be released from a lease, we will not own or lease the premises to you. If we are required to remain on the lease, you must sign our form of Sublease Agreement attached to this Disclosure Document as Exhibit L. We will not provide you with assistance with respect to: (A) conforming the premises to local ordinances and building codes and obtaining any required permits, or (B) hiring and training your employees.

2. Provide you, to the extent we deem appropriate at our sole discretion, with standards and specifications, or sources for supply, for the Computer System, fixtures, signs, furnishings, improvements and other products and services required for use in your Franchised Brokerage. (Franchise Agreement, Section 7(d)).

3. Provide you with the Initial Training for your Principal. (Franchise Agreement, Section 4(a)(i)).

The Initial Training consists of (a) initial management training ("**Initial Management Training**") for you and your owners (provided for no additional cost if all attending at the same time); (b) initial operations training ("**Initial Operations Training**", and with Initial Management Training, the "**Initial Training**") to your Brokerage Principal Operator and your designees that we approve to attend Initial Training at the same time as your Brokerage Principal Operator and an unlimited number of designees (at no additional cost if all attending at the same time); and (c) a combination of remote and in-person training sessions. All attendees must complete the Initial Training to our satisfaction. If you request to send additional attendees

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to Initial Training after your attendance at Initial Training, we may charge you a reasonable additional training fee for any training sessions provided to the additional attendees above the amount approved by us above, whether such training sessions are required by us or requested by you (then-current additional training fee is $350 per trainer, per day, plus the trainer(s)' expenses, including, without limitation, travel costs, wages, and room and board). Even though we do not charge a training fee as outlined above, you must pay the costs of wages, transportation, lodging, and food for yourself and your Principal that attend Initial Training. The amount of these expenses will depend on the distance you must travel, type of accommodations, the number of your people attending training and their wages.

We offer Initial Training periodically during the year, on an as-needed basis, subject to the availability of our training instructors. Subsequent to your Initial Training, and prior to opening your Franchised Brokerage, you must be certified by us as meeting our qualifications for the sale of Insurance Services and Ancillary Products.

Mr. Fred Everts supervises the Freeway training team. Mr. Everts has eleven (11) years of experience with us and eighteen (18) years of combined sales and insurance experience. Mr. Everts may also enlist other staff to assist him with the Initial Training with each additional staff member having at least one year of experience with us and one year of experience in the industry covered by the applicable training topic. The instructional materials used will include, but not be limited to, our Confidential Operations Manual and other proprietary materials. All Initial Training materials are proprietary and confidential in nature and may not be used for any purpose other than providing training.
The following chart summarizes, in general terms, the subjects taught during the Initial Training:

INITIAL TRAINING

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
History/Philosophy of Confie/Freeway Insurance & Services provided to Franchisees	2	0	Online/virtual training portal, or in-person in Huntington Beach, CA or another location we designate
Shared Services & Services Provided to Freeway Insurance Franchisees	7	0	Online/virtual training portal, or in-person in Huntington Beach, CA or another location we designate
People Development	7	0	Online/virtual training portal, or in-person in Huntington Beach, CA or another location we designate
Driving Consistent Phenomenal Business Results	6	0	Online/virtual training portal, or in-person in Huntington Beach, CA or another location we designate
Freeway's Sales Procedures and Running your Freeway Business	48	0	Online/virtual training portal, or in-person in Huntington Beach, CA or another location we designate
Store Procedures and Daily Operating Requirements	6	0	Online/virtual training portal, or in-person in Huntington Beach, CA or another location we designate
Marketing	1	0	Online/virtual training portal, or in-person in Huntington Beach, CA or another location we designate
Total	77	0	

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If we deem necessary and appropriate the provision of, or if you request and we are available to provide, additional assistance with respect to the opening of the Franchised Brokerage, you must pay us our then-current additional training fee (for training at your Franchised Brokerage), which is currently $350 per trainer, per day, plus the trainer(s)' expenses (travel costs, wages, and room and board) (the "**Additional On-Site Training Fee**"), for such additional assistance and may be required as a condition to opening. (Franchise Agreement, Section 4(a)(ii)(B)). You are responsible for training all of your staff and ensuring each person's compliance with the Franchise Agreement and the Confidential Operations Manual. (Franchise Agreement, Section 7(i)).

4. Provide you with on-site assistance in the initial operation of your Franchised Brokerage as we deem appropriate. (Franchise Agreement, Section 4(a)(ii)(A)).

5. Provide you with access to the Confidential Operations Manual and other proprietary materials (if any). (Franchise Agreement, Section 6(a)).

6. Provide you with specifications for the Computer System, including, but not limited to, the Freeway Technology Specifications, which programs may be updated or modified by us from time to time and will remain our property and will be licensed to you. (Franchise Agreement, Section 7(f)(i)).

7. Provide you, to the extent we deem appropriate in our sole discretion, with access to our website, as well as a webpage dedicated to your Franchised Brokerage that you must use in conjunction with the operation of your Franchised Brokerage. (Franchise Agreement, Section 7(g)(ii)).

8. Provide you with express authorization to open your Franchised Brokerage. You must open your Franchised Brokerage for operations no later than 120 days after the effective date of your Franchise Agreement. (Franchise Agreement, Section 7(a)(i)).

Selecting Your Approved Location

We will provide you with information regarding our standards for site selection. We must approve the proposed site for your Approved Location. (Franchise Agreement, Section 7(a)(ii)). We may approve or deny any proposed site at our sole discretion. You may execute the Franchise Agreement prior to selecting a site for your Franchised Brokerage. If no site has been designated at the time you sign the Franchise Agreement, you must enter into our form of Site Selection Addendum, attached as Exhibit 5 to the Franchise Agreement. Once you propose a site, we will have ten (10) business days to review it; we will notify you of approval or disapproval of the proposed site within the 10-business day period. If we do not approve the site you submit for your Approved Location, you must find a new site to submit to us for approval prior to expiration of the deadline for doing so. If you do not do so and we cannot agree upon a site, we may terminate your Franchise Agreement (Franchise Agreement, Exhibit 5).

A typical Franchised Brokerage will occupy approximately 1,000 square feet of space. We do not select the site for your Franchised Brokerage. You are solely responsible for selecting the site of your Franchised Brokerage. If we offer assistance to you in this regard, you may not construe our assistance as a guarantee or other assurance that the site will necessarily be successful. Our acceptance of a site only indicates our willingness to be represented by you at that site. The factors we consider in approving Franchised Brokerages include, but are not limited to, general location and neighborhood, traffic patterns, parking, retail nature of location (preferably, within strip malls or similar locations), physical characteristics of buildings, accessibility, availability for prominent signage, lease terms, competition from similar businesses in the area, population, and market growth.

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You must submit a copy of any proposed lease agreement, which must be approved by us. The lease must provide us with the right to enter the Approved Location to make any modification necessary to protect the Proprietary Marks, and you must enter into a Collateral Assignment of Lease in a form substantially the same as that attached as Exhibit 3 to the Franchise Agreement. Under this Collateral Assignment of Lease, we will receive notice of your default of the lease, a right to cure such default, the right to assume the lease, and the right to sublease or assign the lease to another Freeway Insurance® franchisee.

Time to Open

We estimate that it will take approximately ninety (90) to one hundred twenty (120) days from the date you sign your Franchise Agreement to open your Franchised Brokerage or thirty (30) days from the date you sign the Franchise Agreement to open a conversion Franchised Brokerage. The factors that may affect this time period include your ability to obtain a lease or financing, building permits, zoning and local ordinances, weather, the time needed to secure Contracted Carrier appointments, construction delays, delayed installation of equipment, fixtures and signs, or delays in the completion of your Initial Training. You must locate a site for your Franchised Brokerage and your (a) standard Franchised Brokerage must be opened to transact business with the public no later than one hundred twenty (120) days after signing your Franchise Agreement; or (b) conversion Franchised Brokerage must be opened to transact business with the public no later than three (3) months after signing your Franchise Agreement. (Franchise Agreement, Section 7(a)(i); and Conversion Addendum, Section 5). If you fail to commence operating within the applicable timeframe, we have the right to terminate the Franchise Agreement. If you sign an Area Development Agreement, the process for selecting a location and timing of opening will be governed by the individual franchise agreements. We and you will work together to negotiate the overall development schedule under the Area Development Agreement.

Our Obligations After Opening

During the operation of your Franchised Brokerage, we will:

1. To the extent we deem appropriate, provide you with:

    (a) Periodic assistance in local advertising and marketing (Franchise Agreement, Section 10(a));

    (b) Periodic individual or group coaching/training in the operation of a Freeway Brokerage by any means we deem appropriate, which may include advice concerning the operation of a Freeway Brokerage, advice and guidance with respect to new and improved methods of operation or business procedures and processes developed by us, and advice regarding the use of the Confidential Operations Manual, management materials, promotional materials, advertising formats and Proprietary Marks (Franchise Agreement, Section 6(a));

    (c) Periodic visits to, and audits of, the Approved Location (Franchise Agreement, Section 4(a)(iii)); and

    (d) The opportunity to participate in group purchasing programs for equipment, supplies, and insurance that we may, from time to time, use, develop, sponsor, or provide. (Franchise Agreement, Section 7(d)).

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2. May, from time to time, require Franchisee to perform such remodeling, repairs, replacements and redecoration in and upon the Approved Location, as well as all equipment and furnishings used by Franchisee, as Franchisor shall deem necessary and practical to bring the Approved Location up to the then-current standards of new Freeway Brokerages. Further, Franchisee must maintain in sufficient supply, and use at all times, products, materials, and supplies that conform to Franchisor's then-current standards and specifications, and Franchisee shall not use non-conforming items without Franchisor's prior written consent.

3. Use our commercially reasonable efforts to provide you with access to, and the opportunity to write insurance for, certain of the Contracted Carriers (but only for the lines of business and types of policies we specify, at our discretion) and Ancillary Product Providers. We will not be required to undertake such efforts with regard to any insurance business for which your staff is not properly licensed or sufficiently trained, as determined in our sole discretion. (Franchise Agreement, Section 4(b)(i)).

4. Provide you with access to our Shared Services Center. (Franchise Agreement, Section 4(b)(ii)).

5. Provide assistance, to the extent we deem necessary in our sole discretion, with respect to accounting for, and processing of, all applications for Policies and all Policies issued, renewed, endorsed, changed, serviced, delivered, or canceled on behalf of Client Accounts generated by you and any applications required by Ancillary Product Providers; provided, however, you will be solely responsible for providing all Policy documentation to the designated Contracted Carrier and any required documentation to the Ancillary Product Providers, including, without limitation, use of each Contracted Carrier's website and reimbursement for any charges imposed by the Contracted Carrier. (Franchise Agreement, Section 4(b)(iii)).

6. Provide you with information regarding Client accounts serviced through your Franchised Brokerage, including statements and other information received from Contracted Carriers and Ancillary Product Providers relating to such Client accounts. Such information will be given in a form and manner we specify. (Franchise Agreement, Section 4(b)(iv)).

7. May, from time to time, add to, amend, modify, delete, or enhance any portion of the System (including any of the Proprietary Marks) or the Confidential Operations Manual as may be necessary in our reasonable business judgment to change, maintain or enhance the reputation, efficiency, competitiveness and/or quality of the System, or to adapt it to new conditions or technology, or to better serve the public. (Franchise Agreement, Section 6(b)).

8. Pay you the portion of the Freeway Policy Commissions for the sale or renewal of a specific Policy generated through the Franchised Brokerage and the portion of Freeway Ancillary Product Payments due to you for the sale of Ancillary Products generated through the Franchised Brokerage, as outlined in the Franchise Agreement. (Franchise Agreement, Section 9(a)).

9. Provide you with certain additional assistance as we deem necessary, either on-site at your Franchised Brokerage (for which you must pay the Additional On-Site Training Fee) or at our headquarters (for which you must pay the Additional Training Fee). (Franchise Agreement, Section 4(a)(iii)(C)).

10. We reserve the right to establish maximum, minimum or other pricing requirements with respect to the prices you may charge for products or services, to the fullest extent allowed by applicable law. (Franchise Agreement, Section 7(a)(xv)).

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Advertising

Brand Fund

We will establish a brand-marketing fund (the "**Brand Fund**") for the common benefit of the Freeway Brokerages, and you must participate in and contribute an amount we specify, on a monthly basis to the Brand Fund in the manner we prescribe. Currently, you must contribute 7% of your Total Revenue to the Brand Fund. (Franchise Agreement, Section 10(c)).

Of the contributions received by the Brand Fund during the 2023 fiscal year, 76% was spent on traditional media (e.g., television, radio, and streaming), 6% was spent on digital (e.g., website, email, and social), and 18% was spent on sponsorships (e.g., Daniel Suarez).

We will use Brand Fund contributions, at our sole discretion, to develop, produce, and distribute national, regional and/or local advertising and to create advertising materials and public relations programs that promote, in our sole judgment, the Insurance Services and Ancillary Products offered by Freeway Brokerages. We have the sole right to determine contributions to and expenditures from the Brand Fund, or any other advertising program, and sole authority to determine, without limitation, the selection of the advertising materials and programs and the placement and allocation thereof; provided, however, that we will make a good faith effort to expend Brand Fund contributions in the general best interest of the Freeway Insurance® franchise system on a national, regional, or local basis. We may use the Brand Fund to satisfy any and all costs of maintaining, administering, directing, preparing, and producing advertising, including the cost of preparing and producing television, radio, magazine and newspaper advertising campaigns, the cost of direct mail and outdoor billboard advertising, the cost of public relations activities and advertising agencies, the cost of developing and maintaining an Internet website and other online advertising/marketing, the cost of using a spokesperson for advertising and events, and personnel and other departmental costs for advertising that we internally administer or prepare. All Brand Fund contributions will be maintained in a separate account from our monies. You acknowledge that not all Freeway Insurance® franchisees will benefit directly or on a pro-rata basis from such expenditures. We do not warrant the success or effectiveness of any particular marketing program. We do not assume direct or indirect liability or obligation to you with respect to collecting amounts due to the Brand Fund. While we do not anticipate that any part of the Brand Fund contributions will be used for advertising that is principally a solicitation for the sale of Franchised Brokerages, we reserve the right to use the Brand Fund for public relations or building recognition of the Freeway Insurance® brand and to include a notation in any advertisement indicating "Franchises Available." The Brand Fund may periodically furnish you with samples of advertising, marketing, and promotional formats and materials at no cost, which you may duplicate at your own cost. Multiple copies of such materials will be furnished to you at our direct cost of producing them, plus any related shipping, handling, and storage charges. You acknowledge that the Brand Fund is not a trust, and we assume no fiduciary duty in administering the Brand Fund. In the interest of continually improving the products and services Franchised Brokerages offer, we may periodically conduct Client surveys, Client interviews, and other similar initiatives ("**Surveys**"). The cost of such programs will be borne by the Brand Fund. The cost of these programs may be charged directly to Franchisee if Franchisee's results from a Survey fall below system-established minimum standards for such Surveys. (Franchise Agreement, Section 10(c)).

We have the right to reimburse ourselves from the Brand Fund contributions for such reasonable costs and overhead, if any, including salaries, as we may incur in activities reasonably related to the direction and implementation of the Brand Fund. Our company-owned or affiliate-owned Freeway Brokerages do not have to contribute to the Brand Fund. We have the right, but not the obligation, to contribute to the Brand Fund for subsequent company-owned or affiliate-owned Freeway Brokerages. We have not determined if

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company-owned or affiliate-owned Brokerages will contribute to the Brand Fund, and while they are not required to under the terms of the franchise agreement or under law, they may choose to contribute in the future. Should the Brand Fund contribution for the Freeway Insurance® franchise system decrease at any time, we have the right to reduce our contribution from company-owned and affiliate-owned Freeway Brokerages to the rate specified for Franchised Brokerages. (Franchise Agreement, Section 10(c)).

Although we intend the Brand Fund to be of perpetual duration, we have the right to terminate the Brand Fund at any time. The Brand Fund shall not be terminated, however, until all Brand Fund contributions have been expended in accordance with this Agreement or returned to you and other franchisees on a pro rata basis based on total Brand Fund contributions made in the aggregate by each franchisee. Upon your written request, we will make available within 120 days of the end of the fiscal year, an unaudited statement of contributions and expenditures for the Brand Fund. We may require that the annual accounting be reviewed or audited and reported on by an independent certified public accountant at the Brand Fund's expense. Although we anticipate that all Brand Fund contributions will be spent in the fiscal year they accrue, if we do not spend all Brand Fund contributions by the end of each fiscal year, the remaining amounts may be carried over to be expended during the next fiscal year. (Franchise Agreement, Section 10(c)).

There is currently no franchisee advisory council associated with the Brand Fund, but we reserve the right to form a franchisee advisory council. We have the right to require that an advertising and/or franchisee advisory council be formed, changed, dissolved, or merged. We are not required to spend any amount on advertising in your area. (Franchise Agreement, Section 10(f)).

Local Advertising

We do not currently impose a minimum local advertising requirement; however, we recommend that you conduct local advertising. You must use only advertising and promotional materials as have been previously approved by us. If we do not approve of your proposed advertising materials in writing within 10 business days of receipt, the proposed advertising materials will be deemed rejected, unless we subsequently convey otherwise. (Franchise Agreement, Section 10(b)).

Cooperative

We have the right, in our discretion, to designate any geographical area for purposes of establishing a regional advertising and promotional cooperative ("**Cooperative**") and to determine whether a Cooperative is applicable to your Franchised Brokerage. If a Cooperative is determined to be applicable to your Franchised Brokerage, you must participate in the Cooperative. There is no maximum on Cooperative contributions. The minimum required contribution will be determined by a majority of Cooperative votes. (Franchise Agreement, Section 10(d)).

Computer Equipment

You are required to purchase (or rent), license, install, and maintain the Computer System from us as specified in the Freeway Technology Specifications, as well as any other computer hardware and software required by us from time to time. The Computer System includes several required software programs that will be used for daily functions and operation of the Franchised Brokerage, such as customer policy management, quoting, accounting, franchise management, lead procurement, phone system functions, and performance reporting relating to the Franchised Brokerage. You will ensure that we have unimpeded independent access to your Computer System in the manner, form, and at the times we may request. We will have the right at any time to retrieve and use this data and information from the Computer System in

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any manner we deem necessary or desirable. No contractual limitation exists on our right to access the information. (Franchise Agreement, Section 7(f)(i)).

You may not sell, lease, or authorize the use of such programs and software to anyone else. You may not configure, program, or change any such programs or software. You can only access Client account information through the specified programs via the Internet, VPN, or any method established by us. You have the sole and complete responsibility for: (a) the acquisition, operation, maintenance, and upgrading of the Computer System used in connection with operation of the Franchised Brokerage, and (b) any and all consequences that may arise if the Computer System is not properly maintained, operated, and upgraded. We have the right to require you to enter into a separate maintenance agreement for the Computer System. (Franchise Agreement, Section 7(f)(i)).

You must indemnify and hold us and our affiliates and additional third parties harmless from claims arising out of or connected with any use of or access to Client account information through the Internet maintained by the Franchised Brokerage. With that, you must comply with our standards and policies and applicable law related to privacy and data security/cybersecurity. This includes, but is not limited to, updating hardware and software when required and taking any actions that are necessary to ensure that the Franchised Brokerage is compliant with all Payment Card Industry Data Security Standards (PCI DSS) requirements. You must also comply with all relevant statutory and regulatory requirements, including, but not limited to, taking all steps required to protect Clients' Nonpublic Personal Information (NPI). It is your responsibility to determine the data privacy laws applicable to you and your Franchised Brokerage. You will promptly notify us if you become aware of or suspect any unauthorized access to NPI, or if you become the subject of any governmental, regulatory or other enforcement or private proceeding relating to your data handling practices. You will promptly carry out any request from us with respect to NPI that is reasonably necessary to allow us to comply with data privacy laws applicable to the processing, storage, handling, collection, use, transfer, and transmission of NPI. (Franchise Agreement, Section 7(h)).

You must have and maintain adequate hardware and software in order to access the Internet at the speed we require. You must maintain an email account that we designate and shall only use such email for operating the Franchised Brokerage. We will have independent access to all emails and other information stored on your Freeway Insurance® email account. (Franchise Agreement, Section 7(g)).

We and/or our affiliates are the lawful, rightful, and sole owner of those certain Internet domain names using the Proprietary Marks, the specific domain name associated with Franchised Brokerage (if any), any online presence related to the Franchised Brokerage conducted by Franchisee, as well as any other Internet domain names registered by us (collectively, the "**Freeway Web Presence**"), and you do not have any ownership interest in such Freeway Web Presence. The Freeway Web Presence provides information and resources to current and prospective Clients, including insurance quotes, online payment options, and a searchable database of Franchised Brokerages. We shall have sole discretion and control over the Freeway Web Presence and any other websites we may in the future create (including timing, design, content, and continuation). We shall have the right to modify our website requirements as we deem necessary or appropriate. The only URL that you are permitted to use on marketing materials for your Franchised Brokerage is the URL provided and owned by us (if any). (Franchise Agreement, Section 7(g)(ii)).

You may not establish a presence on, or market using, the Internet in connection with the Franchised Brokerage without our prior written consent. We have the right to control or designate the manner of your use of all URLs, domain names, website addresses, metatags, links, key words, e-mail addresses, and any other means of electronic identification or origin ("**e-names**"). We also have the right to designate, approve, control, or limit all aspects of your use of the Internet, Intranet, World Wide Web, social media platforms and applications (including, without limitation, Facebook, MySpace, LinkedIn, X (formally known as

Twitter), Pinterest, Yelp, TikTok, Tumbler, and SnapChat), other phone applications, wireless technology, digital cable, use of e-names, e-mail, home pages, bulletin boards, chat rooms, blogs, linking, framing, online purchasing cooperatives, marketplaces, barter exchanges, and related technologies, methods, techniques, registrations, networking, and any electronic communication, commerce, computations, or any means of interactive electronic documents contained in a network of computers or similar devices linked by communications software or hardware (collectively, "**e-commerce**"). You must follow all of our policies and procedures related to the use and regulation of e-commerce. (Franchise Agreement, Section 7(g)(iv)).

We may request that you provide content for the Freeway Web Presence marketing and shall be required to follow our intranet and Internet usage rules, policies, and requirements. (Franchise Agreement, Section 7(g)(iv)).

We estimate that the cost of obtaining the Computer System will be approximately $3,000 to $6,000. The estimated cost of optional or required maintenance, updating, upgrading, or support contracts is roughly $7,800 per year (including the Technology Access Fee for up to three users). If you require additional users for operation of the Franchised Brokerage, this fee will be increased (see Item 6 for more information).

Confidential Operations Manual

Attached as Exhibit D is a copy of the Table of Contents for our Confidential Operations Manual, as of the date of this Disclosure Document. It indicates the number of pages devoted to each topic and the total number of pages in the Confidential Operations Manual. Our Confidential Operations Manual currently has 203 pages.

Additional Training

Subsequent to the date that your Franchised Brokerage is open, we have the right at any time to require that your Brokerage Principal Operator attend and complete, and certain other staff to complete, to our satisfaction, any and all additional training deemed necessary or appropriate by us at our sole discretion. Such training shall be conducted exclusively by us or our designee virtually via our intranet or other online portal, or, if held in-person, at our corporate office, your Franchised Brokerage, or such other site designated by us. We will not require you to attend more than four (4) additional training events per calendar year (unless required under remedial training or requested by you). We may charge you our then-current Additional Training Fee (currently, $350 per attendee) for such training sessions at our headquarters or our then-current Additional On-Site Training Fee (currently $350 per trainer, per day) for training provided at your Franchised Brokerage. In addition, you must pay the costs of travel, wages, and room and board for you and your attendees/our trainers (as applicable) during the additional training. Additionally, we will provide such additional training at your request, at our sole discretion and subject to the availability of our staff and payment of the fees outlined above. (Franchise Agreement, Section 4(a)(iii)(B)).

If we deem necessary and appropriate the provision of additional training due to your default of the Franchise Agreement, you must pay us our then-current Additional On-Site Training Fee, which is currently $350 per trainer, per day, plus the trainer(s)' expenses (travel costs, wages, and room and board), for such additional assistance. (Franchise Agreement, Section 4(a)(iii)(C)).

We generally do not provide training that may be required to meet continuing education or licensing requirements even though this education is required by regulatory agencies. This training may be obtained from industry groups, professional providers, or regulatory agency sponsored events. It is your sole responsibility to ensure that you meet any continuing education or licensing requirements.

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ITEM 12
TERRITORY

Approved Location and Relocation

Under the Franchise Agreement, you may only operate your Franchised Brokerage at the Approved Location. If you have not yet secured a site for your Franchised Brokerage at the time you sign the Franchise Agreement, you will enter into our Site Selection Addendum, attached as Exhibit 5 to the Franchise Agreement, which will govern the site selection process. You may not conduct any business at the Approved Location other than the Franchised Brokerage.

You may not relocate the Franchised Brokerage without our prior written consent, which we may withhold in our sole discretion. If, for any reason, you cannot continue to occupy the Approved Location for any reason, you must first obtain our prior written consent to relocate and then must relocate the Franchised Brokerage to a mutually acceptable site to complete the unexpired portion of the term of the Franchise Agreement. If we grant you the right to relocate, you must notify us of your intention to relocate, procure a site acceptable to us at least 90 days prior to closing operations at your current Approved Location, and open for business at the new Approved Location within 30 days of closing business at your existing Approved Location. Additionally, at the time you apply for our approval of relocation, you shall pay to us the Relocation Fee, which is payable by Franchisee upon Franchisee's request for relocation. The Relocation Fee is nonrefundable upon full payment thereof. All signage and all other items containing the Proprietary Marks must be completely removed from the prior Approved Location at your expense.

You may not solicit or accept new Clients outside of your Protected Area without our approval. You must notify us if a Client located outside of your Protected Area approaches you for Insurance Services or Ancillary Products. Neither we nor other franchisees are required to compensate you for soliciting or accepting orders from new Clients located within the area surrounding your Franchised Brokerage. There is no minimum Protected Area that we will grant to you. It will depend on population density, urban/rural environment, number of competitors, and other factors as we determine in our discretion.

If you sign an Area Development Agreement, the processes for selecting a location, relocation, and timing of opening, will be governed by the individual franchise agreement. We and you will work together to negotiate the overall development schedule under the Area Development Agreement.

No Exclusive Protected Area – Franchise Agreement

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

For as long as you are not in default of the Franchise Agreement, we will not, and will not grant a license or franchise to any third party to, operate another Freeway Brokerage using the Proprietary Marks, within the Protected Area in the Franchise Agreement.

No Exclusive Territory – Area Development Agreement

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

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Except as provided for in the Area Development Agreement, you do not have the right to acquire additional Freeway Brokerages, although you may apply for the right to operate additional Freeway Brokerages under separate Franchise Agreements. The Area Development Agreement does not provide you with any exclusive territory.

Reservation of Rights

We and our affiliates reserve the right, at our sole discretion, to: (i) use the Proprietary Marks and System in connection with complementary services and products to the System, promotional and marketing efforts or related items, or in any alternative channels of distribution, without regard to location; (ii) acquire, be acquired by, merge with, engage in joint ventures with, or otherwise affiliate with, and thereafter own and operate and franchise others the right to own and operate, any business of any kind, including businesses that offer products or services that are similar to, or the same as, those provided by a Freeway Brokerage and convert said businesses to Freeway Brokerages, without regard to location; (iii) establish or operate, and license others to establish or operate, Freeway Brokerages using the Proprietary Marks at any location outside of the Protected Area; (iv) operate or develop other business systems using the Proprietary Marks and grant licenses to use those systems without providing any rights to Franchisee and locate such businesses in the Protected Area, so long as the business is not any business that is engaged in the development, marketing, franchising, or distribution of products and/or services (whether patented or otherwise), which involve or relate to the Freeway Brokerages, the Insurance Services and Ancillary Products, or other products and/or technology developed by us (a "**Competitive Business**") without regard to location; (v) the exclusive right to own and operate businesses under different marks inside or outside the Protected Area, or license or grant to others the right to own and operate businesses under different marks inside the Protected Area; and (vi) use the Proprietary Marks and System, and license others to use the Proprietary Marks and System, to engage in any other activities not expressly prohibited in the Franchise Agreement. Nothing in the Franchise Agreement provides you with the right to conduct in any of the above listed activities or to share in or receive the revenue generated by any of these activities.

You have no rights to use any alternative channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to offer and sell the Insurance Services and Ancillary Products within or outside of your Protected Area.

FISA's, Estrella's and Velox's Other Businesses

As mentioned in Item 1, our affiliates, FISA (and its wholly-owned subsidiaries), IISA, EL, and VI, own and operate businesses that offer and sell similar goods and services in the insurance industry, specifically, insurance services. Please note that these are not separate franchise systems as the units are owned and operated by FISA, IISA, EL, or VI, as applicable. FISA, through various wholly-owned subsidiaries, owns and operates (a) 543 Freeway Brokerages across the United States; (b) 6 insurance brokerages across the United States operating under BAJA AUTO INSURANCE; (c) 50 insurance brokerages across the United States operating under COST-U-LESS INSURANCE CENTER; (d) 3 insurance brokerages across the United States operating under OASIS INSURANCE; (e) 22 insurance brokerages across the United States operating under SOUTHERN HARVEST INSURANCE; (f) 11 insurance brokerages across the United States operating under USAGENCIES; (g) 19 insurance brokerages across the United States operating under VERN FONK; and (h) 4 insurance brokerages across the United States operating under AUTO PARTNERS INSURANCE (collectively, the "**FISA Affiliate Businesses**"). IISA owns and operates 50 insurance brokerages operating under the name INSUREONE in the United States (the "**IISA Affiliate Businesses**"). AIAT owns and operates 288 insurance brokerages operating under the name ACCEPTANCE INSURANCE ("**AIAT Affiliate Businesses**"). EL sells a small number of insurance policies that are the same or similar to those services offered by Freeway Brokerages (the "**EL Affiliate**

Business"). EL Affiliate Business together with the FISA Affiliate Businesses, AIAT Affiliate Businesses and IISA Affiliate Businesses are collectively referred to as the "**Affiliate Businesses**").

At this time, we, the franchisor entity, have no plans to own or operate businesses under any of the trademarks listed above. The Affiliate Businesses are permitted to solicit and accept orders for customers located within your Protected Area. These plans are already in place so there is no additional timetable for the plan. The Affiliate Businesses and Freeway Brokerages operate under separate websites for solicitation, services are sold directly at the Location or locations of the Affiliate Businesses, and there is no centralized lead database. Thus, there will be no customer conflicts or territorial conflicts between the Freeway Brokerages and Affiliate Businesses to resolve. Additionally, both Affiliate Businesses and Freeway Brokerages operate under substantially similar operating systems, including back-office support, which is outsourced to our affiliate, CAS. We will not provide any support to the Affiliate Businesses. Thus, there will be no conflicts between the Affiliate Businesses and Freeway Brokerages regarding franchisor support. Our principal address is the same as FISA's and IISA's address. We do not maintain physically separate offices and training facilities for the Affiliate Businesses.

As stated in Item 1, VI owns and operates 13 insurance brokerages across the United States operating under VELOX INSURANCE (collectively, the "**VI Corporate Businesses**"). Lastly, as of December 31, 2023, Velox had 26 franchisees operating in the United States (collectively, the "**VI Franchised Businesses**" and with the VI Corporate Businesses, collectively, the "**VI Businesses**").

As stated in Item 1, as of December 31, 2023, EFC had 201 franchisees operating in the United States (collectively, the "**EF Franchised Businesses**").

At this time, we have no plans to own or operate businesses under any of the trademarks listed above. The VI Businesses are permitted to solicit and accept orders for customers located within your Protected Area. These plans are already in place so there is no additional timetable for the plan. The EF Franchised Businesses, VI Businesses and Freeway Brokerages operate under separate websites for solicitation, services are sold directly at the Location or locations of the VI Businesses and EF Franchised Businesses, and there is no centralized lead database. Thus, there will be no customer conflicts or territorial conflicts between the Freeway Brokerages, on the one hand, and EF Franchised Businesses or VI Businesses, on the other hand, to resolve. Additionally, the VI and EF Franchised Businesses, on the one hand, and Freeway Brokerages, on the other hand, will operate under different policy management systems and will operate completely independently of one another (with the exception of limited marketing services). We will not provide any support to the VI Businesses or EF Franchised Businesses. Thus, there will be no conflicts between the Affiliate Businesses, EF Franchised Businesses, and VI Businesses, on the one hand, and Freeway Brokerages, on the other hand, regarding franchisor support. VI maintains physically separate offices and training facilities for the VI Businesses. EFC maintains physically separate offices and training facilities for the EF Franchised Businesses.

ITEM 13
TRADEMARKS

We grant you the right to operate your Franchised Brokerage under the name "Freeway Insurance" and to use our current or future common law or registered Proprietary Marks in the operation of your Franchised Brokerage (provided they are used as approved by us and in accordance with our specifications). You may not use any other name or trademark in conducting your Franchised Brokerage.

The following Proprietary Marks are registered by FISA with the United States Patent and Trademark Office ("**USPTO**") on the Principal Register:

Trademark	Registration No.	Registration Date
FREEWAY INSURANCE	6239745	1/5/2021
	6245528	1/12/2021
	6239746	1/5/2021
DRIVING SAVINGS	6290771	3/9/2021

We have filed all required affidavits in connection with the Proprietary Marks registrations described above. You will: (i) operate and advertise only under the names or marks designated by us; (ii) adopt and use the Proprietary Marks solely in the manner prescribed by us (including, but not limited to, the specific fonts and/or colors prescribed by us); (iii) refrain from using the Proprietary Marks to perform any activity or to incur any obligation or indebtedness in such a manner as may, in any way, subject us to liability therefore; (iv) observe all laws with respect to the registration of trade names and assumed or fictitious names, to include in any application therefore a statement that your use of the Proprietary Marks is limited by the terms of the Franchise Agreement, and to provide us with a copy of any such application and other registration documents; (v) obtain our approval for your corporate name and all fictitious names under which you intend to operate (which corporate name cannot contain any of our Proprietary Marks); and (vi) observe such requirements with respect to trademark and service mark registrations and copyright notices as Franchisor may, from time to time, require, including, without limitation, affixing "SM," "TM," or ®, adjacent to all such Proprietary Marks in any and all uses thereof, and to use such other appropriate notice of ownership, registration and copyright as Franchisor may require.

Effective February 1, 2021, we entered into exclusive perpetual license agreements with FISA, CH II and CAS for the right to use, and sublicense the use of, the Proprietary Marks (collectively, the "**License Agreements**"). The License Agreements may be terminated by either us or the licensor entity due to a material breach of the provisions of the License Agreement by the other party. If we breach the License Agreements, or if the License Agreements are otherwise terminated, you may lose your rights to use the Proprietary Marks. Other than the License Agreements, there are no agreements currently in effect that significantly limit our right to use or license the use of the trademarks in any manner material to you.

There are currently no effective material determinations of the USPTO, the Trademark Trial and Appeal Board, or any trademark administrator of any state or any court relating to the trademarks. There are no known pending infringement, opposition or cancellation proceedings or material litigation involving the trademarks. We do not know of either superior prior rights or infringing uses that could materially affect your use of the trademarks in any state.

At no time will you, directly or indirectly, commit any act of infringement or contest or aid others in contesting the validity of our right to use the Proprietary Marks, or take any other action in derogation of our right to use the Proprietary Marks. You will use the Proprietary Marks only for the benefit and operation of the Franchised Brokerage and only at the Approved Location and in approved marketing materials. You will not take any action that will bring disrepute to or otherwise damage the goodwill associated with the Proprietary Marks. You will refrain from committing any act or pursuing any course of conduct that tends to bring the Proprietary Marks into disrepute.

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You will promptly notify us of any claim, demand, or cause of action that we may have based upon or arising from any unauthorized attempt by any person or legal entity to use the Proprietary Marks, any colorable variation thereof, or any other mark, name, or indicia in which we have claims or proprietary interest. You will help us, upon request and at our expense, in taking such action, if any, as Franchisor may deem appropriate to halt such activities, but will take no action nor incur any expenses on our behalf without our prior written approval. If we undertake the defense or prosecution of any litigation relating to the Proprietary Marks, which we have the right although not the obligation to do, you agree to execute any and all documents and to do such acts and things as may, in the opinion of our legal counsel, be reasonably necessary to carry out such defense or prosecution. In the event of any litigation relating to your use of the Proprietary Marks, you will execute all documents and do such acts as may, in our opinion, be necessary to carry out such defense or prosecution including, without limitation, becoming a nominal party to any legal action. If we, in our sole discretion, determine that you have used the Proprietary Marks in compliance with the Franchise Agreement, we will bear the cost of such defense or prosecution, including the cost of any judgment or settlement. If we, at our sole discretion, determine that you have not used the Proprietary Marks in compliance with the Franchise Agreement, you will bear the cost of such defense or prosecution, including the cost of any judgment or settlement.

We have the right, at our sole discretion, to designate one or more new, modified, or replacement trademarks as the Proprietary Marks, and may require you to use such new, modified, or replacement trademarks in addition to or in lieu of the Proprietary Marks listed above. All costs and expenses associated with your use of any such new, modified, or replacement Proprietary Marks will be your sole responsibility. You must discontinue using all marks that we have notified you, in writing, have been modified, or discontinued, within 10 days of receiving written notice, and you must promptly begin using the additional, modified, or substituted Proprietary Marks.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any registered patents that are material to the Franchised Brokerage. We own copyrights in the Confidential Operations Manual, our Freeway Web Presence, our marketing materials, and other copyrightable items that are part of the System. We have not registered these copyrights with the United States Register of Copyrights. You may use these items only as we specify while operating the Franchised Brokerage, and you must stop using them if we direct you to do so.

We know of no effective determinations of the U.S. Copyright Office or any court regarding any of our copyrighted materials. Our right to use or license copyrighted items is not materially limited by any agreement or known infringing use.

We also possess certain proprietary and confidential information relating to the System and the development and operation of Freeway Brokerages that may be communicated to you or that you may be apprised of by virtue of your operation of the Franchised Brokerage, including, but not limited to: (i) site selection criteria for Freeway Brokerages and plans and specifications for the development of Freeway Brokerages; (ii) sales, marketing, and advertising programs and market penetration techniques for Freeway Brokerages; (iii) approved suppliers and knowledge of specifications for equipment; (iv) methods of management and business methods of Freeway Brokerages; (v) Computer System; (vi) the Confidential Operations Manual; (vii) lists of Client Accounts and Client prospects and all other Client Account records, documents, and information; (viii) policy expiration lists; (ix) names of, and terms of agreements with, Contracted Carriers or Ancillary Product Providers, insurance policy information and underwriting guidelines; and (x) Client service standards and other standards and protocols, techniques and know-how concerning the operation of the Franchised Brokerage. Confidential Information also includes (a) lists of

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Client Accounts, including current Client and prospective Client names and addresses; (b) Client purchasing histories; and (c) rates charged to Clients (collectively, "**Client Information**").

You will not use or disclose any Confidential Information in an unauthorized manner, and you expressly acknowledge that the unauthorized use or disclosure of our Confidential Information or trade secrets will cause irreparable injury to us and that damages are not an adequate remedy. With that, you will: (i) not acquire any interest in the Confidential Information; (ii) not use the Confidential Information in any other business or capacity; (iii) exert your best efforts to maintain the confidentiality of the Confidential Information during and after the term of the Franchise Agreement; (iv) not make unauthorized copies of, or extracts from, any portion of the Confidential Information disclosed in written or other tangible form; and (v) adopt and implement all reasonable procedures prescribed from time to time by us to prevent unauthorized use or disclosure thereof by you, your staff, and your officers, including the use of nondisclosure clauses in agreements with all such persons, only disclosing the Confidential Information to those persons that need to know it to complete their employment/contractual duties, and informing those persons of the obligation of confidentiality and non-use.

The Franchise Agreement provides that if you, your employees, or principals develop any new concept, process, or improvement in the operation or promotion of the Franchised Brokerage, you must promptly notify us, and provide us with all of the information necessary to implement the improvement, without any compensation. Any such concept, process, or improvement will become our sole property, and we will be the sole owner of all patents, patent applications, trademarks, copyrights and other related intellectual property rights. You and your principals and agents must assign to us any rights you may have or acquire, including the right to modify such concept, process, or improvement, and otherwise waive and/or release all rights of restraint and moral rights. You and your principals and agents must agree to assist us in obtaining and enforcing the intellectual property rights to any such concept, process, or improvement in any and all countries, and further agree to execute and provide us with all necessary documentations for obtaining and enforcing such rights. You and your principals and agents must designate and appoint us as your 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 patents or other intellectual property rights related to any such concept, process, or improvement. In the event that this framework is found to be invalid or otherwise unenforceable, you and your principals and agents must grant to us a worldwide, perpetual, non-exclusive, fully paid license to use and sublicense the use of the concept, process, or improvement to the extent such use or sublicense would directly or indirectly infringe your rights.

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

In the event you are a corporation, limited liability company, partnership, or other business entity, the "Controlling Interest" identified in your Franchise Agreement must at all times have the right to control the operations of your Franchised Brokerage. However, you may designate another individual other than the Controlling Interest to be your Brokerage Principal Operator. This person will be an individual you appoint, who: (i) has been licensed by all applicable governmental and other regulatory authorities; (ii) successfully completes all of the Initial Training and ongoing/additional/refresher training required by us; (iii) is approved in writing by us; (iv) will be our primary point of contact for any business matters relating to the Franchised Brokerage; and (v) has the authority to make all business decisions on your behalf. Your Brokerage Principal Operator must have at least a five percent (5%) ownership interest in your entity. In the event that a Brokerage Principal Operator resigns or is otherwise terminated from your Franchised Brokerage, you shall hire a replacement approved by us in writing who meets our then-current standards for Brokerage Principal Operators within 30 days after termination or resignation of the prior Brokerage

Principal Operator. We reserve the right, without the obligation, to train the new Brokerage Principal Operator directly.

The Brokerage Principal Operator will also be required to execute our form of Confidentiality and Non-Compete Agreement, which is currently attached as Exhibit 6 to the Franchise Agreement (unless the Brokerage Principal Operator has an ownership interest in you, in which case the Brokerage Principal Operator will execute the Guaranty attached as Exhibit 1 to the Franchise Agreement). Your Franchised Brokerage must always be conducted under the direct supervision of an approved Brokerage Principal Operator.

In the event you are a corporation, limited liability company, partnership, or other business entity, each individual who owns an equity interest in your entity, as well as such individual's spouse, must sign a Guaranty, under which they each assume and agree to perform all of your obligations under the Franchise Agreement. A copy of the Guaranty is attached as Exhibit 1 to the Franchise Agreement.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Your relationship with us is exclusive. You will operate your Franchised Brokerage in strict conformity with our standards and all rules, regulations, and policies that are by their terms mandatory, including, without limitation, those contained in the Confidential Operations Manual and only offer those Insurance Services and Ancillary Products authorized by us. You will not provide any Insurance Services with regard to any type of Policies: (i) which have not been approved by us; or (ii) for which you are not licensed by the appropriate insurance, securities, or other regulatory authorities. We will be the agent of record for all Policies that you sell.

You and your staff shall not (i) be licensed as an agent, solicitor, representative, or broker for any insurance company or business other than as we and the Contracted Carriers have appointed the Franchised Brokerage as a representative; (ii) directly or indirectly, apply for coverages or place any insurance whatsoever with or through any insurance company or act as agent, representative, or broker thereof, other than us and the Contracted Carriers, unless authorized and directed to do so by us in writing; and/or (iii) provide Ancillary Products to Clients through any other provider than the Ancillary Product Providers.

You acknowledge and agree that we, at our sole discretion and along with our Contracted Carriers' or Ancillary Product Providers' (as applicable) approval, will decide: (1) which Contracted Carriers and Ancillary Product Providers the Franchised Brokerage may use; and (2) which lines of insurance business and specific Policy types your staff may sell with such Contracted Carriers. Upon request, we will provide you with a written list of the Contracted Carriers and Ancillary Product Providers, lines of business, and Policy types that have been approved for use and sale by the Franchised Brokerage, and your staff shall use commercially reasonable efforts to sell insurance products and services for the Contracted Carriers and Ancillary Product Providers, lines of business, and Policy types authorized by us. We will provide you with Notice of any changes made by us to such list from time to time, and you and your staff shall immediately cease selling any discontinued insurance products and services and cease using any discontinued Contracted Carriers and Ancillary Product Providers. You will ensure that (i) your staff abide by and conform to the conditions and limits of authority imposed by us and/or the Contracted Carriers and/or the Ancillary Product Providers as outlined in the Confidential Operations Manual; and (ii) your staff execute any acknowledgements, contracts, and agreements required by the Contracted Carriers and Ancillary Product Providers to permit your staff to represent the Contracted Carriers and Ancillary Product Providers as outlined in the Confidential Operations Manual.

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With respect to the national account program, including the information above with respect to Contracted Carriers and Ancillary Product Providers, you must also comply with the following additional criteria (as described in the National Account Participation Agreement attached to this Disclosure Document as Exhibit F):

i. You and your affiliates must not be in default under the Franchise Agreement or any other agreement between us or our affiliates and you and your affiliates;

ii. You must meet our then-current quality requirements;

iii. You must comply with all minimum performance criteria set forth in writing by us ("MPC"), that we and each National Account, respectively, have prescribed and which your participation and achievement in the National Account Program shall be evaluated and conditioned, which may be revised at any time by providing written notice to you; and

iv. You must produce and deliver all reports we require to corroborate active participation in the National Account Program, compliance with the MPC, or any other reports we require.

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ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists certain important provisions of the Franchise Agreement. You should read these provisions in the Franchise Agreement attached as Exhibit B to this Disclosure Document.

THE FRANCHISE RELATIONSHIP

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a. Length of the franchise term	Section 2(a)	The term is five years from the effective date of your Franchise Agreement.
b. Renewal or extension of the term	Section 2(b)	If you are not in default and continue to have the right to occupy your premises, you may renew for three (3) successive additional five-year renewal terms.
c. Requirements for you to renew or extend	Section 2(b)	You must: (i) give us timely notice of your wish to exercise your option to renew (not less than 6 months nor more than 12 months prior to the expiration of the term); (ii) sign our then-current form of Franchise Agreement (which may contain materially different terms and conditions than your original agreement); (iii) sign a general release in favor of us and our affiliates; (iv) not be in default of any provision of the Franchise Agreement, including any monetary obligations; (v) demonstrate your right to operate the Franchised Brokerage at the approved premises for the renewal term; (vi) pay our then-current renewal fee; (vii) meet our then-current qualifications for a new franchisee and fulfill any training requirements; and (viii) refurbish the Franchised Brokerage to conform to our then-current Office Specifications and Freeway Technology Specifications.
d. Termination by you	None	Any grounds allowed by state law.
e. Termination by us without cause	None	
f. Termination by us with cause	Section 14	We have the right to terminate the Franchise Agreement with cause.
g. "Cause" defined-curable defaults	Section 14(c)	We have the right to terminate the Franchise Agreement after providing you a 15-day cure period if: (i) you fail to pay any amounts you owe us, our affiliates, or any of our suppliers or vendors; (ii) you fail to endorse over to us any payments erroneously made to you by third parties or fail to deposit customer payments in your designated bank account; (iii) you fail to operate the Franchised Brokerage during the months, days, and hours that we prescribe; (iv) you fail to personally supervise the Franchised Brokerage's operations or employ a sufficient number of qualified and competent personnel; (v) you fail to maintain quality controls and standards; (vi) you fail to procure or maintain any licenses, certifications, or permits necessary for the operation of your

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PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		Franchised Brokerage; or (vii) you use unauthorized vendors.
	Section 14(d)	We have the right to terminate the Franchise Agreement after providing you a 30-day cure period if you fail to perform or comply with any one or more of the other terms or conditions of the Franchise Agreement, the Confidential Operations Manual or any ancillary agreement (including, without limitation, the Development Agreement) between you and us or our affiliates.
h. "Cause" defined-non-curable defaults	Section 14(a)	The Franchise Agreement will automatically terminate without notice or an opportunity to cure in the event of: (i) your voluntary bankruptcy; (ii) your involuntary bankruptcy; or (iii) your unauthorized transfer of the franchise or any interest in the franchise entity or the Franchised Brokerage.
	Section 14(b)	We have the right to terminate the Franchise Agreement with notice and without providing you an opportunity to cure if: (i) you or your principals or employees are convicted of or plead guilty or no contest to a felony or take part in criminal acts or misconduct related to the operation of your Franchised Brokerage; (ii) you commit fraud; (iii) you make any misrepresentations in connection with the franchise application; (iv) you fail to complete our Initial Training program; (v) you receive two or more written notices of default within any 12-month period; (vi) you or your affiliates materially breach any other agreement with us or our affiliates; (vii) you misuse the Proprietary Marks or Confidential Information; (viii) you violate any health, safety or sanitation law, ordinance, or regulation or you operate the business in a way that presents a health or safety hazard to any customer or the general public; (ix) you violate the in-term restrictive covenants in the Franchise Agreement; (x) a lien or writ of attachment or execution is placed against you and is not released or bonded against within 30 days; (xi) you are insolvent; (xii) you abandon the Franchised Brokerage; (xiii) you offer any unauthorized or unapproved products or services in connection with the operation of your Franchised Brokerage; (xiv) you seek an appointment with an unapproved Contracted Carrier or try to sell a policy on behalf of an unauthorized Contracted Carrier; (xv) you fail to maintain insurance or to repay us for insurance; (xvi) you violate any laws or regulations related to the insurance industry, or if there is any government action taken against you; (xvii) you use client or Franchised Brokerage property for personal use, including misuse of

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		any customer information; (xviii) you fail to comply with any laws or regulations regarding terrorism; (xix) you relocate the Franchised Brokerage without our prior consent, or fail to relocate to an office space from a home office within 90 days of opening; (xx) you cause us to lose our contract with any of the Contracted Carriers, or materially harm our relationship with any of the Contracted Carriers; (xxi) you fail to submit any required financial reports; (xxii) you or any of your owners or employees conduct themselves in a manner that, although not criminal, reflects adversely on the System, the Proprietary Marks, or the products and services offered through the System; (xxiii) you fail to open within 180 days of signing the Franchise Agreement; or (xxiv) you misuse any proprietary software we developed for use in the System.
i. Your obligations on termination/non-renewal	Section 15	Upon termination, expiration, or transfer of the Franchise Agreement, you must immediately: (i) cease all operations under the Franchise Agreement; (ii) promptly pay all sums you owe us, our affiliates, or our suppliers and vendors; (iii) cease using the Proprietary Marks and return all materials containing the Proprietary Marks; (iv) return to us the Confidential Operations Manual and all other manuals, customer lists, proprietary materials, and Confidential Information; (v) cease using, and if you operate a Conversion Franchised Brokerage, assist in transferring to us, all of your telephone numbers and listings; (vi) remove all signage containing the Proprietary Marks; (vii) cease holding yourself out as our franchisee; (viii) take necessary action to amend or cancel any business name or equivalent registration that contains our trade name or Proprietary Marks; (ix) allow us to inspect your financial records, books and other accounting records within 24 months of the termination of your Franchise Agreement; (x) comply with the post term covenants contained in the Franchise Agreement; (xi) cease to use in advertising or in any other manner any methods, procedures or techniques associated with us or the System; (xii) execute periodically any required papers, documents, and assurances, and otherwise comply with our off-boarding process; (xiii) turn over all customer lists and any other information you may have about former, existing, or potential customers; (xiv) set up mail forwarding as we direct; (xv) obtain an Errors and Omissions tail policy of no less than three years with a premium that will be no more than $10,000 on an annual basis; (xvi) vacate the Franchised Brokerage premises if we exercise our rights under the Collateral Assignment of

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		Lease; and (xvii) execute our prescribed form of release agreement.
j. Assignment of contract by us	Section 12(h)	We have the right to assign our rights under the Franchise Agreement.
k. "Transfer" by you-defined	Section 12(a)	A sale, transfer, or assignment requiring our prior written consent occurs if you or any person owning any direct or indirect equity interest in you, directly or indirectly sells, assigns, transfers, conveys, gives away, pledges, mortgages, or otherwise encumbers any interest in: (i) the Franchise Agreement or any portion of it; (ii) your Franchised Brokerage; (iii) the premises of your Franchised Brokerage; or (iv) any equity or voting interest in the franchisee entity; or if you permit the Franchised Brokerage to be operated, managed, directed, or controlled, directly or indirectly, by any person other than the approved Principal.
l. Our approval of transfer by you	Section 12(b)	You may not transfer any rights in the franchise without our prior written consent. We have the right to condition our approval of any sale, transfer, assignment, or encumbrance as described below.
m. Conditions for our approval of transfer	Sections 12(e)	We will approve a proposed transfer if: (i) the transferee meets our qualifications; (ii) we decide that the purchase price is reasonable; (iii) all obligations under the Franchise Agreement have been satisfied; (iv) the transferee is compliant under all agreements with us; (v) we forward you our approval of the transferee; (vi) you request that we provide the prospective transferee with our current form of Disclosure Document; (vii) the transferee executes our then-current form of Franchise Agreement; (viii) the transferee pays us a transfer fee; (ix) you execute our prescribed form of general release; (x) the transferee and its personnel have completed the Initial Training program to our satisfaction; and (xi) you purchase an Errors and Omissions tail policy of no less than three years with a premium that will be no more than $10,000 on an annual basis.
n. Our right of first refusal to acquire	Section 12(c)	If you propose to transfer either the Franchise Agreement or all, or substantially all, of the assets used in connection with the Franchised Brokerage or any interest in your lease to any third party, you must first offer to sell the interest to us on the same terms and conditions as offered to such third party. You shall obtain a letter of intent containing the terms of the offer that is signed by you and the third party ("**Letter of Intent**"). If we elect not to accept the offer within a 30-day period, you shall have a period of up to 60 days to complete the transfer described in the Letter of Intent subject to our transfer conditions. Any material change in the terms of the offer will be deemed a new proposal subject to our right of first refusal. So long as you have obtained our prior written

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		consent, a transfer to an existing partner or shareholder, or a transfer as a result of the death, disability, or incapacitation of a shareholder or partner, is not subject to our first right of refusal.
o. Our option to purchase your business	Section 15(f) (conversion addendum (Exhibit 4))	Upon the expiration of the term, except in the case of an approved transfer, we have the right, but not the obligation, to purchase the Existing Accounts, with the purchase price based upon the Existing Accounts valuation as of the Effective Date using a formula considering the following factors: market value of accounts, portfolio size, characteristics of Existing Accounts and other factors typically used in the valuation of insurance brokerages. Except in the case of termination of this Agreement, which shall require no prior Notice, we will notify you no later than one (1) month prior to the scheduled end of the term of our election to purchase the Existing Accounts and the purchase price (the "**Purchase Transaction**"). Upon the closing of the Purchase Transaction, you will transfer the Existing Accounts to us free and clear of all liens, encumbrances, pledges or any other indebtedness. We will not assume any of your liabilities. We will pay the purchase price under the Purchase Transaction as follows: a) 60% of the purchase price at the closing of the purchase transaction, and b) the remainder of the purchase price upon full revenue reconciliation with applicable carriers. Upon termination or expiration, we have the option to purchase the personal property associated with your Franchised Brokerage for its book value, which means the amount you actually paid for the personal property less depreciation (or, if applicable, the amount of your remaining obligations under a lease or financing agreement). We are entitled to offset the purchase price by the amount of money owed by you to us for any payments necessary to acquire clear title to property or for any other debt. If we exercise this option to purchase, we have the right to appoint a manager to maintain operation of the Franchised Brokerage, or we may require that you close the Franchised Brokerage during such period without removing any assets. You are required to maintain in force all insurance policies required under the Franchise Agreement until the date of such closing. We have the unrestricted right to assign this option to purchase personal property of the Franchised Brokerage.
	Section 15(d)	
p. Your death or disability	Section 12(d)	Upon your death or disability, your rights under the Franchise Agreement may pass to your heirs or beneficiaries, provided that, within 45 days of your death or disability, they get prior written approval, they sign the then-

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		current form of the Franchise Agreement or agree to assume your obligations under the Franchise Agreement by signing a personal guaranty of your entity's obligations, successfully complete our Initial Training program, and otherwise meet our requirements. We are under no obligation to operate your Franchised Brokerage during this 45-day period. However, we may operate your Franchised Brokerage at your expense. We may pay out the revenues of your Franchised Brokerage to cover any past, current, or future obligations of your Franchised Brokerage. We may pay ourselves a reasonable amount to reimburse us for management services and other costs. You or your estate will indemnify us against any and all costs and/or liabilities in connection with, or related in any way to, the operation (or otherwise) of the Franchised Brokerage.
q. Non-competition covenants during the term of the franchise	Section 11(a)	During the term of the Franchise Agreement, neither you, your guarantors or any parent, child, spouse or sibling of you or your guarantors may engage, directly or indirectly, as an owner, operator, employee, producer, agent, manager, consultant, broker, or otherwise have any interest in any insurance-related business other than as an authorized owner of a Franchised Brokerage; except that you may own equity securities of any insurance business, whose shares are traded on a stock exchange or on the over-the-counter market so long as your ownership interest is 2% or less of the total number of outstanding shares of such business.
	Section 11(a)	During the term of the Franchise Agreement, neither you, your guarantors or any parent, child, spouse or sibling of you or your guarantors may directly or indirectly solicit a prospect, customer, or client, or accept an order from a prospect, customer or client: (i) of us or any Franchised Brokerage; (ii) to whom we or any Franchised Brokerage has submitted a bid or quotation; or (iii) that has previously been a customer or client of us or any Franchised Brokerage at any time during the 24 months immediately preceding such date.
r. Non-competition covenants after the franchise is terminated or expires	Section 11(b)	For a period of two years after the expiration and nonrenewal, transfer, or termination of the Franchise Agreement, regardless of the cause, neither you, nor your guarantors (including spousal guarantors) may engage, directly or indirectly: (i) as an owner, operator, employee, producer, manager, consultant, broker, or otherwise have any interest in any business that is competing in whole or in part with us by granting franchises or licenses to operate insurance agencies; or (ii) engage, directly or indirectly, as an owner, operator, employee, agent, producer, manager,

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PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		consultant, broker, or otherwise have any interest in any insurance-related business at or within a 20-mile radius of your former premises or any other franchisee-owned or company-owned Franchised Brokerage that is in operation at the time the Franchise Agreement is terminated, expires, or is not renewed, other than as an authorized owner of another Franchised Brokerage. Section 11(c) For a period of two years after the expiration and nonrenewal, transfer, or termination of the Franchise Agreement, regardless of the cause, neither you, nor your guarantors (including spousal guarantors) may directly or indirectly solicit a prospect, customer, or client, or accept an order from a prospect, customer or client: (i) of us or any Franchised Brokerage as of the date of such termination, expiration, non-renewal or transfer; (ii) to whom we or any Franchised Brokerage, as of the date of such expiration, termination, non-renewal or transfer, has submitted a bid or quotation; or (iii) that has previously been a customer or client of us or any Franchised Brokerage at any time during the 24 months immediately preceding such expiration, termination, non-renewal, or transfer.
s. Modification of the Agreement	Section 17(c)	The Franchise Agreement may not be modified without a written document signed by us and you, but we may modify the System and the Confidential Operations Manual.
t. Integration/merger clause	Section 17(d)	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside of the Disclosure Document and Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement or any other agreement is intended to disclaim the representations we make in the Disclosure Document.
u. Dispute resolution by arbitration or mediation	Section 19(b) and 19(c)	You must bring all disputes before our Senior Vice President, Franchise Sales and Operations prior to bringing a claim before a third party. After exhausting this internal dispute resolution procedure, at our option, all claims or disputes between you and us must be submitted first to non-binding mediation in Huntington Beach, California, in accordance with the American Arbitration Association's Commercial Mediation Rules then in effect (subject to state law). The parties will not be required to first attempt to mediate a controversy, dispute, or claim through mediation if the underlying controversy, dispute, or claim concerns an allegation that a party has violated (i) any federally protected intellectual property right in the Proprietary Marks, the System, or in any Confidential Information; or (ii) any of the restrictive covenants contained in the Franchise Agreement.

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PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
v. Choice of forum	Section 19	You may file suit in the state or federal court of the county where we have our principal place of business (currently, Huntington Beach, California, or the United States District Court for the Central District of California). We may file suit in either of such courts, or any other court in which jurisdiction and venue are proper (subject to state law).
w. Choice of law	Section 19	California law applies (subject to state law).

This table lists certain important provisions of the Development Agreement. You should read these provisions in the Development Agreement attached as Exhibit I to this Disclosure Document.

PROVISION	SECTION IN DEVELOPMENT AGREEMENT	SUMMARY
a. Length of the agreement term	Section 4	The term is (a) the last Opening Date specified in the Development Schedule, or (b) the date of termination if terminated due to your breach of this Agreement or any of your Franchise Agreements.
b. Renewal or extension of the term	None	N/A
c. Requirements for you to renew or extend	None	N/A
d. Termination by you	None	N/A
e. Termination by us without cause	None	N/A
f. Termination by us with cause	Section 5	We have the right to terminate the Development Agreement with cause.
g. "Cause" defined-curable defaults	Section 5.3 Section 5.4	We have the right to terminate the Development Agreement with notice and 10-day opportunity to cure if (1) you fail, refuse or neglect promptly to pay monies owing to us or our affiliates when due; or (ii) if you fail to comply with applicable laws. We have the right to terminate the Development Agreement with notice and 30 day opportunity to cure upon any other default other than those listed above.
h. "Cause" defined-non-curable defaults	Section 5.1	We have the right to terminate the Development Agreement with notice if you fail to meet your obligations under the Development Schedule; if a Franchise Agreement for any Freeway Brokerage operated by you or a controlled Affiliate is terminated; or you (and one or more of your controlled affiliates, if applicable) are in breach of your or its Franchise Agreements on 3 or more

PROVISION	SECTION IN DEVELOPMENT AGREEMENT	SUMMARY
		occasions in a 12 month period regardless of whether such breaches are under the same Franchise Agreement and whether such breaches are cured.
	Section 5.2	We have the right to terminate the Development Agreement with notice if you fail to meet your obligations under the Development Schedule; if a Franchise Agreement for any Freeway Brokerage operated by you or a controlled Affiliate is terminated; or you (and one or more of your controlled affiliates, if applicable) are in breach of your or its Franchise Agreements on 3 or more occasions in a 12 month period regardless of whether such breaches are under the same Franchise Agreement and whether such breaches are cured.
i. Your obligations on termination/non-renewal	Section 5.7	Upon termination, expiration, or transfer of the Development Agreement, you lose rights to establish or operate Freeway Brokerages for which a Franchise Agreement has not been executed at time of termination; and we or others can establish Brokerages in the Development Area.
j. Assignment of contract by us	Section 6.1	We have the right to assign our rights under the Development Agreement.
k. "Transfer" by you-defined	Section 6.2	A sale, transfer, or assignment requiring our prior written consent occurs if you or any person owning any direct or indirect equity interest in you, directly or indirectly sells, assigns, transfers, conveys, gives away, pledges, mortgages, or otherwise encumbers any interest in: (i) the Development Agreement or any portion of it; (ii) your Franchised Brokerage; (iii) the premises of your Franchised Brokerage; or (iv) any equity or voting interest in the franchisee entity; or if you permit the Franchised Brokerage to be operated, managed, directed, or controlled, directly or indirectly, by any person other than the approved Principal.
l. Our approval of transfer by you	Section 6.3	You may not transfer any rights in the franchise without our prior written consent. We have the right to condition our approval of any sale, transfer, assignment, or encumbrance as described below.
m. Conditions for our approval of transfer	Sections 6.3	Our consent to a transfer does not constitute a waiver of any claims we may have against the transferring party arising prior to the transfer, nor must it be deemed a waiver of our right to demand exact compliance with any terms of this Agreement by the transferor with respect to any claims prior to the transfer or transferee thereafter.

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PROVISION	SECTION IN DEVELOPMENT AGREEMENT	SUMMARY
n. Our right of first refusal to acquire	None	N/A
o. Our option to purchase your business	None	N/A
p. Your death or disability	None	N/A
q. Non-competition covenants during the term of the Agreement	None.	N/A
r. Non-competition covenants after the franchise is terminated or expires	None	N/A
s. Modification of the Agreement	None	N/A
t. Integration/merger clause	None	N/A
u. Dispute resolution by arbitration or mediation	Section 12	You must bring all disputes before our Senior Vice President, Franchise Sales and Operations prior to bringing a claim before a third party. After exhausting this internal dispute resolution procedure, at our option, all claims or disputes between you and us must be submitted first to non-binding mediation in Huntington Beach, California, in accordance with the American Arbitration Association's Commercial Mediation Rules then in effect (subject to state law). The parties will not be required to first attempt to mediate a controversy, dispute, or claim through mediation if the underlying controversy, dispute, or claim concerns an allegation that a party has violated (i) any federally protected intellectual property right in the Proprietary Marks, the System, or in any Confidential Information; or (ii) any of the restrictive covenants contained in the Development Agreement.
v. Choice of forum	Section 12.6	You may file suit in the state or federal court of the county where we have our principal place of business (currently, Huntington Beach, California, or the United States District Court for the Central District of California). We may file suit in either of such courts, or any other court in which jurisdiction and venue are proper (subject to state law).
w. Choice of law	Section 12.5	California law applies (subject to state law).

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ITEM 18
PUBLIC FIGURES

For the calendar year 2024, we will pay Daniel Suarez ("**Suarez**"), professional stock car racing driver, an amount equal to $20,800 in exchange for promoting the sale of Franchised Brokerages. Suarez is not involved in the management or control of us and has no position in our business structure. Suarez has not made an investment in us.

Other than as disclosed above, we do not use any public figure 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 only be given 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.

As of December 31, 2023, there were 543 Freeway Brokerages open and operating that are owned by our affiliates operating under the FREEWAY INSURANCE® name and 19 Franchised Brokerages open and operating. The data presented in the tables below sets forth the historical of certain subsets of the 372 Freeway Brokerages that were open and operating for the entire 2023 calendar year (the "**Affiliate-Owned Disclosed Locations**"). We have excluded (a) 4 Freeway Brokerages that were not open the full 2023 calendar year; (b) any revenue derived from policies purchased via our call center or website that is attributed to an Affiliate-Owned Disclosed Location because they are not part of the Franchised Brokerages we offer under this Disclosure Document; (c) any revenue derived from renewal policies for Freeway Brokerages that were closed as of December 31, 2023, that is attributable to an Affiliate-Owned Disclosed Location; and (d) 167 Freeway Brokerages in California, Louisiana, and Alabama. We are excluding the California Freeway Brokerages because they are generally larger in size, have more employees, and have been in business longer than those of any other state and as such, are not substantially similar to the Franchised Brokerages we are offering under this Disclosure Document. The Freeway Brokerages in Louisiana and Alabama are being excluded because they are states that offer premium financing, which is not part of the Franchised Brokerages we are offering under this Disclosure Document. The Affiliate-Owned Disclosed Locations differ from the Franchised Brokerages because each brokerage is not subject to territorial restrictions and does not pay the same fees to us (including royalty fees). Additionally, new Franchised Brokerages may be slightly smaller in total square feet compared to the Affiliate-Owned Disclosed Locations. These differences do not eliminate the reasonable basis upon which we are making this financial performance representation.

SUMMARY OF HISTORICAL REVENUE FIGURES

The information presented below shows the average Annual Fee Revenue, Annual Commission Income, Annual Ancillary Product Revenue, and Annual Total Revenue for the 2023 calendar year (the "**Measurement Period**"). We have broken down the Affiliate-Owned Disclosed Locations into the following subsets:

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1. Fee and Ancillary Revenue Centric States: This subset includes operating stores in Arizona, Illinois, Indiana, Kansas, Massachusetts, Missouri, New Jersey, New York, Texas, Washington, South Carolina, and Wisconsin because these states allow certain fees to be charged to customers.

2. Ancillary Revenue Centric States: This subset includes operating stores in Nevada, New Mexico, Oregon, Idaho, Colorado, Tennessee, Georgia, and Florida because these states do not allow (or only allow nominal) fees to be charged to customers.

A. Fee and Ancillary Revenue Centric States

Tables A-1, A-2, and A-3 show average Annual Fee Revenue, Annual Commission Income, Annual Ancillary Product Revenue, and Annual Total Revenue generated by the 297 Affiliate-Owned Disclosed Locations included in the Fee and Ancillary Revenue Centric States subset.

Table A-1
Fee and Ancillary Revenue Centric States

	Fee Revenue[1]	Commission Income[2]	Ancillary Product Revenue[3]	Total Revenue[4]
Average	$103,623	$233,183	$36,205	$373,011
Count Above Average	120	115	88	119
Percentage Above Average	40%	39%	30%	40%
Median	$83,602	$186,098	$18,657	$316,852
High	$727,814	$1,188,715	$413,650	$1,711,086
Low	$0	$17,283	$2,290	$45,204

Footnotes to Table A-1:

1. Fee Revenue is defined as all revenue received by the Affiliate-Owned Disclosed Locations from customers for the services rendered by the Affiliate-Owned Disclosed Locations as approved by each state.

2. Commission Income is defined as revenue received from insurance carriers by the Affiliate-Owned Disclosed Locations and generally represents a percentage of the policy premiums.

3. Ancillary Product Revenue is defined as the revenue collected from customers of/paid by Ancillary Product Providers to the Affiliate-Owned Disclosed Locations for the sale of Ancillary Products. The Ancillary Product Revenue is net of cost of goods sold, including, without limitation, the amount retained by the Ancillary Product Provider for the provision of the Ancillary Product and any volume discount or other incentive retained by us.

4. Total Revenue is defined as the Fee Revenue, Commission Income, and Ancillary Product Revenue for one Affiliate-Owned Disclosed Location and is not the sum of Average/Median/High/Low of the metrics for Fee Revenue, Commission Income, and Ancillary Product Revenue as shown in the table above and the tables below.

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Table A-2
Fee and Ancillary Revenue Centric States - Top 25% (74 Affiliate-Owned Disclosed Locations)

	Fee Revenue	Commission Income	Ancillary Product Revenue	Total Revenue
Average	$211,836	$447,652	$96,800	$683,811
Count Above Average	22	28	26	29
Percentage Above Average	30%	38%	35%	39%
Median	$183,618	$394,989	$67,397	$632,671
High	$727,814	$1,188,715	$413,650	$1,711,086
Low	$140,458	$296,297	$41,186	$476,134

Table A-3
Fee and Ancillary Revenue Centric States - Bottom 25% (74 Affiliate-Owned Disclosed Locations)

	Fee Revenue	Commission Income	Ancillary Product Revenue	Total Revenue
Average	$28,926	$94,081	$6,181	$156,864
Count Above Average	42	44	38	44
Percentage Above Average	57%	59%	51%	59%
Median	$30,074	$100,579	$6,441	$165,038
High	$50,110	$125,640	$9,069	$216,511
Low	$0	$17,283	$2,290	$45,204

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B. **Ancillary Revenue Centric States**.

Tables B-1, B-2, and B-3 show average Annual Fee Revenue, Annual Commission Income, Annual Ancillary Product Revenue, and Annual Total Revenue generated by the 75 Affiliate-Owned Disclosed Locations included in the Ancillary Revenue Centric States subset.

Table B-1
Ancillary Revenue Centric States

	Fee Revenue	Commission Income	Ancillary Product Revenue	Total Revenue
Average	$3,846	$299,063	$54,006	$356,915
Count Above Average	28	27	25	26
Percentage Above Average	37%	36%	33%	35%
Median	$1,276	$244,022	$34,274	$279,583
High	$23,325	$1,141,753	$290,759	$1,432,071
Low	$0	$22,618	$579	$25,697

Table B-2
Ancillary Revenue Centric States - Top 25% (19 Affiliate-Owned Disclosed Locations)

	Fee Revenue	Commission Income	Ancillary Product Revenue	Total Revenue
Average	$11,241	$583,337	$138,754	$705,900
Count Above Average	5	8	7	8
Percentage Above Average	26%	42%	37%	42%
Median	$9,752	$500,074	$123,513	$648,851
High	$23,325	$1,141,753	$290,759	$1,432,071
Low	$6,099	$375,458	$71,973	$446,782

Table B-3
Ancillary Revenue Centric States - Bottom 25% (19 Affiliate-Owned Disclosed Locations)

	Fee Revenue	Commission Income	Ancillary Product Revenue	Total Revenue
Average	$0	$103,315	$5,917	$132,880
Count Above Average	13	10	9	8
Percentage Above Average	68%	53%	47%	42%
Median	$0	$103,806	$5,777	$125,497
High	$17	$162,111	$11,982	$199,806
Low	$0	$22,618	$579	$25,697

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C. FRANCHISEE DATA

As of December 31, 2023, there were 19 franchised Freeway Brokerages open and operating. We have excluded 18 Freeway Brokerages that were not open the full 2023 calendar year. Immediately below is the financial performance data for the 1 franchised Freeway Brokerage open and operating during the entire 2023 calendar year:

TABLE C

	Fee Revenue	Commission Income	Total Revenue
Disclosed Franchisee	$82,219	$38,768	$120,987

Notes to Item 19:

1. **Some outlets have sold this much. Your individual results may differ. There is no assurance you will sell as much.**

2. Written substantiation of the data used in preparing these financial performance representations will be made available to you upon reasonable request.

3. The data is based on the historical results from existing Freeway Brokerages. The information has not been audited.

4. You should conduct an independent investigation of the results you will likely obtain in operating your Franchised Brokerage. Franchisees or former franchisees listed in the disclosure document may be one source of this information. We strongly urge you to consult with your financial advisor or personal accountant concerning the financial analysis that you should make in determining whether or not to purchase a Franchised Brokerage.

Other than the preceding financial performance representation, Confie Franchise Services, LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing Franchised Brokerage, however, we may provide you with the actual records of that Franchised Brokerage. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Alex Trachtman at our corporate offices at Confie Franchise Services, LLC, 7711 Center Avenue, Suite 200, Huntington Beach, California 92647, or at contact@freewayfranchise.com, the Federal Trade Commission, and/or the appropriate state regulatory agencies.

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ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1 –Systemwide Location Summary
For Fiscal Years Ended December 31, 2021, 2022, and 2023

Location Type	Year	Locations at Start of Year	Locations at End of Year	Net Change
Franchised	**2021**	0	0	0
	2022	0	2	+2
	2023	2	19	+17
Company/Affiliate-Owned	**2021**	478	492	+14
	2022	492	467	(25)
	2023	467	543	+76
Total	**2021**	478	492	+14
	2022	492	469	(23)
	2023	469	562	+93

Table No. 2
Transfers of Locations from Franchisees to New Owners
For Fiscal Years Ended December 31, 2021, 2022, and 2023
(Other than to Us or our Affiliates)

State	Year	Number of Transfers
Total	**2021**	0
	2022	0
	2023	0

Table No. 3
Status of Franchised Locations
For Fiscal Years Ended December 31, 2021, 2022, and 2023

State	Year	Locations at Start of Year	Locations Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations–Other Reason	Locations at End of Year
California	**2021**	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	10	0	0	0	0	11
Colorado	**2021**	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Florida	**2021**	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	3	0	0	0	0	3

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State	Year	Locations at Start of Year	Locations Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations–Other Reason	Locations at End of Year
Illinois	**2021**	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Tennessee	**2021**	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Texas	**2021**	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2
South Carolina	**2021**	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	1	0	0	0	0
Total	**2021**	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
	2023	2	18	1	0	0	0	19

Table No. 4
Status of Company/Affiliate-Owned Locations
For Fiscal Years Ended December 31, 2021, 2022, and 2023

State	Year	Locations at Start of Year	Locations Opened(1)	Locations Reacquired from Franchisees	Locations Closed	Locations Sold to Franchisees	Locations at End of Year
Alabama	**2021**	5	5	0	1	0	9
	2022	9	0	0	1	0	8
	2023	8	20	0	1	0	27
Arizona	**2021**	23	1	0	0	0	24
	2022	24	1	0	1	0	24
	2023	24	10	0	0	0	34
California	**2021**	97	5	0	3	0	99
	2022	99	0	0	4	0	95
	2023	95	2	0	2	1	94
Colorado	**2021**	3	0	0	0	0	3
	2022	3	0	0	0	0	3
	2023	3	0	0	1	0	2
Florida	**2021**	40	0	0	3	0	37
	2022	37	3	0	3	0	37
	2023	37	1	0	1	1	36

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State	Year	Locations at Start of Year	Locations Opened(1)	Locations Reacquired from Franchisees	Locations Closed	Locations Sold to Franchisees	Locations at End of Year
Georgia	**2021**	0	2	0	0	0	2
	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
Idaho	**2021**	3	0	0	0	0	3
	2022	3	4	0	1	0	6
	2023	6	0	0	1	0	5
Illinois	**2021**	47	6	0	1	0	52
	2022	52	1	0	4	0	49
	2023	49	0	0	4	1	44
Indiana	**2021**	14	0	0	0	0	14
	2022	14	0	0	0	0	14
	2023	14	0	0	0	0	14
Kansas	**2021**	2	0	0	0	0	2
	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
Louisiana	**2021**	2	5	0	0	0	7
	2022	7	0	0	0	0	7
	2023	7	40	0	0	0	47
Massachusetts	**2021**	2	0	0	0	0	2
	2022	2	0	0	1	0	1
	2023	1	0	0	0	0	1
Missouri	**2021**	15	0	0	0	0	15
	2022	15	0	0	0	0	15
	2023	15	0	0	5	0	10
Nevada	**2021**	18	0	0	0	0	18
	2022	18	1	0	1	0	18
	2023	18	1	0	0	0	19
New Jersey	**2021**	6	0	0	0	0	6
	2022	6	0	0	1	0	5
	2023	5	0	0	0	0	5
New Mexico	**2021**	6	0	0	0	0	6
	2022	6	0	0	1	0	5
	2023	5	0	0	1	0	4

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State	Year	Locations at Start of Year	Locations Opened(1)	Locations Reacquired from Franchisees	Locations Closed	Locations Sold to Franchisees	Locations at End of Year
New York	**2021**	23	0	0	2	0	21
	2022	21	1	0	3	0	19
	2023	19	0	0	1	0	18
Oregon	**2021**	3	1	0	0	0	4
	2022	4	0	0	0	0	4
	2023	4	0	0	0	0	4
South Carolina	**2021**	13	2	0	1	0	14
	2022	14	1	0	2	1	12
	2023	12	0	0	1	0	11
Tennessee	**2021**	10	0	0	1	0	9
	2022	9	0	0	4	0	5
	2023	5	0	0	0	1	4
Texas	**2021**	139	1	0	3	0	137
	2022	137	2	0	10	0	129
	2023	129	34	0	8	0	155
Washington	**2021**	3	1	0	0	0	4
	2022	4	0	0	0	0	4
	2023	4	0	0	1	0	3
Wisconsin	**2021**	4	0	0	0	0	4
	2022	4	0	0	1	0	3
	2023	3	0	0	1	0	2
Totals	**2021**	478	29	0	15	0	492
	2022	492	14	0	38	1	467
	2023	467	108	0	28	4	543

Notes:

(1) Locations Opened includes 60 company/affiliate-owned locations that the applicable company rebranded to Freeway Insurance® during 2023.

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Table No. 5
Projected New Franchised Locations as of December 31, 2023

STATE	Franchise Agreements Signed but Location not Opened	Projected New Franchised Locations in the Next Fiscal Year	Projected New Company-Owned Locations in the Next Fiscal Year
Arizona	0	1	0
California	3	6	1
Colorado	0	1	1
Florida	1	4	0
Georgia	0	3	0
Idaho	0	0	1
New York	0	0	2
Nevada	0	1	0
Oregon	0	0	1
North Carolina	0	0	3
Tennessee	1	1	0
Texas	0	3	1
Washington	0	0	2
Wisconsin	0	0	1
Total	**5**	**20**	**13**

Attached as Exhibit E-1 is a list of the franchisees that have entered into agreements with us as of the end of our most recent fiscal year. Attached as Exhibit E-2 is a list of the franchisees who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who have not communicated with the franchisor within 10 weeks of the Disclosure Document issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In the past three years, current and former franchisees have not signed confidentiality clauses restricting their ability to speak openly about their experience with the Freeway Insurance® franchise system.

There is currently no trademark-specific franchisee organization associated with the Freeway Insurance® franchise system.

ITEM 21
FINANCIAL STATEMENTS

Attached as Exhibit A to this Disclosure Document are our audited financial statements as of December 31, 2023, December 31, 2022, and December 31, 2021. Our fiscal year ends on December 31.

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ITEM 22
CONTRACTS

The following agreements related to your Franchised Brokerage are attached as exhibits to this Disclosure Document:

Exhibit B:	Franchise Agreement (and Exhibits)
Exhibit C:	Sample Release Agreement
Exhibit F:	National Account Agreement
Exhibit I:	Development Agreement
Exhibit J:	Affidavit Regarding Existing Contractual Obligations
Exhibit K:	Bill of Sale (if applicable)
Exhibit L:	Sublease Agreement (if applicable)

ITEM 23
RECEIPTS

The last two pages of this Disclosure Document are detachable receipts acknowledging your receipt of this Disclosure Document. Please sign and date both Receipts (as of the date you received this Disclosure Document), return one Receipt to us and retain one for your records. If you are missing these Receipts, please contact us at the following address or telephone number:

Confie Franchise Services, LLC
Franchise Compliance
Attn: Alex Trachtman
7711 Center Avenue, Suite 200
Huntington Beach, CA 92647
(800) 741-5769

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EXHIBIT A

FINANCIAL STATEMENTS

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Confie Franchise Services, LLC

Audited Financial Statements

As of and for the Years Ended December 31, 2023 and 2022

Confie Franchise Services, LLC

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COSURGE

Independent Auditor's Report

To the Member and Management of
Confie Franchise Services, LLC
Carson City, NV

Opinion

We have audited the accompanying financial statements of Confie Franchise Services, LLC (the Company), which comprise the balance sheet as of December 31, 2023, and the related statements of operations, member equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Basis for Opinion

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

Other Matter

The financial statements of the Company for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on June 20, 2023.

Recurring Operating Losses and Capital Deficiency

As discussed in Note 3 to the financial statements, the Company has suffered recurring losses from operations and has a net capital deficiency. Management's evaluation of the events and conditions and management's plans to mitigate these matters are also described in Note 3. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with U.S. GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risk. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation to the financial statements.

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

CoSurge LLC
(d/b/a CoSurge CPAs)
Buford, GA
April 15, 2024

Confie Franchise Services, LLC

Balance Sheets
As of December 31, 2023 and 2022

	2023	2022
ASSETS		
Current assets:		
Cash	$ 250,208	$ 253,743
Accounts receivable, net	206,535	74,906
Current portion of notes receivable	13,369	-
Total current assets	470,112	328,649
Noncurrent assets:		
Property and equipment, net	292,037	47,570
Notes receivable, net of current portion	59,870	-
Operating lease right-of-use asset, net	499,419	162,821
Other assets	7,358	-
Total noncurrent assets	858,684	210,391
Total assets	$ 1,328,796	539,040
LIABILITIES AND MEMBER EQUITY		
Current liabilities:		
Commission and fees payable, net	$ 337,848	$ 7,507
Accrued expenses	75,577	-
Current portion of contract liability	60,000	45,000
Current portion of operating lease liability	159,519	40,450
Total current liabilites	632,944	92,957
Long-term liabilities:		
Long-term portion of operating lease liability	358,399	132,782
Long-term portion of contract liability	-	90,000
Other liabilities	14,104	-
Total long-term liabilites	372,503	222,782
Total liabilities	1,005,447	315,739
Member equity	323,349	223,301
Total liabilities and member equity	$ 1,328,796	$ 539,040

Confie Franchise Services, LLC

Statements of Operations
For the Years Ended December 31, 2023 and 2022

	2023	2022
Revenues:		
Franchise royalty fees, net	$ 42,476	$ 634
Initial franchise fees	215,000	35,000
Marketing fees, net	7,391	85
Technology fees	46,407	1,127
Commission income, net	157,048	2,001
Other income	119,977	117
Total revenues	588,299	38,964
General and administrative expenses	1,122,610	864,588
Net loss	$ (534,311)	$ (825,624)

See accompanying notes to financial statements.

Confie Franchise Services, LLC

Statements of Member Equity
For the Years Ended December 31, 2023 and 2022

	Accumulated Losses	Member Contributions	Member Distributions	Total Member Equity
Balance, December 31, 2021	$ (261,310)	$ 466,273	$ -	$ 204,963
Member contributions	-	843,962	-	843,962
Net loss	(825,624)	-	-	(825,624)
Balance, December 31, 2022	(1,086,934)	1,310,235	-	223,301
Member contributions	-	634,359	-	634,359
Net loss	(534,311)	-	-	(534,311)
Balance, December 31, 2023	$ (1,621,245)	$ 1,944,594	$ -	$ 323,349

Confie Franchise Services, LLC

Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Net loss	$ (534,311)	$ (825,624)
Deferred initial franchise fee earned	(215,000)	(35,000)
Bad debt expense	-	15,000
Depreciation expense	32,906	1,572
Amortization of operating lease right-of-use asset	101,036	8,307
Accrued interest on operating lease liability	15,836	2,104
Allowance for cancellations	58,900	-
Noncash change to related party note receivable	-	5,000
Noncash member contributions of general and administrative expenses	368,449	794,820
Deferred income taxes	-	
Adjustments to reconcile net loss to net cash provided by operating activities:		
Accounts receivable	(190,529)	(89,906)
Prepaid expenses	-	15,508
Other assets	(7,358)	-
Commission and fees payable	330,341	7,507
Accrued expenses	75,577	(3,000)
Deferred rent	(31,129)	-
Operating lease liabilities	(89,118)	-
Deferred contract fee revenue	140,000	155,000
Other liabilities	14,104	-
Net cash provided by operating activities	69,704	51,288
Cash flows from investing activities:		
Notes receivable issued	(80,000)	-
Payments received from notes receivable	6,761	2,500
Net cash provided (used) by investing activities	(73,239)	2,500
Net increase (decrease) in cash	(3,535)	53,788
Cash, beginning of year	253,743	199,955
Cash, end of year	$ 250,208	$ 253,743
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Right-of-use asset obtained in exchange for operating lease liability	$ 444,064	$ 173,844
Noncash member contributions of property and equipment	277,372	49,142

See accompanying notes to financial statements.

1. DESCRIPTION OF BUSINESS

Confie Franchise Services, LLC (the Company) was formed on January 28, 2021, as a wholly owned subsidiary of Confie Holding II Co. (the Parent) under the Delaware Limited Liability Company Act. On May 19, 2021, the Company converted its registration to the state of Nevada under the Nevada Limited Liability Company Act.

The Company is a franchisor that grants franchise agreements to businesses (the franchisees) at locations approved by the Company. Under the terms of the franchise agreements, franchisees sell insurance products and related add-on services (such as roadside assistance, collision towing, rental reimbursement, and accidental death and dismemberment insurance) to consumers and businesses under the trade name Freeway Insurance. Each franchisee can offer insurance types specified by the Company from insurance carriers contracted with by the Company.

A summary of franchisee activity by reporting period follows:

	Owners	Signed Agreements	Operational Storefronts
Franchisees at December 31, 2021	1	1	-
2022 additions	12	15	2
2022 terminations	(1)	(1)	-
Franchisees at December 31, 2022	12	15	2
2023 additions	11	11	18
2023 terminations	(2)	(2)	(1)
Franchisees at December 31, 2023	21	24	19

The Parent, the Company, and Freeway Insurance Services of America, LLC (the Affiliate) have operated in Huntington Beach, CA since 2007, 2020, and 2021, respectively, and share the same business address.

The Affiliate was initially formed in Illinois in 2001 to operate Freeway Insurance storefronts selling similar products and services as the Company.

In addition, the Company has other affiliates that operate insurance franchises/brands with storefronts selling similar products and services as the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Estimates and Assumptions

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions. Significant estimates underlying the accompanying financial statements include commission and fee revenues and payables, allowance for cancellations, right-of-use (ROU) asset and lease liability, revenue recognition, and depreciation.

Cash

The Company may from time to time maintain bank deposits more than Federal Deposit Insurance Corporation (FDIC) limits. Cash balances exceed federally insured amounts by $208 and $3,743 as of December 31, 2023 and 2022. The Company believes it mitigates any risks by depositing cash with reputable financial institutions. The Company considers all highly liquid investments purchased with an original maturity of ninety days or less to be cash equivalents.

Accounts Receivable

Accounts receivable, which consist of amounts owed to the Company related to initial franchise fees, commissions, franchise royalty fees, marketing fees, and other fees from franchisees, are recorded at the amounts billed to franchisees less an estimated allowance for bad debt expense and chargebacks. The Company has determined that an allowance for doubtful accounts or chargebacks of $58,900 and $0 was required as of December 31, 2023 and 2022. The Company wrote off $0 and $15,000 of accounts receivable as uncollectible during 2023 and 2022.

Deferred Contract Expense

The Company has evaluated the need to capitalize certain incremental costs to obtain customer contracts, and certain costs to fulfill contracts pursuant to Accounting Standards Codification (ASC) 340 – *Other Assets and Deferred Cost* (Topic 340) and determined that there are no costs that meet the definition for capitalization.

Property and Equipment

The Company's capitalization policy is to capitalize, at cost, property and equipment with a purchase price in excess of $2,000 and which has a useful life greater than one year.

Maintenance and repairs, which do not improve or extend the life of the respective assets are expensed currently. Property items retired, or otherwise disposed of, are eliminated from the asset and accumulated depreciation accounts, and gains or losses from disposals are included in the statement of operations and the statement of cash flows.

Depreciation is provided over the estimated useful lives of the individual assets using the straight-line method as follows: leasehold improvements, 3 to 5 years, equipment and signage, 5 years.

Leases

Arrangements meeting the definition of a lease are classified as operating or financing leases and are recorded on the balance sheet as both a ROU asset and lease liability, calculated by discounting fixed lease payments over the lease term at the rate implicit in the lease. The Company does not believe that it is reasonably certain that renewal options will be exercised as the Company regularly evaluates the possibility of finding cheaper leases, and thus renewal periods are not included in the lease term. Lease liabilities are increased by interest and reduced by payments each period, and the ROU asset is amortized over the lease term. For operating leases, interest on the lease liability and the amortization of the right-of-use asset result in straight-line rent expense over the lease term.

In calculating the ROU asset and lease liability, the Company elects to combine lease and nonlease components for all leases, and uses a risk-free discount rate in the absence of an implicit rate.

In the case of the nonlease components requiring variable payments that are not known to the Company until invoiced by the lessor, the payments are expensed when the invoice is received and disclosed as variable lease costs.

Rent expense for short-term leases is recognized on a straight-line basis over the lease term, or when incurred if a month-to-month lease.

As of and for the years ended December 31, 2023 and 2022, all of the Company's leases were classified as operating leases.

Sublease income is recorded when received.

Intangibles

Costs incurred to acquire or develop intangible assets would be capitalized and amortized on a basis that approximates economic use. Costs incurred to renew or extend the term of a recognized intangible asset are capitalized and amortized over the renewed or extended term.

On February 1, 2021, the Company entered into a non-exclusive intercompany royalty-free, non-transferable, sub-licensable license agreement with the Affiliate, for two trademarks owned by the Affiliate. This agreement allows the Company the right to use and license these trademarks in connection with the establishment and operation of franchisees and is perpetual unless terminated by the Affiliate for misuse or discontinuation of operation by the Company, or by the Company with proper notification. No value has been assigned to this related party licensing agreement given that no monetary consideration was required of the Company.

Impairment

Long-lived assets, when held, are reviewed for impairment whenever events or circumstances indicate their carrying amount may not be recoverable. No impairment triggering events were identified during 2023 or 2022.

Contract Liability

Amounts received relating to contracts are recorded as a contract liability (deferred revenue) and recognized as revenue is earned.

As of December 31, 2023, the balance for amounts yet to be recognized for contracts with franchisees was $60,000. In order for revenue to be recognized, the franchisee's storefront must open for business, which usually takes 3 – 15 months from the signing date of the franchise agreement. Accordingly, all amounts yet to be recognized for contracts with franchisees are classified as short-term or long-term based on the signing date of their franchise agreement.

As of December 31, 2022, the balance for amounts yet to be recognized for contracts with franchisees was $135,000. The amount of the prior year's balance recognized as revenue during 2023 was $125,000.

Revenue Recognition

The Company recognizes revenue in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services using a five-step model.

Revenue from franchisees, which is primarily comprised of initial franchise fees, commission income, franchise royalty fees, marketing fees, and technology fees, is generated pursuant to a five-year renewable contract between the Company and a franchisee.

Initial Franchise Fees

Each franchisee is required to pay an initial franchise fee upon signing a franchise agreement. The Company offers discounts on initial franchise fees if a franchisee is a veteran, affiliate employee, other discretionary discounts, or if a franchisee owns more than one location; however, at this time, no discounts have been given for second locations. A summary of initial franchise fees in effect by reporting period follows:

	2023	2022
Initial franchise fees	$ 25,000	$ 15,000
Initial franchise fees for franchisees that are veterans	15,000	15,000
Initial franchise fees for franchisees that are affiliate employees	10,000	10,000
Initial franchise fees for franchisees with at least one location	15,000	10,000
Initial franchisees for franchise fees that are veterans with at least one location	10,000	15,000

The initial franchise fee obligates the Company to perform certain pre-opening services, such as assisting with site selection, preparing facilities for intended use, training, establishing operations, and overseeing quality control. Pursuant to ASU No. 2021-02 *Franchisors-Revenue from Contracts with Customers* (Subtopic 952-606), the Company has determined that these pre-opening services are distinct from the franchise license and has elected to recognize pre-opening services as a single performance obligation.

The Company has determined, based on the observable prices approach, that it provides services equal in value to the initial franchise fees received, enabling the Company to recognize 100% of the initial franchise fee in the month a franchisee opens for business. Initial franchise fee revenues not yet recognized are included in contract liability on the balance sheet until earned.

Franchises have the option to renew the franchise at the conclusion of the franchise agreement, with the Company's approval, up to three times, subject to a $5,000 renewal fee.

Commission Income

Commission income is the difference between the commission fees earned by the Company based on the Company's contracted rate with the insurance companies, and the commission fees that franchisees would earn as an independent insurance brokerage, as determined by the Company.

The Company recognizes commission income by applying the sales-and-usage based royalties exception, estimating the commission to be received on sales of policies by franchisees when the policy is executed, net of chargebacks. The Company has determined that an allowance for chargebacks of $17,237 and $0 was required as of December 31, 2023 and 2022.

Franchise Royalty Fees

Franchise agreements signed during 2023 stipulate royalty fees based on 14% of total revenue earned by the franchisee. Prior to 2023, the franchise agreement stipulated royalty fees based on 18% of all policy commissions sold by franchises previously owned by the Affiliate and 15% for all other franchisees. Franchise royalty fees for conversion franchises are deferred for the first six months following the effective date of the franchise agreement.

The royalty fee obligates the Company to ongoing services, such as licensing intellectual property, choosing products and services, selecting insurance providers, training, advising, consulting and supporting, and overseeing quality control.

The Company recognizes franchise royalty fees by applying the sales-and-usage based royalties exception, estimating the royalties to be received on sales of policies by franchisees when the policy is executed, net of chargebacks. The Company has determined that an allowance for chargebacks of $6,286 and $0 was required as of December 31, 2023 and 2022.

Marketing Fees

Franchise agreements signed during 2023 stipulate marketing fund contributions based on 7% of total revenue earned by the franchisee. Prior to 2023, the franchise agreement stipulated marketing fund contributions based on 2% of all policy commissions sold by franchisees. Marketing fund contributions for conversion franchises are deferred for the first six months following the effective date of the franchise agreement.

The marketing fund contributions obligate the Company to ongoing marketing services, such as producing media and advertisements, maintaining brand websites, and approving marketing plans and materials. Amounts received into the marketing fund are recognized as revenue in the month for which the fee is billed. The Company recognizes these revenues by applying the sales-and-usage based royalties exception, estimating the marketing fund contributions to be received on sales of policies by franchisees when the policy is executed, net of chargebacks. The Company has determined that an allowance for chargebacks of $833 and $0 was required as of December 31, 2023 and 2022.

All contributions to the marketing fund are contractually restricted for the benefit of the franchisees. The Company recognizes an equal and offsetting liability on the Company's balance sheet for all amounts received and records an equal and offsetting amount of expenses against all revenues. As a result, there is no impact on the overall profitability of the Company from these revenues. During 2023 and 2022, the Company spent more on advertising than it received in marketing fund contributions; accordingly, no liability is recorded on the Company's balance sheet, and advertising expenses are greater than marketing fees collected.

Technology Fees

The franchise agreement stipulates that franchisees must use the Company's software, which is currently $650 per month for one user, plus $300 for each additional user. Technology fees for conversion franchises are deferred for the first six months following the effective date of the franchise agreement.

Other Fees

Other fees, such as quality audit fees, attorney fees, indemnification fees, additional training costs, convention fees, management fees, fees for leads, and other fees are recognized as revenue in the period services are provided.

Commissions and Fees Payable

The Company receives all commissions, fees, and additional fees charged by franchisees on behalf of franchisees and must pay franchisees their earned commission and fees net of Company revenues and fees owed by franchisees by the 15th day of each month for the month ending 45 days immediately prior to the payment date, per the franchise agreement. Amounts owed to franchisees are reflected in commissions payable on the balance sheet less an allowance for chargebacks. The Company has determined that an allowance for doubtful accounts or chargebacks of $34,544 and $0 was required as of December 31, 2023 and 2022.

Additional fees charged by franchisees that were collected by the Company totaled $646,832 and $4,458 as of December 31, 2023 and 2022. In addition, fees charged by franchisees that have yet to be collected by the Company, which are recorded in accounts receivable, totaled $53,515 and $664 as of December 31, 2023 and 2022.

Income Taxes

Given that the Company is a wholly owned subsidiary of the Parent, it is considered a disregarded entity for tax reporting purposes; accordingly, no provision or benefit for federal or state income taxes is necessary since income, losses and credits are reported on the member's income tax returns.

The Company has determined that it does not have any material uncertain tax positions as of December 31, 2023 and 2022.

Advertising

The Company expenses advertising and marketing costs as incurred. Advertising and marketing expenses charged to operations and recorded in general and administrative expenses totaled $134,748 and $12,788 during 2023 and 2022.

Member Contributions

Monetary and nonmonetary member contributions are recorded when received.

Member Distributions

Member distributions are recorded when declared. There were no member distributions for the years ended December 31, 2023 and 2022.

3. GOING CONCERN AND FACTORS AFFECTING OPERATIONS

The Company is subject to a number of risks similar to those of other companies of similar size in its industry, including, but not limited to, the need for successful development of franchisee locations, the need for additional capital and/or financing to fund operating losses, competition from companies, dependence on key individuals, changes in consumer preference, and risks associated with changes in the insurance market.

Since inception, the Company has devoted substantial resources to building and enhancing its franchise line of business, pipeline of potential franchisees, developing its service offerings, planning for business and financial success.

The Company has incurred net losses each year of its existence, and has an accumulated deficit of $1,621,245 and $1,086,934, as of the years ended December 31, 2023 and 2022.

These factors create a substantial doubt as to the Company's ability to continue as a going concern.

The Parent is committed to the success of the Company and has cash available on hand and believes that this cash will be sufficient to fund operations and meet the Company's obligations as they come due.

During 2023, the Company had several months of operational profits, and does not believe that a net loss will be incurred in the coming year. In the event that the Company does not achieve revenue anticipated in its current operating plan, the Parent has the ability and commitment to provide adequate funding for working capital to meet any and all obligations.

The accompanying financial statements do not include any adjustments that may result if the Company were unable to continue as a going concern.

4. RELATED PARTY TRANSACTIONS

Management Fee

On February 1, 2021, the Company entered into a intercompany services agreement with the Parent, the Affiliate and another affiliate, Confie Administrative Services, Inc. (Confie), (collectively, the "Service Providers"), for services to be performed by the Service Providers. This agreement requires that the Service Providers perform support service functions requested by the Company, such as, but not limited to: operational management, marketing support, human resources management, financial and accounting support, information technology and systems support, training support, customer service support, reporting, carrier and ancillary product management support, regulatory and quality assurance support, and any other management or administrative support requested by the Company. In consideration for the services provided by the Service Providers, the Company is obligated to pay a service fee of $10,000 per month to Confie, who is obligated to render payment to the other Service Providers. The service fee is subject to reasonable increases or decreases on a quarterly basis, and all costs billed by external parties not related to compensation of internal employees will be charged at cost only, with no mark-up. Related party management fees charged to operations and recorded in general and administrative expenses totaled $120,000 in 2022. During 2023, the Service Providers terminated the intercompany services agreement with the Company.

To reflect the value of the services that management receives, management calculates the percentage of total revenue recorded by the Company as compared to the total revenue of all affiliate companies owned by the Parent and multiplies that percentage against all applicable costs recorded by Confie. The Company expenses the management fee as incurred. The percentage and management fee charged to operations and recorded in general and administrative expenses totaled 0.08% or $75,032 during 2023.

Member Contributions

The Parent incurred expenses for property and equipment, operating leases, and general and administrative expenses totaling $634,359 and $843,962 on behalf of the Company which have been recorded as member contributions as of the years ended December 31, 2023 and 2022.

5. NOTES RECEIVABLE

During 2023, the Company issued multiple promissory notes to franchisees. Original principal balances range from $5,000 to $30,000 and interest ranges from 11.75% to 12.50%. Monthly principal and interest payments are required and range from $111 to $661 ending from March 2028 to October 2028. The notes are collateralized by the franchisee's assets. In addition, the Company has the right to remove the monthly payments from the franchisee's commissions.

As of December 31, 2023, the Company did not have to remove any monthly payments from the franchisee's commissions, and no franchisees were behind on payments.

The future principal payments under promissory notes with franchisees as of December 31, 2023 are as follows:

2024	$ 13,369
2025	14,991
2026	16,811
2027	18,851
2028	9,217
Less: current portion	(13,369)
Total notes receivable, net of current portion	$ 59,870

6. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2023 and 2022:

	2023	2022
Leasehold improvements	$ 266,961	$ 49,142
Equipment and signage	62,510	-
Accumulated depreciation	(37,434)	(1,572)
	$ 292,037	$ 47,570

Depreciation totaled $35,861 and $1,572 in 2023 and 2022.

All leasehold improvements related to subleases with franchisees for retail storefronts (see Note 7). The cost for leasehold improvements are not passed along to franchisees since the Company requires these improvements to control branding for their storefronts.

7. LEASES

Since 2022, the Company has entered into multiple operating lease agreements for retail space to be occupied by franchisees. These leases have been subleased to these franchisees with monthly sublease payments beginning shortly after the Company signs the lease agreement, which have terms ranging from 8 months to 5 years and 4 months. During 2023, one sublease was terminated when a franchisee terminated their franchise; however, the Company still holds the original lease agreement.

Four of the leases include a single optional renewal period and one lease agreement includes two optional renewal periods. Upon opening a new retail location, the Company typically installs brand-specific leasehold improvements with a useful life of 3-5 years. All of the Company's leases require fixed rental payments with fixed pre-determined rate increases at pre-determined dates. In addition, all but one of the Company's leases requires separate payments to the lessor based on a pre-determined portion of the common area operating and maintenance expenses associated with the property.

Lease costs associated with the Company's leases by reporting period follows:

	2023	2022
Operating lease costs	$ 104,954	$ 2,104
Variable lease costs	24,372	-
Sublease income	(87,293)	-
Net lease cost	$ 42,033	$ 2,104

Amortization totaled $101,036 and $8,307 in 2023 and 2022.

During 2023 and 2022, all lease costs are reported in general and administrative expenses, and sublease income is reported in other income.

Other information associated with the Company's leases by reporting period follows:

	2023	2022
Operating cash flows for operating leases	$ (32,954)	$ -
Noncash accrual of interest on operating lease liability	$ 15,836	$ 2,104
ROU asset obtained in exchange for operating lease liability	$ 444,064	$ 173,844
Weighted-average remaining lease term for operating leases in years	3.79	3.79
Weighted-average discount rate for operating leases	3.89%	3.79%

The future payments due for operating leases as of December 31, 2023 are as follows:

2024	$ 176,348
2025	148,531
2026	120,270
2027	103,727
2028 and thereafter	44,250
Total lease payments	593,126
Less imputed interest	(44,079)
Less deferred rent	(31,129)
Operating lease liability recognized	$ 517,918

All subleases have the same terms as the original lease with the exception of three subleases which require fixed monthly payments for nonlease components that are variable in the original lease.

The future rental payments to be received under sublease agreements with franchisees, including fixed monthly payments for nonlease components, as of December 31, 2023 are as follows:

2024	$ 161,247
2025	168,766
2026	215,511
2027	134,236
2028 and thereafter	75,562
Total future sublease payments to be received	$ 755,322

8. REVENUE DISAGGREGATION

A summary of disaggregated revenue by type, timing, and geography by reporting period follows:

	2023	2022
Types of revenue stream:		
Initial franchise fees, earned at opening	$ 215,000	$ 35,000
Royalty fees, earned based on policies sold by franchises	42,476	634
Marketing fund contributions, earned based on policies sold by franchises	7,391	85
Commission income	157,048	2,001
Technology fees, earned based on the number of users for each franchise	46,407	1,127
Other income	119,977	117
Total revenues	$ 588,299	$ 38,964
Timing of revenue recognition:		
Recognized at a point in time	$ 541,892	$ 37,837
Transferred over time	46,407	1,127
Total revenues	$ 588,299	$ 38,964
Revenue by geography:		
California	66.9%	35.8%
Colorado	2.9%	0.0%
Florida	8.5%	38.5%
Illinois	3.3%	0.0%
South Carolina	3.2%	25.7%
Tennessee	5.0%	0.0%
Texas	10.2%	0.0%
Total revenues	100.0%	100.0%

One franchisee accounted for 17% of revenue during 2023, and three franchisees accounted for 100% of revenue during 2022.

A summary of assets and liabilities from contracts with customers follows:

	2023	2022	2021
Accounts receivable	$ 206,535	$ 74,906	$ -
Contract liability, current	60,000	45,000	-
Contract liability, noncurrent	-	90,000	15,000

9. COMMITMENTS

According to the terms of signed agreements between the Company and its franchisees, the Company is obligated to support the franchisees as outlined in the franchise agreements, such as, but not limited to: using the marketing fund for permitted expenses, advisory support, operational support, and maintaining the systems and marks that are held by or licensed to the Company.

10. MEMBER EQUITY

The terms of formation of the Company were specified by a limited liability company operating agreement. Pursuant to the operating agreement, upon formation of the Company, the member was not obligated to contribute cash in exchange for ownership interests. However, the member did contribute cash to the Company upon formation, and has continued to make contributions of cash, goods, and services on a discretionary basis. Pursuant to the operating agreement, the Company is managed by a manager. The operating agreement also contains provisions that limit, generally, the liability of members to their respective capital contributions. The Company will terminate at the discretion of the member or by provision of state law.

11. CHANGE IN ACCOUNTING PRINCIPLE

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842) (the leases standard) to reflect leasing activities more accurately by eliminating off-balance sheet recording of lease obligations; accordingly, an entity will record a ROU asset and corresponding lease obligation on the balance sheet. The leases standard became effective for private companies for fiscal years beginning after December 15, 2021.

The Company adopted the leases standard effective January 1, 2022 (the adoption date) at which time there were no existing or expired lease contracts; therefore, this adoption had no effect on the Company's financial statements.

12. SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 15, 2024, which is the date on which the financial statements were available to be issued. In general, these events are recognized in the financial statements if the conditions exist at the date of the balance sheet but are not recognized if the conditions do not exist at the balance sheet date. The Company discloses non-recognized events if required to keep the financial statements from being misleading. There were no subsequent events identified by the Company for disclosure.

*****

CONFIE FRANCHISE SERVICES, LLC
FINANCIAL STATEMENTS
DECEMBER 31, 2021

CONFIE FRANCHISE SERVICES,LLC
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BARRY KNEPPER
CERTIFIED PUBLIC ACCOUNTANT
33202 SPRUCE POND CIRCLE PLAINVIEW, NEW YORK 11803

INDEPENDENT AUDITOR'S REPORT

To the member
Confie Franchise Services, LLC

Opinion

We have audited the financial statements of Confie Franchise Services, LLC which comprise the balance sheet as of December 31, 2021 and the related statement of operations and changes in member's equity and cash flow and the related footnotes for the period March 31, 2021 through December 31, 2021.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Confie Franchise Services, LLC as of December 31, 2021, and the results of its operations and its cash flows for the period March 31,2021 through December 31, 2021 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

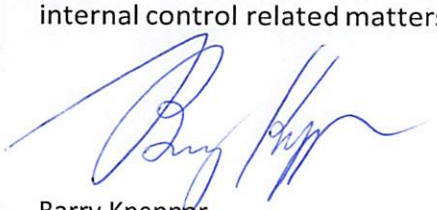
Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Confie Franchise Services, **LLC's** internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Confie Franchise Services, LLC's ability to continue as a going concern for a reasonable period of time.

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



Barry Knepper
Plainview, New York
April 18, 2022

CONFIE FRANCHISE SERVICES,LLC
BALANCE SHEET
DECEMBER 31,2021

ASSETS

Current Assets	
Cash	$ 199,955
Prepaid assets	15,508
Note receivable	1,298
	216,761
Note receivable-net of current	6,202
Total Assets	$ 222,963

LIABILITIES AND MEMBER'S EQUITY

Current Liabilities	
Accrued expenses	$ 3,000
Deferred franchise fees	15,000
Total Current Liabilities	18,000
Member's Equity	204,963
Total Liabilities and Member's Equity	$ 222,963

See notes to financial statements

CONFIE FRANCHISE SERVICES,LLC
STATEMENT OF OPERATIONS AND MEMBER'S EQUITY

	MARCH 31,2021 To DECEMBER 31,2021
Revenues	$ —
General and Administrative Expenses	261,310
Net Loss	(261,310)
Member's Equity -Beginning	—
Member's Contributed Capital	466,273
Member's Equity-Ending	$ 204,963

See notes to financial statements

CONFIE FRANCHISE SERVICES,LLC
STATEMENT OF CASH FLOWS

	MARCH 31,2021 To DECEMBER 31,2021
Operating Activities	
Net (Loss)	$ (261,310)
Adjustments to reconcile net (loss) to net cash used by operating activities:	
Changes in assets and liabilities	
Prepaid assets	(15,508)
Loan receivable	(7,500)
Accrued expenses	3,000
Deferred franchise fees	15,000
	(266,318)
Financing Activities	
Contributed capital	466,273
Net Increase in Cash	199,955
Cash-Beginning	—
Cash-Ending	$ 199,955

See notes to financial statements

1. THE COMPANY-Confie Franchise Services LLC ("the company") is a Nevada limited liability company formed in January 2021.The Company licenses third parties the right to own and operate a business that will sell, service and deliver insurance services and ancillary products to clients under the marks Freeway Insurance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting-The accompanying financial statements have been prepared on an accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to disbursement of cash.

Franchise Arrangements-The Company's franchise arrangements generally include a license which provides for payments of initial fees as well as continuing royalties to the Company based upon a percentage of sales. Under this arrangement, franchisees are granted the right to operate Confie Franchise Services, LLC business for a specified number of years.

Concentration of Credit Risk-Financial instruments that potentially expose the Company to concentration of credit risk primarily consist of cash and cash equivalents. The balances in the Company's cash accounts did not exceed the Federal Deposit Insurance Company's (FDIC) insurance limit of $ 250,000. The Company maintains its cash and cash equivalents with accredited financial institutions.

Use of Estimates-The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from those estimates.

Taxes on Income-The Company has elected to be taxed as a limited liability corporation for federal and state income tax purposes. Income and expenses for the Company pass through directly to the member and is reported on its corporate income tax returns.

3. REVENUE RECOGNITION

In May 2014, the FASB issued a new accounting standard ASU No. 2014-09, *"Revenue from Contracts with Customers (Topic 606)"*, that attempts to establish a uniform basis for recording revenue to virtually all industries' financial statements. The revenue standard's core principle is to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration expected to be received for those goods or services. Additionally, the new guidance requires enhanced disclosure to help financial statement users better understand the nature, amount, timing and uncertainty of the revenue recorded.

The new standard changed how the Company records initial franchise fees from franchisees, and brand development fees. Under Legacy GAAP, franchise fees, which are non-refundable, were recognized as income when substantially all services to be performed by the Company and conditions relating to the sale of the franchise were performed or satisfied, which generally occurred when the franchisee commenced operations.

4.NOTE RECEIVABLE

The Company entered into a note receivable in December 2021 in the amount of $7,500. Interest on the note is at 7.25%. The note is payable in 60 monthly payments of principal and interest of $149. Payments on the note commenced in January 2022.

5. DEFERRED REVENUE

In compliance with the Financial Accounting Standards Board ("FASB") new accounting standards for revenue recognition ("Topic 606"), the Company records its non-refundable franchise fees, net of amounts earned based on allowable performance obligations, as deferred revenues, to be recognized over the life of the franchise agreement. The non-refundable franchise fees received, but not yet earned as of December 31, 2021, was $15,000.

6.MANAGEMENT AGREEMENT

The Company enter into a management service agreement with a related party for the related entity to provide operational management and administrative support to the company. The fee for this service is $10,000 per month and the term of the agreement is indefinite. In the period ended December 31, 2021, the Company paid $100,000 in management fees.

7. SUBSEQUENT EVENTS

The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required further adjustment or disclosure in the financial statements. Subsequent events have been evaluated through April 18,2022, the date the financial statements have been available

CONFIE FRANCHISE SERVICES, LLC
FINANCIAL STATEMENT
MARCH 31,2021

CONFIE FRANCHISE SERVICES, LLC
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BARRY KNEPPER
CERTIFIED PUBLIC ACCOUNTANT
33202 Spruce Pond Circle Plainview, NY 11803

INDEPENDENT AUDITOR'S REPORT

To the member
Confie Franchise Services, LLC

We have audited the accompanying financial statements of Confie Franchise Services, LLC("Company") which comprise the balance sheet as of March 31,2021, and the related footnotes.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of this financial statement 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 this financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit 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 statement is free from material misstatement.

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

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

Opinion
In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of Confie Franchise Services, LLC as of March 31,2021, in accordance with accounting principles generally accepted in the United States of America.

Barry Knepper, CPA
May 26,2021

CONFIE FRANCHISE SERVICES,LLC
BALANCE SHEET
MARCH 31,2021

ASSETS

Cash	**$ 200,000**
Total Assets	**$ 200,000**

LIABILITIES AND MEMBERS' EQUITY

Member's Equity	**$ 200,000**
Total Liabilities and Members' Equity	**$ 200,000**

See notes to financial statements

CONFIE FRANCHISE SERVICES, LLC
NOTES TO FINANCIAL STATEMENT

1.THE COMPANY-Confie Franchise Services, LLC("the company") is a Delaware limited liability company formed in February 2021.The Company licenses third parties the right to own and operate a business that will primarily sell, service and deliver insurance services and ancillary products to clients under the marks Freeway Insurance®.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition-In accordance with FASB ASC Subtopic 952–06, Franchisors, Revenue Recognition, nonrefundable initial franchise fees paid by franchise owners are recognized as revenue the earlier of when the franchisee commences operations or upon termination of the franchise agreement. Initial franchise fees collected prior to commencing operations are recorded as deferred initial franchise fees.

In May 2014, the FASB issued a new accounting standard ASU No. 2014-09, *"Revenue from Contracts with Customers (Topic 606)"*, that attempts to establish a uniform basis for recording revenue to virtually all industries' financial statements. The revenue standard's core principle is to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration expected to be received for those goods or services. Additionally, the new guidance requires enhanced disclosure to help financial statement users better understand the nature, amount, timing and uncertainty of the revenue recorded.

The new standard will change how the Company records initial franchise fees from franchisees, area developer fees and brand development fees. Under Legacy GAAP, franchise fees, which are non-refundable, were recognized as income when substantially all services to be performed by the Company and conditions relating to the sale of the franchise were performed or satisfied, which generally occurred when the franchisee commenced operations.

Franchise Arrangements-The Company's franchise arrangements generally include a license which provides for payments of initial fees as well as continuing royalties to the Company based upon a percentage of sales. Under this arrangement, franchisees are granted the right to operate using the Company's system for a specified number of years. At March 31,2021 there were no franchises operating.

Concentration of Credit Risk—Financial instruments that potentially expose the Company to concentration of credit risk primarily consist of cash and cash equivalents. The balances in the Company's cash accounts did not exceed the Federal Deposit Insurance Company's (FDIC) insurance limit of $ 250,000. The Company maintains its cash and cash equivalents with accredited financial institutions.

Use of Estimates- The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from those estimates.

Taxes on Income - The Company has elected to be taxed as disregarded entity for income tax purposes. Income and expenses for the Company pass through directly to the member and is reported on the member's individual income tax returns.

3.**SUBSEQUENT EVENTS-** The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required further adjustment or disclosure in the financial statements. Subsequent events have been evaluated through May 26,2021, the date the financial statements were available to be issued.

EXHIBIT B

FRANCHISE AGREEMENT

© 2024 Confie Franchise Services, LLC

CONFIE FRANCHISE SERVICES, LLC

FRANCHISE AGREEMENT

THIS AGREEMENT REQUIRES CERTAIN DISPUTES TO BE SUBMITTED TO BINDING ARBITRATION

DATA SHEET

AGREEMENT DATE	NAME OF FRANCHISEE
AGENCY NUMBER	ADDRESS OF OFFICE (TO BE COMPLETED ONCE SITE IS ACQUIRED):

TYPE OF AGENCY

- ☐ New Franchised Brokerage (Non-Employee of Affiliate)
- ☐ Conversion Franchised Brokerage (Non-Employee of Affiliate)
- ☐ Purchase of Affiliate-Owned Brokerage (Non-Employee of Affiliate)
- ☐ New Franchised Brokerage (Employee of Affiliate)
- ☐ Conversion Franchised Brokerage (Employee of Affiliate)
- ☐ Purchase of Affiliate-Owned Brokerage (Employee of Affiliate)

Initial Fee:

- ☐ New Franchised Brokerage for Non-Employee of Affiliate: $25,000
- ☐ Conversion Franchised Brokerage: $0
- ☐ Purchase of Affiliate-Owned Brokerage: $25,000
- ☐ New Franchised Brokerage for Employee of Affiliate: $10,000
- ☐ New Franchised Brokerage for honorably discharged veteran: $15,000

Initial Fee Payment Schedule:

- ☐ Due at Signing:
- ☐ Amount Financed:

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Exhibits

Exhibit 1: Guaranty of Franchisee's Undertakings
Exhibit 2: Proprietary Marks and Acknowledgements
Exhibit 3: Collateral Assignment of Lease
Exhibit 4: Conversion Addendum
Exhibit 5: Site Selection Addendum
Exhibit 6: Confidentiality and Non-Competition Agreement
Exhibit 7: Conditional Assignment of Franchisee's Telephone Numbers, Facsimile Numbers and Domain Names
Exhibit 8: Electronic Funds Transfer and Deposit Authorization
Exhibit 9: Incentive Addendum
Exhibit 10: Promissory Note

FRANCHISE AGREEMENT

THIS FREEWAY INSURANCE FRANCHISE AGREEMENT (the "**Agreement**") is made and entered into as of the date on the Data Sheet (the "**Effective Date**"), by and between **CONFIE FRANCHISE SERVICES, LLC**, a Nevada limited liability company with an address at 7711 Center Avenue, Suite 200, Huntington Beach, CA 92647 ("**Franchisor**"), and the entity outlined on the Data Sheet ("**Franchisee**"). The majority owner of Franchisee shall be recognized as the "**Controlling Interest**" of Franchisee, as set forth in **Exhibit 2**.

RECITALS

a) Franchisor (i) has the right to license certain trade names, trademarks, service marks and/or indicia of origin identified in **Exhibit 2** hereto, as well as such other marks as may be designated by it (the "**Proprietary Marks**"), the distinctiveness and value of which are acknowledged by Franchisee; and (ii) has the right to license, and is engaged in the business of licensing others the right, to use the Proprietary Marks to operate Freeway Insurance brokerages (individually referred to as a "**Freeway Brokerage**" and collectively referred to as "**Freeway Brokerages**") that primarily engage in the business of selling, servicing and providing Insurance Services and Ancillary Products to Clients (as further defined herein) (the "**Franchised Brokerage**").

b) Franchisor and its affiliates have also developed a unique system for the establishment and operation of Freeway Brokerages, which may include, but may not be limited to, assistance in site evaluation, marketing, advertising, sales and promotional techniques, office build-out, training, data analytics, Client service standards, accounting and record-keeping methods, access to Client Accounts, terms of contracts with, and identity of, Contracted Carriers and Ancillary Product Providers, knowledge, know-how, trade names, service marks, trademarks, logos, emblems, trade dress and other intellectual property, distinctive signage, standards, specifications and sources of supply for services, products, and supplies, appearance, operations and management control, safety standards, training and assistance, purchasing programs, advertising, marketing, promotional and sales programs, and other matters relating to the operation and promotion of Freeway Brokerages, all of which may be updated from time to time and are designed to enhance the reputation and goodwill of the Freeway Brokerages with the public (collectively, the "**System**").

c) Franchisee has investigated and become familiar with the System and Freeway Insurance® franchise system, and desires to: (i) obtain a license to establish and operate a Franchised Brokerage at a location approved by Franchisor; (ii) use the Proprietary Marks and the System in connection with the operation of the Franchised Brokerage; and (iii) derive certain business benefits of the System.

d) In accordance with the terms of this Agreement, Franchisor is willing to license Franchisee the right to operate a Franchised Brokerage and Franchisee agrees to undertake the obligation to operate a Franchised Brokerage.

NOW, THEREFORE, for and in consideration of the above recitals, the mutual promises and covenants set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Franchisor and Franchisee hereby agree as follows:

1. Grant of Franchise.

a) Franchisor grants to Franchisee the nonexclusive right to use the Proprietary Marks (in the manner prescribed from time to time by Franchisor) to operate a Franchised Brokerage solely at the Approved Location to be operated in accordance with this Agreement. Franchisee shall not conduct or operate any other business at the Approved Location. Franchisee acknowledges and agrees that the foregoing grant does not afford Franchisee the right to operate another Franchised Brokerage at any location unless approved by Franchisor in writing and operated pursuant to a separate form of franchise agreement executed by both Franchisor and Franchisee.

b) During the Term of this Agreement and when Franchisee is not in default of this Agreement, Franchisor shall not (i) operate another Freeway Brokerage using the Proprietary Marks, within the geographic region listed as the Protected Area on **Exhibit 2** to this Agreement (the "**Protected Area**"); and (ii) grant a license or franchise to any third party to operate another Freeway Brokerage using the Proprietary Marks within the Protected Area. Franchisee acknowledges and agrees that this territorial protection does not include a grant for any other area, market, territorial, or development rights or restrict the activities of Franchisor or its Affiliates outside the Protected Area. For the avoidance of doubt, Franchisee may not solicit or accept new Clients outside of the Protected Area without Franchisor's approval. Franchisee must notify us if a Client located outside of the Protected Area approaches Franchisee for Insurance Services or Ancillary Products. Neither Franchisor nor other franchisees are required to compensate Franchisee for soliciting or accepting orders from new Clients located within the area surrounding the Franchised Brokerage or the Protected Area.

c) Furthermore, Franchisee expressly acknowledges and agrees that Franchisor and Franchisor's Affiliates shall have the right, at Franchisor's or its Affiliate's sole discretion (as applicable), to: (i) use the Proprietary Marks and System in connection with complementary services and products to the System, promotional and marketing efforts or related items, or in any alternative channels of distribution, without regard to location; (ii) acquire, be acquired by, merge with, engage in joint ventures with, or otherwise affiliate with, and thereafter own and operate and franchise others the right to own and operate, any business of any kind, including businesses that offer products or services that are similar to, or the same as, those provided by a Freeway Brokerage and convert said businesses to Freeway Brokerages, without regard to location; (iii) establish or operate, and license others to establish or operate, Freeway Brokerages using the Proprietary Marks at any location outside of the Protected Area; (iv) operate or develop new business systems using the Proprietary Marks and grant licenses to use those systems without providing any rights to Franchisee and without regard to location, so long as the business is not a

Competitive Business; (v) the exclusive right to develop, own and operate businesses under different marks inside or outside the Protected Area, or license or grant to others the right to develop, own and operate businesses under different marks inside the Protected Area; and (vi) to engage in any other activities not expressly prohibited in this Agreement. Nothing in this Agreement provides Franchisee with the right to conduct any of the foregoing activities, or to share in or receive revenue generated by any of these activities.

d) Franchisee acknowledges and agrees that it is an independent contractor and is in no way authorized to make any contract, warranty or representation, explicitly or implicitly on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name. Nothing in this Agreement is intended by the parties hereto to create a fiduciary relationship between them or to constitute Franchisee as a legal representative, subsidiary, joint venturer, partner, employee, tenant or servant of Franchisor for any purpose. In all dealings with third parties, including, without limitation, Franchisee's employees, independent contractors, and any other personnel or staff as may be needed, as well as Franchisee's officers, managers and directors ("**Personnel**"), Contracted Carriers, Ancillary Product Providers, vendors and Clients, Franchisee shall disclose in a manner acceptable to Franchisor that it is an independent contractor licensed by Franchisor to use the Proprietary Marks and operate the Freeway Brokerage as an independent business. In no event shall Franchisor assume liability for, or be deemed liable hereunder, for any of Franchisee's acts or omissions in the operation of the Freeway Brokerage or for any claim or judgment arising therefrom against Franchisee or Franchisor. Neither this Agreement nor Franchisor's course of conduct is intended or may be construed to state or imply that Franchisor is the employer of Franchisee or Franchisee's employees and/or independent contractors.

2. Term and Successor Term.

a) This Agreement shall commence on the Effective Date and terminate five (5) years immediately after the Effective Date (the "**Initial Term**"), unless earlier terminated pursuant to the terms of this Agreement.

b) If Franchisee is not in default under this Agreement, and if Franchisee has the right to continue to occupy the Approved Location, Franchisee may renew this Agreement for three (3) successive renewal terms of five (5) years each (each referred to as a "**Successor Term**"). Franchisee shall exercise the option to seek renewal by giving Franchisor written notice of Franchisee's request to renew not less than six (6) months nor more than twelve (12) months prior to the expiration of the Initial Term or applicable Successor Term; otherwise, such renewal right shall expire automatically. No later than thirty (30) days prior to the expiration of the Initial Term and each Successor Term (as applicable), Franchisee must comply, or have complied, with the following conditions: (i) execution of Franchisor's then-current form of franchise agreement, the terms of which may materially differ from this Agreement, and any renewal addendum, (ii) Franchisee's and each owners' and their respective spouses' execution of a general release, in a form satisfactory to Franchisor, of all claims against Franchisor and its Affiliates and their officers, directors, attorneys, agents, shareholders and employees, (iii) during the entire Term, Franchisee has fully complied with all material terms of this Agreement and the landlord under Franchisee's lease and Franchisee is not currently in default of any said agreement, (iv) Franchisee demonstrates a right to operate the Franchised Brokerage at the Approved Location for the duration of the

Successor Term, (v) Franchisee shall pay Franchisor a successor fee equal to Five Thousand Dollars ($5,000) for the applicable Successor Term, (vi) Franchisee meets Franchisor's then-current qualifications for a new franchisee and fulfills any training requirements, and (vii) at Franchisee's sole expense, Franchisee refurbishes the Franchised Brokerage to conform to Franchisor's then-current standards and specifications for new Freeway Brokerages as outlined in the Confidential Operations Manual within the timeframes prescribed by Franchisor.

3. Initial Fee Payable by Franchisee.

Franchisee shall pay Franchisor an initial fee in an amount equal to the amount listed on the Data Sheet (the "**Initial Fee**"). On the Effective Date, Franchisee shall pay Franchisor that amount of the Initial Fee listed as "Due at Signing". If Franchisee is approved for financing, and chooses to finance a portion of the Initial Fee, Franchisee shall execute that certain Promissory Note attached hereto as **Exhibit 10**, which shall govern the payment of the remainder of the Initial Fee. The Initial Fee shall be nonrefundable and deemed earned upon payment in consideration of administrative and other expenses Franchisor incurs in granting the right to operate the Franchised Brokerage, as well as for Franchisor's lost or deferred opportunity to franchise others. The Initial Fee will primarily be used to cover Franchisor's internal pre-opening costs related to site selection (if applicable), training, marketing, provision of the Confidential Operations Manual, IT support, computer hardware and software assistance, and public relations.

4. Franchisor's Obligations.

a) **Training.** All training materials are proprietary and confidential and may not be used for any purpose other than providing training to Franchisee's Personnel. Such training shall be conducted by Franchisor or its designee at Franchisor's corporate offices, the Approved Location, or such other site designated by Franchisor or its designee. Franchisee shall pay all of its owners and the Personnel's costs incurred to attend such Initial Training, such as travel, room and board, wages and other living expenses. Franchisee shall train all of the Personnel to ensure each person's compliance with this Agreement and the Confidential Operations Manual.

i *Initial Training Program.*

(A) Franchisor shall provide (a) initial management training ("**Initial Management Training**") to Franchisee and its owners at no additional charge; and (b) initial operations training ("**Initial Operations Training**", and with Initial Management Training, the "**Initial Training**") to Franchisee's Brokerage Principal Operator and its designees that Franchisor approves who attend Initial Training at the same time as Franchisee, at no additional cost to Franchisee. All attendees must complete the Initial Training to Franchisor's satisfaction. The Initial Training will be a combination of remote and in-person training sessions. If Franchisee requests to send additional attendees to Initial Training above the amount approved by Franchisor above, Franchisor may charge Franchisee a reasonable additional training fee for any training sessions provided to any of Franchisee's Personnel, whether such training sessions are required by Franchisor or requested by Franchisee. Such training fees shall be set forth by Franchisor in the Confidential Operations Manual.

(B) If Franchisee's Brokerage Principal Operator leaves its position for any reason, Franchisee shall replace said person within thirty (30) days of departure; provided, that the Franchised Brokerage shall at all times be under the supervision of someone that has completed Franchisor's required Initial Training and carries the proper licensure to offer, sell and service the Insurance Services and Ancillary Products. Any proposed Brokerage Principal Operator must complete Franchisor's Initial Training to Franchisor's satisfaction prior to assuming its duties.

ii *Additional Training*.

(A) Franchisor shall provide such on-site assistance as Franchisor determines necessary with respect to commencing operations of the Franchised Brokerage in the form that Franchisor, at its sole discretion, deems appropriate.

(B) After the Franchised Brokerage commences operation, Franchisor may require that Franchisee and/or the Personnel attend and complete, to Franchisor's satisfaction, all additional training deemed necessary or appropriate by Franchisor at its discretion at its headquarters, provided, Franchisor shall not require that Franchisee or the Personnel attend more than four (4) training events per calendar year at Franchisor's headquarters. Franchisor reserves the right to charge its then-current headquarters training fee, which is currently Three Hundred Fifty Dollars ($350) per attendee, plus Franchisee is responsible for all travel, room and board, wages and other living expenses for Franchisee's attendees, in connection with such additional training at its headquarters.

(C) If Franchisor provides additional assistance with respect to the opening or operation of the Franchised Brokerage (as it deems necessary), due to Franchisee's default of this Agreement, or at Franchisee's request, Franchisee shall pay Franchisor its then-current additional on-site training fee, which is currently Three Hundred Fifty Dollars ($350) per trainer, per day, plus the trainer(s)' expenses (travel, room and board, wages and other living expenses) (the "**Additional On-Site Training Fee**").

iii. *Periodic Visits and Audit Rights*. Without notice, Franchisor or its designee may make periodic visits and Franchisor and its designees shall be provided full and complete access during business hours to inspect (and copy, if Franchisor so desires) the Approved Location and the Franchised Brokerage and all records relating thereto for the purposes of (a) consultation, assistance and guidance with respect to various aspects of the operation and management of the Franchised Brokerage; and (b) enabling Franchisor to carry out its obligations under this Agreement. Franchisor and Franchisor's designees who visit the Franchised Brokerage may prepare, for the benefit of both Franchisor and Franchisee, written reports detailing any problems or concerns discovered during any such visit and outlining any required or suggested changes or improvements in the operations of the Franchised Brokerage. A copy of any such written report may be provided to Franchisee. Franchisee shall implement any required changes or improvements as required by Franchisor in accordance with the Confidential Operations Manual. Franchisee shall render such assistance as may reasonably be requested by Franchisor and its designees, and to take such steps as may be necessary to immediately correct any deficiencies detected during such an inspection upon the request of Franchisor or its designees. Franchisor may also obtain information necessary to prohibit any act or omission by Franchisee or the Personnel

that constitutes a violation of any applicable law or regulation, or that is necessary to comply with a complaint or investigation from any governmental or regulatory body or from a Contracted Carrier or Ancillary Product Provider. Upon Franchisor's request, Franchisee shall furnish Franchisor with complete copies of the books and records required to be maintained under this Agreement, as well as any state or federal income tax returns covering the operation of the Franchised Brokerage, all of which Franchisee shall certify as true and correct.

b) **Contracted Carriers; Ancillary Product Providers; Client Records.**

i *Access to Contracted Carriers and Ancillary Product Providers*. Franchisor shall use its commercially reasonable efforts to provide Franchisee with access to, and the opportunity to write insurance business for, the Contracted Carriers and Ancillary Product Providers; provided, however, that Franchisor shall not be required to undertake such efforts with regard to any Insurance Services or Ancillary Products for which Franchisee's Personnel is not properly licensed or sufficiently trained, as determined in Franchisor's sole discretion.

ii *Shared Services Center*. Franchisor shall provide Franchisee with access to Franchisor's "**Shared Services Center**," which provides service and support to all Client Accounts generated by Franchisee, all other Freeway Brokerages and other businesses owned and operated by Franchisor's Affiliates.

iii *Documentation*. Franchisor may provide assistance with respect to accounting for, and processing of, all applications for Policies and all Policies issued, renewed, endorsed, changed, serviced, delivered or canceled on behalf of Client Accounts generated by Franchisee and any applications required by Ancillary Product Providers; provided, however, Franchisee shall be solely responsible for providing all Policy documentation to the designated Contracted Carrier and any required documentation to the Ancillary Product Providers, including, without limitation, use of each Contracted Carrier's website and reimbursement for any charges imposed by the Contracted Carrier.

iv *Access to Client Records*. Upon written request, Franchisor shall provide Franchisee with information regarding Client Accounts generated by Franchisee, including statements and other information received from Contracted Carriers relating to such Client Accounts. Such information shall be provided in a form and manner as Franchisor determines in its sole discretion.

5. Proprietary Marks.

a) **Ownership.** Franchisee expressly acknowledges that Franchisor, its parent and its Affiliates own all right, title, and interest in and to the Proprietary Marks and System. Franchisee agrees not to represent in any manner that Franchisee has acquired any ownership rights in the Proprietary Marks or System. Franchisee shall not use any marks, names or indicia, which are or may be confusingly similar to the Proprietary Marks. Franchisee further acknowledges and agrees that all goodwill associated with the System and/or identified by the Proprietary Marks (including all future distinguishing characteristics, improvements and additions to or associated with the System) shall be Franchisor's Affiliate's or Franchisor's parent's property and shall inure directly

and exclusively to the benefit of the applicable party, and that, after the Term, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the Proprietary Marks.i Franchisee shall use the Proprietary Marks only as authorized by this Agreement. Franchisee agrees to: (i) operate and advertise only under the Proprietary Marks; (ii) adopt and use the Proprietary Marks solely in the manner prescribed by Franchisor (including, but not limited to, the specific fonts and/or colors prescribed by Franchisor); (iii) refrain from using the Proprietary Marks to perform any activity or to incur any obligation or indebtedness in such a manner as may, in any way, subject Franchisor to liability thereof; (iv) observe all laws with respect to the registration of trade names and assumed or fictitious names, to include in any application thereof a statement that Franchisee's use of the Proprietary Marks is limited by the terms of this Agreement, and to provide Franchisor with a copy of any such application and other registration documents; and (v) observe such requirements with respect to trademark and service mark registrations and copyright notices as Franchisor may, from time to time, require, including, without limitation, affixing "SM," "TM," or ®, adjacent to all such Proprietary Marks in all uses thereof, and to use such other appropriate notice of ownership, registration and copyright as Franchisor may require. Franchisee may not use the Proprietary Marks in connection with the offer or sale of any services or products that Franchisor has not authorized for use in connection with the System. Franchisee may not use the Proprietary Marks as part of Franchisee's corporate or other legal name. Franchisee's corporate name and all fictitious names under which Franchisee proposes to do business must be approved by Franchisor in writing before use. Franchisee must use Franchisee's corporate or limited liability company name followed by the initials "D/B/A" and a business name that is reasonably approved by Franchisor. Franchisee shall file all fictitious name registrations as required by Franchisor or the Contracted Carriers.

ii Franchisee understands and agrees that any use of the Proprietary Marks other than as expressly authorized by Franchisor will constitute an infringement of Franchisor's rights and that the right to use the Proprietary Marks granted herein does not extend beyond the Term of this Agreement. At all times, Franchisee shall not, directly or indirectly, commit any act of infringement or contest or aid others in contesting the validity of Franchisor's right to use the Proprietary Marks, or take any other action in derogation thereof. Franchisee shall use the Proprietary Marks only for the benefit and operation of the Franchised Brokerage, only at the Approved Location and in approved marketing materials. Franchisee agrees that it will not take any action that will bring disrepute to, or otherwise damage the goodwill associated with, the Proprietary Marks.

b) **Litigation.** In the event of any litigation relating to Franchisee's use of the Proprietary Marks, Franchisee shall execute all documents and do such acts as may, in Franchisor's sole discretion, be necessary to carry out such defense or prosecution including, without limitation, becoming a nominal party to any legal action. If Franchisor, in Franchisor's sole discretion, determines that Franchisee has used the Proprietary Marks in accordance with this Agreement, Franchisor shall bear the cost of such defense or prosecution, including the cost of any judgment or settlement. If Franchisor, in Franchisor's sole discretion, determines that Franchisee has not used the Proprietary Marks in accordance with this Agreement, Franchisee shall bear the cost of such defense or prosecution, including the cost of any judgment or settlement.

c) **Notification.** Franchisee shall promptly notify Franchisor of any claim, demand or cause of action that Franchisor may have based upon or arising from any unauthorized attempt by any person or legal entity to use the Proprietary Marks, any colorable variation thereof, or any other mark, name or indicia in which Franchisor has or claims a proprietary interest. Franchisee shall help Franchisor, upon request and at Franchisor's expense, in taking such action, if any, as Franchisor may deem appropriate to halt such activities, but shall take no action nor incur any expenses on Franchisor's behalf without Franchisor's prior written approval. If Franchisor undertakes the defense or prosecution of any litigation relating to the Proprietary Marks, which Franchisor has the right though not the obligation to do, Franchisee agrees to execute all documents and to do such acts and things as may, in the opinion of Franchisor's legal counsel, be reasonably necessary to carry out such defense or prosecution.d) **New, Modified or Replacement Marks**. Franchisor reserves the right, at its sole discretion, to designate one or more new, modified or replacement Proprietary Marks for use by Freeway Brokerages and to require the use by Franchisee of any such new, modified or replacement Proprietary Marks in addition to or in lieu of any previously designated Proprietary Marks. Any expenses or costs associated with the use by Franchisee of any such new, modified or replacement Proprietary Marks shall be the sole responsibility of Franchisee. Franchisee shall discontinue using all Proprietary Marks which Franchisor has notified Franchisee, in writing, have been modified or discontinued within ten (10) days of receiving written notice and shall promptly begin using such additional, modified or replaced Proprietary Marks.

6. Confidential Operations Manual and Confidential Information.

a) **Confidential Operations Manual; Agency Standards.** To protect the reputation and goodwill of the Freeway Brokerages operating under the System, and to maintain standards of operation under the Proprietary Marks, Franchisor reserves the right to establish, and to require Franchisee to maintain, certain standards of quality, appearance and service at the Franchised Brokerage, thereby maintaining the public image and reputation of the System, the Freeway Insurance® franchise system, and the demand for the Insurance Services and Ancillary Products. Franchisee shall operate its Franchised Brokerage in accordance with the Confidential Operations Manual, including such amendments thereto, and any other proprietary materials, as Franchisor may publish from time to time, all of which Franchisee acknowledges belong solely to Franchisor and shall be licensed from Franchisor to Franchisee during the Term of this Agreement. When any provision in this Agreement requires that Franchisee comply with any standard, specification or requirement of Franchisor, unless otherwise indicated, such standard, specification or requirement shall be such as is set forth in this Agreement or as may, from time to time, be set forth by Franchisor in the Confidential Operations Manual or in other writings. Franchisor may provide periodic individual or group coaching/training in the operation of a Freeway Brokerage by any means Franchisor deems appropriate, which may include advice concerning the operation of a Freeway Brokerage, advice and guidance with respect to new and improved methods of operation or business procedures and processes developed by Franchisor, and advice regarding the use of the Confidential Operations Manual, management materials, promotional materials, advertising formats and Proprietary Marks.

b) **Modifications.** Franchisor may from time to time, add to, amend, modify, delete or enhance any portion of the System (including any of the Proprietary Marks) or the Confidential

Operations Manual as may be necessary in Franchisor's sole discretion. Franchisee, at its expense, will promptly and fully comply with all such additions or modifications. Franchisee expressly agrees to promptly comply with all such changed requirements provided that such requirements shall also be applied in a reasonably nondiscriminatory manner to comparable Freeway Brokerages operating under the System by other Freeway Brokerages. The implementation of such requirements may require the expenditure of money by Franchisee.

c) **Most Current Version of the Confidential Operations Manual.** Franchisee shall at all times ensure that it is using the most current and up-to-date version of the Confidential Operations Manual. In the event of any dispute as to the contents thereof, the terms and dates of the master copy maintained by Franchisor at its principal place of business shall be controlling.

d) **Nondisclosure of Confidential Information.** Franchisee acknowledges that the Confidential Operations Manual contains Confidential Information and that all other manuals, materials, goods and information that Franchisee receives from Franchisor that are designated confidential, or any other information or materials that Franchisor maintains as confidential or that is proprietary to Franchisor, and the nature of which or the circumstances surrounding the disclosure would indicate to a reasonable person that such information or materials are confidential or proprietary, will be deemed Confidential Information. The Confidential Information is proprietary and a trade secret of Franchisor. Franchisee shall not use or disclose any Confidential Information except in accordance with this Agreement, and Franchisee expressly acknowledges that the unauthorized use or disclosure of Franchisor's Confidential Information will cause irreparable injury to Franchisor and that damages are not an adequate remedy. Furthermore, Franchisee will: (i) not acquire any interest in the Confidential Information; (ii) only use the Confidential Information in the operation of the Franchised Brokerage; (iii) exert its best efforts to maintain the confidentiality of the Confidential Information during and after the Term of this Agreement; (iv) not make unauthorized copies of, or extracts from, any portion of the Confidential Information disclosed in written or other tangible form; and (v) adopt and implement all reasonable procedures prescribed from time to time by Franchisor to prevent unauthorized use or disclosure thereof by Franchisee, the Personnel, and Franchisee's owners, including the use of nondisclosure clauses in agreements with all such persons, only disclosing the Confidential Information to those persons that need to know it to complete their employment/contractual duties, and informing those persons of the obligation of confidentiality and non-use.

e) **Maintaining Positive Goodwill.** Franchisee agrees that Franchisee will not at any time make any false, misleading, negative, disparaging or uncomplimentary statements or remarks about Franchisor, other Freeway Brokerages, or any of Franchisor's or its Affiliates' respective officers, directors, shareholders, employees or affiliated entities, brands or persons, the Freeway Insurance® franchise system, or the System, which may harm the status, reputation, goodwill or business of such entities or persons, the Freeway Insurance® franchise system, or of the System.

f) **New Concepts.** If Franchisee, the Personnel, or owners, develop any new concept, process or improvement in the operation or promotion of the Franchised Brokerage, Franchisee will promptly notify Franchisor and provide Franchisor with all of the information necessary to implement the improvement without any compensation. Any such concept, process or improvement will become Franchisor's sole property and Franchisor will be the sole owner of all

patents, patent applications, trademarks, copyrights and other intellectual property rights related thereto. Franchisee and Franchisee's owners and the Personnel hereby assign to Franchisor any rights they may have or acquire therein, including the right to modify such concept, process or improvement, and otherwise waive and/or release all rights of restraint and moral rights therein and thereto. Franchisee and Franchisee's owners and the Personnel agree to assist Franchisor in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in all countries and further agree to execute and provide Franchisor with all necessary documentations for obtaining and enforcing such rights. Franchisee and Franchisee's owners and the Personnel hereby irrevocably designate and appoint 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 patents or other intellectual property rights related to any such concept, process or improvement. In the event that the foregoing provisions of this Section are found to be invalid or otherwise unenforceable, Franchisee and Franchisee's owners and the Personnel hereby grant to Franchisor a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the concept, process or improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe Franchisee's rights therein.

7. Franchisee's Obligations.

a) During the Term of the Franchise Agreement, Franchisee must comply with the following obligations:*Opening*. Franchisee must commence operation of the Franchised Brokerage no later than one hundred and twenty (120) days after the Effective Date of this Agreement. The Franchised Brokerage may commence operations only after receipt of written authorization by Franchisor, which authorization will not be unreasonably withheld if Franchisee meets all of the conditions set forth in this Section 7(a).

ii *Proposed Site*. Franchisee must obtain Franchisor's written approval of a proposed site for the operation of the Franchised Brokerage, which shall comply with such site criteria as Franchisor may prescribe from time to time. If Franchisor has not approved the site for Franchised Brokerage as of the date Franchisee signs this Agreement, the parties shall enter into the Site Selection Addendum attached as **Exhibit 5** to this Agreement, the terms of which shall govern the parties' site selection obligations. Franchisor may assist, to the extent it determines necessary in its sole discretion, with respect to site evaluation, preliminary plans and layouts for the Franchised Brokerage.

iii *Plan, Specifications and Approved Location; Permits and Certificates*. Franchisee must submit to Franchisor all preliminary and final plans and specifications (including all changes and modifications) with respect to the proposed Franchised Brokerage, which must be approved in writing by Franchisor but shall be prepared at Franchisee's sole cost. Franchisee shall follow instructions provided by Franchisor and promptly submit required photographs, descriptions and costs. Franchisee will then be advised, in writing, of any changes necessary to make the site compliant with Franchisor's then-current standards. Modifications may not be made to such plans without Franchisor's prior written consent. Upon request, Franchisee must provide Franchisor with copies of all licenses, permits, approvals and certifications as may be required for the lawful operation of the Franchised Brokerage, together with copies of any building inspection reports and certifications from all governmental authorities having jurisdiction over the Approved

Location and its operations. Franchisee is solely responsible for ensuring that all necessary licenses, permits, approvals and certifications have been obtained and that all requirements for construction and operation have been met.

iv *Lease Agreement.* Franchisee must provide Franchisor with a copy of any proposed lease agreement for the Approved Location. Franchisee must obtain Franchisor's approval of the lease agreement prior to signing and must provide Franchisor, among other things, the right to enter the Approved Location to make any modifications necessary to protect the Proprietary Marks. Franchisee must also provide Franchisor a Collateral Assignment of Lease in the form substantially the same as that attached hereto as **Exhibit 3**, executed by Franchisee and the lessor of the Approved Location. If required by the landlord of the Approved Location, Franchisee shall enter into that certain sublease agreement attached to the franchise disclosure document for the lease of the Approved Location.

v *Computer System; Fixtures and Furnishings*. At Franchisee's sole expense, Franchisee must purchase and install the Computer System and all fixtures, furnishings, and equipment, as may be required by Franchisor, which must meet the specifications that Franchisor may prescribe from time to time. Franchisee shall not install, or permit to be installed, any such item not meeting Franchisor's standards and specifications at the Approved Location. Franchisee shall construct the Franchised Brokerage at the Approved Location in accordance with Franchisor's standards and specifications.

vi *Signage*. Subject to compliance with applicable laws and regulations, Franchisee shall acquire all signage for the Approved Location. All signage must conform to the signage specifications outlined by Franchisor in the Confidential Operations Manual or otherwise and Franchisee must submit said signage to Franchisor for approval prior to purchase and/or installation.*Telephone Number.* Franchisee must use the telephone number and telephone listing issued by Franchisor to Franchisee exclusively in connection with Franchisee's operation of the Franchised Brokerage.

viii *Required Licenses, Permits, Appointments and Other Required Documentation; Compliance with Applicable Law.*

(A) Franchisee and Personnel must acquire and maintain, or reimburse Franchisor for acquiring or maintaining on Franchisee's behalf as required by Franchisor in its discretion (including, without limitation, costs, expenses and taxes), all Required Licenses and other required documentation as outlined by applicable governmental and other regulatory authorities, including, without limitation, Franchisor's licensure programs and continuing education requirements. Franchisee represents and warrants that the Personnel and Franchisee's owners that are required to be duly and fully licensed by any regulatory organization, governmental agency, any Contracted Carrier or any Ancillary Product Provider shall be, at all times during the Term of this Agreement, duly and fully licensed as insurance brokers under the control of Franchisee as set forth herein, and shall have and maintain all Required Licenses and Appointments. Franchisee and Personnel must have all said Required Licenses and approvals for Franchisee to be entitled to the compensation outlined hereunder. Further, Franchisee is solely responsible for ensuring that all Personnel meet and maintain all governmental standards and

certifications applicable to the operation of the Franchised Brokerage or such higher minimum standards and certifications as set forth by Franchisor from time to time in its Confidential Operations Manual or otherwise in writing. Franchisee shall not provide any Ancillary Products or Insurance Services with regard to any type of Policies: (i) which have not been approved by Franchisor; or (ii) for which Franchisee is not licensed by the appropriate insurance, securities or other regulatory authorities. Franchisee shall promptly and diligently do all things necessary (to cooperate with Franchisor in providing prompt, thorough, professional and complete responses to Franchisor in connection with any inquiry by local, state or federal regulatory or administrative body with oversight responsibilities for any Required Licenses) to facilitate obtaining and maintaining the Required Licenses.

(B) Franchisee shall operate the Franchised Brokerage in full compliance with all applicable laws, ordinances and regulations, including, without limitation, all government regulations relating to occupational hazards and health, safety, workers' compensation insurance, unemployment insurance, workplace safety, data protection (such as credit card data protection under the FACTA) and privacy laws, and withholding and payment of federal and state income taxes, social security taxes and sales taxes. Franchisor makes no representation to Franchisee with regard to any legal requirements that Franchisee must satisfy or comply with to operate the Franchised Brokerage. Franchisee shall be solely responsible for investigating and complying with all such laws, ordinances and regulations necessary to operate the Franchised Brokerage. Franchisee shall take such steps as are necessary to cooperate with Franchisor in the appointment process for each Contracted Carriers (collectively, the "**Appointments**").

ix *Approved Location.*

(A) Franchisee shall keep its Franchised Brokerage in a high degree of sanitation, repair, order and condition, as Franchisor may from time to time reasonably direct and to make such repairs and replacements thereto as Franchisor may require. Franchisee shall not make any structural improvements to the Franchised Brokerage or the Approved Location without Franchisor's prior approval. Franchisee agrees that, in order to maintain a modern, progressive, sanitary and uniform image, Franchisor shall have the right to require Franchisee to perform such remodeling, repairs, replacements and redecoration in and upon the Approved Location, as well as all equipment and furnishings used by Franchisee, as Franchisor shall deem necessary and practical to bring the Approved Location up to the then-current standards of new Freeway Brokerages. Further, Franchisee must maintain in sufficient supply, and use at all times, products, materials, and supplies that conform to Franchisor's then-current standards and specifications, and Franchisee shall not use non-conforming items without Franchisor's prior written consent.

(B) Franchisee may not relocate the Franchised Brokerage without Franchisor's prior written consent, which it may withhold in its sole discretion. If Franchisee cannot continue to occupy the Approved Location for any reason, Franchisee must first obtain Franchisor's prior written consent to relocate and then must relocate the Franchised Brokerage to a mutually acceptable site to complete the remainder of the Term. If Franchisor grants Franchisee the right to relocate, Franchisee must notify Franchisor of Franchisee's intention to relocate, procure a site acceptable to Franchisor at least ninety (90) days prior to closing operations at Franchisee's current Approved Location, and open for business at the new Approved Location

within thirty (30) days of closing business at Franchisee's existing Approved Location. Additionally, at the time Franchisee applies with Franchisor for approval of relocation, Franchisee shall pay to Franchisor a relocation fee equal to ten percent (10%) of the then-current initial franchise fee for the standard Franchised Brokerage ("**Relocation Fee**"). The Relocation Fee is nonrefundable upon payment. All signage and all other items containing the Proprietary Marks must be completely removed from the prior Approved Location at Franchisee's expense.

x *Vendor Payments*. Franchisee shall pay all of Franchisee's vendors on a prompt and timely basis and shall at all times comply with the terms and conditions of any agreements (whether oral or written) between Franchisee and such vendors.

xi *Daily Operations*. Unless otherwise specifically approved by Franchisor, the Franchised Brokerage shall be open for business at such times and for the minimum number of hours specified by Franchisor in the Confidential Operations Manual, as may be amended from time to time or, if different, for such hours as may be required by the terms of any lease of the Approved Location. Franchisee or its Brokerage Principal Operator, as applicable, shall (a) at all times operate the Franchised Brokerage diligently so as to maximize the revenues and profits therefrom; and (b) use best efforts to promote and increase the demand for Insurance Services and Ancillary Products and to recommend, promote and encourage patronage of all Freeway Brokerages. In all of its communications and written notices to Franchisee, Franchisor shall be entitled to communicate solely with the Brokerage Principal Operator and shall have no obligation to communicate or provide such Notices to any of Franchisee's owners or the Personnel. Franchisee agrees that Franchisor may rely on statements, representations, requests, instructions, commitments and agreements (without verification or confirmation of the same) of the Brokerage Principal Operator, owners, and Personnel as if the same had been made or delivered to Franchisor by Franchisee unless and until written Notice is provided to Franchisor limiting Franchisor's right to rely on such statements, representations, requests, instructions, commitments and agreements.

xii *Inquiries*. Franchisee shall respond promptly to all formal and informal communications, inquiries, issues and/or complaints from Franchisor, Clients, Contracted Carriers and Ancillary Product Providers, and shall take such other steps as may be required to ensure resolution of said communication, inquiry, issue and/or complaint; provided, however Franchisee shall first notify Franchisor of any said communication, inquiry, issue and/or complaint prior to responding and Franchisor has the right, but not the obligation, to take over any said response in its discretion. Franchisee shall also respond promptly to communications, inquiries, issues and/or complaints from Franchisor, Personnel and the Shared Services Center and shall otherwise follow Franchisor's code of conduct set forth in the Confidential Operations Manual.

xiii *Deviation of Specifications*. Because complete and detailed uniformity under many varying conditions may be impossible or impractical, and in order to remain competitive and respond to new technologies, Client needs and market conditions, Franchisor specifically reserves the right and privilege, in its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary standards for any Freeway Brokerage based upon the peculiarities of a particular site or circumstance, density of population, business potential, existing business practices or any other condition that Franchisor deems to be of importance to the successful operation of such Freeway Brokerage. Franchisee shall have no

recourse against Franchisor due to any variation from standard specifications and practices granted to any other franchisee and shall not be entitled to require Franchisor to grant Franchisee a like or similar variation hereunder.

xiv *Conventions and Meetings*. Franchisee shall (a) attend the conventions, seminars and meetings that Franchisor may periodically require; (b) pay Franchisor's then-current attendance fee for said event, which is currently Six Hundred Dollars ($600) per attendee who is required to attend (and, if applicable, additional attendees that you choose to send as well) and which shall not be increased by more than ten percent (10%) on an annual basis; and (c) be responsible for all of the other costs of attendance, including Franchisee's and its attendees' travel, room and board, wages and other living expenses.

xv Pricing. Franchisor reserves the right to establish maximum, minimum or other pricing requirements with respect to the prices you may charge for products or services, to the fullest extent allowed by applicable law.

b) **Insurance Activities.** In the operation of the Franchised Brokerage, Franchisee shall carry out the customary activities of an insurance broker selling, and servicing Insurance Services and Policies offered by the Contracted Carriers and Ancillary Products through Ancillary Product Providers. Such activities include, but are not limited to, prospecting, soliciting, selling and providing servicing to prospects and Client Accounts. Under no circumstances shall any business be conducted at the Franchised Brokerage unless such business is under the direct supervision of the Brokerage Principal Operator and the Confidential Operations Manual. Franchisee shall bear all costs and expenses associated with the conduct of its Franchised Brokerage, including, but not limited to, rent, common area maintenance, utilities, salaries, wages, benefits, advertising, postage, furniture, fixtures, equipment, inventory and supplies, insurance, taxes and other administrative expenses. To the extent Franchisor authorizes in the Confidential Operations Manual and as permitted in certain states, Franchisee may assess broker fees and service fees to the Clients serviced through the Franchised Brokerage.**Exclusivity**. Franchisee and the Personnel shall not (i) be licensed or act as an agent, solicitor, representative or broker for any insurance company or business other than as Franchisor and the Contracted Carriers have appointed the Franchised Brokerage as a representative; (ii) directly or indirectly, apply for coverages or place any insurance whatsoever with or through any insurance company, other than Franchisor and the Contracted Carriers, unless authorized and directed to do so by Franchisor in writing; and/or (iii) provide Ancillary Products to Clients through any a provider other than the Ancillary Product Providers. Franchisee expressly acknowledges and agrees that Franchisor, at its sole discretion and along with its Contracted Carriers' or Ancillary Product Providers' (as applicable) approval, shall decide: (1) which Contracted Carriers and Ancillary Product Providers the Franchised Brokerage may use; and (2) which lines of insurance and specific Policy types the Personnel may sell with such Contracted Carriers. Franchisor shall provide Franchisee with a written list of the Contracted Carriers and Ancillary Product Providers, lines of business and Policy types that have been approved for use and sale at the Franchised Brokerage. Franchisor shall provide Franchisee with Notice of any changes made by Franchisor to such list from time to time, and Franchisee and the Personnel shall immediately cease selling any discontinued Policies and/or using any discontinued Contracted Carriers and Ancillary Product Providers. Franchisee shall ensure that the Personnel abide by and conform to the conditions and limits of authority imposed

by Franchisor and/or the Contracted Carriers and/or the Ancillary Product Providers as outlined in the Confidential Operations Manual or otherwise in writing. Upon Franchisor's request, Franchisee shall ensure that the Personnel execute any acknowledgements, contracts and agreements required by the Contracted Carriers and Ancillary Product Providers to permit Personnel to represent the Contracted Carriers and Ancillary Product Providers as outlined in the Confidential Operations Manual.

d) **Approved Vendors.** With respect to the general operation of the Franchised Brokerage, Franchisee agrees to purchase various products and services, which may include certain signs, furnishings, supplies, fixtures, the Computer System, and services, from Franchisor or from approved or designated vendors as Franchisor shall specify in the Confidential Operations Manual and otherwise in writing. Franchisor shall provide information concerning sources of supply for required signage, the Computer System, furniture, fixtures, furnishings, improvements and other products and services necessary for the buildout and operation of the Franchised Brokerage. Franchisee hereby acknowledges that Franchisor, Franchisor's Affiliates and/or a third party may be one of several, or the only, approved vendor of any item. Franchisee further acknowledges and agrees that Franchisor and/or Franchisor's Affiliates have the right to realize a profit on any items that Franchisor, Franchisor's Affiliates or Franchisor's approved vendors supply to Franchisee, including, but not limited to, any contingency programs implemented by the Contracted Carriers. Franchisor has the right to retain volume rebates, markups and other benefits from vendors, Contracted Carriers and Ancillary Product Providers in connection with the furnishing of, or establishing relationships with, said parties. Franchisee shall have no entitlement to or interest in any such benefits. Notwithstanding the foregoing, Franchisor may limit the number of approved vendors, Contracted Carriers and Ancillary Product Providers with whom Franchisee may deal, designate sources that Franchisee must use and/or refuse any request for alternative vendors for any reason, including that Franchisor has already designated an exclusive source (which may be Franchisor or its Affiliates) for any particular item or service. Franchisor may provide Franchisee with the opportunity to participate in group purchasing programs for equipment, supplies, and insurance that we may, from time to time, use, develop, sponsor, or provide.

e) **Non-Approved Vendors.** In the event Franchisee wishes to purchase any approved items from an unapproved vendor, Franchisee must provide Franchisor the name, address and telephone number of the proposed vendor, a description of the item Franchisee wishes to purchase, and the purchase price of the item. If Franchisor incurs any costs in connection with evaluating an unapproved vendor at Franchisee's request, or supplying information, art or other materials to the unapproved vendor, Franchisee or the vendor must reimburse Franchisor for Franchisor's reasonable costs, regardless of whether Franchisor subsequently approves the vendor. Franchisor will notify Franchisee of approval or disapproval within ten (10) business days of receiving all requested information and its failure to do so will be deemed a disapproval. Nothing in the foregoing shall be construed to require Franchisor to approve any particular vendor. Franchisor may revoke Franchisor's approval of particular products or vendors at any time in the event Franchisor determines, at Franchisor's sole discretion, that such products or vendor no longer meet Franchisor's standards. Upon receipt of written notice of such revocation, Franchisee must cease purchasing products from such vendor. Franchisee must use products purchased from

approved vendors solely in connection with the operation of Franchised Brokerage and not for any competitive business purpose.

f) **Computer System.**

i Franchisor shall make available to Franchisee information about all technology required by Franchisor in the operation of the Franchised Brokerage, including, but not limited to Franchisor Technology Specifications, the Computer System and information about other technology and programs, which may be updated or modified by Franchisor from time to time during the Term of this Agreement. Any such information or programs shall remain the property of Franchisor and shall be licensed to Franchisee only for the Term of this Agreement. Franchisee shall purchase, or otherwise obtain, the Computer System that is required to meet the then-current Franchisor Technology Specifications. In addition to the Technology Access Fee, Franchisee may be required to pay an ongoing fee for such Computer System services in such amount and in the manner directed by Franchisor (such fees and related fees will generally be classified as Franchisee Expenses as described in Section 9(e) below). Franchisee shall ensure that Franchisor has unimpeded independent access to Franchisee's Computer System in the manner, form, and at the times it may request. Franchisor will have the right to retrieve and use the data and information from the Computer System in any manner it deems necessary or desirable. Franchisee shall not (1) sell, lease or authorize the use of such programs and software to anyone else; or (2) configure, program or change any such programs or software.

ii Franchisee shall have the sole and complete responsibility for: (i) the maintenance, updating and replacement of the Computer System necessary to comply with the Franchisor Technology Specifications; and (ii) all consequences that may arise for Franchisee's failure to comply with subsection (i) of this Section. Franchisor's modifications and specifications for components, equipment, services and operating or communications of the Computer System may require Franchisee to incur costs to purchase, lease or license new or modified software or computer or communications hardware, equipment, components or software and to obtain service and support for the Computer System during the Term. Franchisor has the right to require Franchisee to enter into a separate maintenance agreement for any component of the Computer System. Franchisee agrees to release, defend, indemnify, and hold Franchisor and its Affiliates, and their respective owners, directors, officers, agents, employees, and shareholders harmless from and against, and promptly to reimburse such indemnitees for, all claims, actions, proceedings, damages, costs, expenses and other losses and liabilities, consequently, directly or indirectly incurred (including without limitation attorneys' fees, court costs and costs of investigation) by Franchisee, the Personnel, owners and agents as a result of, arising out of, or connected with an interruption in Internet services or from any unauthorized use of or access to Client Account information through the Internet. The provisions of this subsection shall survive the Term of this Agreement.

iii Franchisee may purchase leads for potential Clients through Franchisor's designated lead procurement system at prices outlined in the Confidential Operations Manual. Franchisee can only access Client Account information purchased from Franchisor through the Brokerage Management System via the Internet, and Franchisee may not move any Client Account information from the lead procurement system without Franchisor's prior written consent.

Franchisee shall not purchase leads for potential Clients, or otherwise solicit potential new Clients, from unapproved lead generation sources, and must comply with all lead generation policies, as Franchisor may outline in the Confidential Operations Manual.

g) **Internet.**

i Franchisee must have and maintain adequate hardware, software and a contract with a third party to provide Internet services that meet the Franchisor Technology Specifications. Franchisee shall, at all times and at Franchisee's expense, maintain an email address and account assigned by Franchisor for communicating with Franchisor and shall only use such email for operating the Franchised Brokerage. Franchisor will have independent access to all emails and other information stored on Franchisee's Freeway Insurance email account. Franchisee may change its email address by giving written notice of such change of address to Franchisor.

ii Franchisor seeks to protect its brand by regulating the online presence of the Freeway Brokerages. Franchisor's brand includes, but is not limited to, the use of the Proprietary Marks, the names of any Personnel (including Franchisee's name), the Approved Location or any other information that could be identified with Franchised Brokerage and/or the operation thereof. Franchisor has established the Franchisor Web Presence, which provides information about the Freeway Insurance® franchise system and the Insurance Services and Ancillary Products offered by Freeway Brokerages. Franchisor shall have sole discretion and control over the Franchisor Web Presence and any other Internet websites Franchisor may in the future create (including timing, design, content and continuation). Franchisor shall provide access to, and inclusion in, the Franchisor Web Presence as described in the Confidential Operations Manual. Franchisor may request that Franchisee provide content for Franchisor's Internet marketing and shall be required to follow Franchisor's intranet and Internet usage rules, policies and requirements. Franchisor retains the sole right to approve any linking to, or other use of, the Franchisor Web Presence. Franchisee may not establish or participate in any Freeway Brokerage related blog or other discussion forum.

iii Franchisee acknowledges that Franchisor and/or Franchisor's Affiliates are the lawful, rightful and sole owners of those certain Internet domain names using the Proprietary Marks, the specific domain name associated with Franchised Brokerage (if any), any online presence related to the Franchised Brokerage conducted by Franchisee, the content of such websites, as well as any other Internet domain names registered by Franchisor, and unconditionally disclaims any ownership interest in such domain names and any Internet domain names colorably similar thereto. Except as approved in advance in writing by Franchisor, Franchisee shall not (1) establish a presence on, or market using, the Internet in connection with the Franchised Brokerage without Franchisor's prior written consent; or (2) register any Internet domain name or social media and/or networking website of any kind that contains words used in or similar to any brand name owned by Franchisor or its Affiliates or any abbreviation, acronym, phonetic variation or visual variation of those words. Franchisor may require Franchisee to participate in any Internet or intranet networks that Franchisor establishes and obtain the services of and pay the then-current fees for ISP and ASP services and the like.

iv Franchisor has the right to control or designate the manner of Franchisee's use of all URLs, domain names, Website addresses, metatags, links, key words, e-mail addresses and any other means of electronic identification or origin ("**e-names**"). Franchisor also has the right to designate, approve, control or limit all aspects of Franchisee's use of the Internet, Intranet, World Wide Web, social media platforms and applications (including, without limitation, Facebook, MySpace, LinkedIn, Twitter, Pinterest, Yelp, Tiktok, Tumbler, SnapChat), other phone applications, wireless technology, digital cable, use of e-names, e-mail, home pages, bulletin boards, chat rooms, blogs, linking, framing, online purchasing cooperatives, marketplaces, barter exchanges, and related technologies, methods, techniques, registrations, networking, and any electronic communication, commerce, computations, or any means of interactive electronic documents contained in a network of computers or similar devices linked by communications software or hardware (collectively, "**e-commerce**") in connection with the Franchised Brokerage or that otherwise uses or is associated with the Proprietary Marks.

v Franchisee shall follow all of Franchisor's policies and procedures related to the use and regulation of e-commerce. Franchisor may require that Franchisee provide information to Franchisor via e-commerce. Franchisee shall be bound by any terms of use, privacy policy and copyright notice and takedown policies and the like that Franchisor establishes from time to time. Franchisor may require Franchisee, at Franchisee's expense, to coordinate its e-commerce activities with Franchisor, other Freeway Brokerages, Contracted Carriers, Ancillary Product Providers, and/or Affiliates. Franchisee also recognizes and agrees that Franchisor and its Affiliates own all rights, title and interest in and to all data or other information collected via e-commerce related to the System or the Proprietary Marks, including any Client data, click-stream data, all "fans," "followers," "friends" and "contacts" associated therewith, posts, cookies, user data, hits, any other content posted thereby, and the like. Such data or other information also constitutes Franchisor's Confidential Information.

h) **Data Security.** Franchisee must comply with Franchisor's standards and policies and applicable law related to privacy and data security/cybersecurity. This includes, but is not limited to, updating hardware and software when required and taking any actions that are necessary to ensure that the Franchised Brokerage is compliant with all Payment Card Industry Data Security Standards (PCI DSS) requirements. Franchisee must also comply with all relevant statutory and regulatory requirements, including, but not limited to, taking all steps required to protect Clients' Nonpublic Personal Information (NPI). It is Franchisee's sole responsibility to determine the data privacy laws applicable to Franchisee and its Franchised Brokerage. Franchisor expressly disclaims knowledge of the data privacy laws applicable to Franchisee. Franchisee shall notify Franchisor within twenty four (24) hours of discovery, if Franchisee becomes aware of or suspects any unauthorized access to NPI, or if Franchisee becomes the subject of any governmental, regulatory or other enforcement or private proceeding relating to Franchisee's data handling practices. Franchisee shall promptly carry out any request from Franchisor with respect to NPI that is reasonably necessary to allow Franchisor to comply with data privacy laws applicable to Franchisor regarding processing, storage, handling, collection, use, transfer and transmission of NPI.

i) **Personnel.** Franchisee shall be solely responsible for recruiting, training and developing the Personnel. Franchisee shall use its best efforts to hire or engage, and retain,

competent and qualified Personnel for the sale, renewal, service and delivery of Policies and Ancillary Products and to serve as a point of contact with all Client Accounts. Franchisor shall be entitled to approve or disapprove Franchisee's Brokerage Principal Operator in its sole discretion. Franchisee shall train or cause the training of all Personnel as and when required by the Confidential Operations Manual. Franchisee must conduct all references and checks as required by the Confidential Operations Manual and this Agreement. Franchisee shall have the sole authority and control over the day-to-day activities and supervisions of the Personnel. Franchisee shall be responsible for ensuring the Personnel comply, and are capable of complying, with then-current policies and procedures in performing their duties for the Franchised Brokerage. Franchisee shall decide the compensation to be paid to the Personnel. Franchisor will not be responsible for payment of any compensation to Franchisee or the Personnel. At no time will Franchisee or the Personnel be deemed to be employees of Franchisor or its Affiliates. Franchisee shall be responsible for taxes required to be withheld for the Personnel under applicable law and hereby assumes full responsibility for payment of the employer's portion of any said taxes.

j) **Insurance Services and Ancillary Products.** Franchisee must offer for sale only those Insurance Services and Ancillary Products that Franchisor prescribes in accordance with this Agreement and the Confidential Operations Manual. Franchisee acknowledges and agrees that the commissions or payments for the sale of those Insurance Services and Ancillary Products that Franchisor may authorize during the Term of this Agreement may differ from how Franchisee is currently compensated. Franchisor may also require Franchisee, at Franchisee's cost, to participate in additional training, obtain additional licenses and/or meet additional qualifications to offer certain Insurance Services or Ancillary Products.

k) **Standards of Service.** Franchisee acknowledges that the quality of Client service, and every detail of appearance and demeanor of Franchisee and its Personnel, is material to this Agreement and the relationship created and licenses granted hereby. Therefore, Franchisee shall endeavor to maintain high standards of quality and service in the operation of the Franchised Brokerage. Franchisee shall give prompt, courteous and efficient service to the Clients, Contracted Carriers and Ancillary Product Providers. The Franchised Brokerage shall in all dealings with Clients, Contracted Carriers, Ancillary Product Providers, vendors and the general public, adhere to the highest standards of honesty, fair dealing and ethical conduct. Franchisee shall reimburse Franchisor for all costs incurred by Franchisor in servicing a Client, Contracted Carrier, or Ancillary Product Provider of the Franchised Brokerage pursuant to this Section.

l) **Client Account Ownership.** All Client Accounts shall be the exclusive property of Franchisor. All lists of Client Accounts and prospects, Policy expiration lists and other records of the Client Accounts shall be the exclusive property of Franchisor, and not of Franchisee. Franchisee shall make Franchisor the Broker of Record for all Policies sold, renewed, serviced or delivered through Franchisee with an effective date for coverage after the Effective Date, unless prior written approval is obtained from Franchisor.

m) **Payment of Funds/Forwarding of Communications.** All funds and/or correspondence, notices or other communications coming into Franchisee's possession that relate to any Client Account and/or any prospective client shall be paid or delivered, respectively, to Franchisor in the timeframe defined in the Confidential Operations Manual or otherwise in writing.

In the event funds and/or correspondence are not paid or delivered to Franchisor, they shall, nevertheless, be considered property and funds of Franchisor, and shall be deemed to be held in trust by Franchisee on behalf of Franchisor. Franchisor shall have a first lien on all compensation due or which may become due to Franchisee hereunder to the extent of all unpaid funds due to Franchisor by Franchisee, including, without limitation, the amount refunded to, or deemed uncollectible with respect to, Clients sold Policies or Ancillary Products through the Franchised Brokerage for which Franchisee has already been paid, and Franchisor may deduct such funds from Franchisee's compensation under Section 9(a) of this Agreement.

n) **Delivery of Policy Applications.** Franchisee shall provide Franchisor with all Policy applications and all other records or documents originated, received or processed by Franchisee related to Client Accounts or the Franchised Brokerage in the timeframe, and the method required by Contracted Carriers, Ancillary Product Providers and/or Franchisor, as outlined in the Confidential Operations Manual or otherwise in writing. Franchisee acknowledges the importance of complete and prompt transmittal of all such records and documents.

o) **Employee Information Requests.** Franchisee shall be responsible for providing Franchisor with any information regarding Franchisee, the Personnel, and Franchisee's owners, which may be required to fulfill requests from any governmental or regulatory bodies or agencies, or any Contracted Carriers and Ancillary Product Providers. Franchisee shall be solely responsible for ensuring that Franchisee, the Personnel, and Franchisee's owners comply with all federal, state and local requirements, or those requirements of and Contracted Carrier and/or Ancillary Product Providers, including, but not limited to sales practices, and education and licensing requirements. Franchisee shall provide evidence satisfactory to Franchisor that Franchisee, the Personnel, and Franchisee's owners have complied with such requirements. If Franchisee does not comply with the terms of this subsection, it shall be grounds for immediate termination of this Agreement.

p) **Reporting Legal or Regulatory Issues.** Franchisee shall fully report to Franchisor any Client-related legal or regulatory issues, including, without limitation, potential or actual Errors and Omissions claims, insurance department, regulatory body or consumer protection group complaints, inquiries, or legal summons and/or subpoenas, in writing within two (2) days of the date that the earlier of Franchisee or its Brokerage Principal Operator is aware of any such issue. Franchisee shall not make any written or verbal comments or responses regarding said issues without Franchisor's express permission. Franchisee acknowledges and agrees that Franchisor shall coordinate and control responses to all such issues. Franchisee shall also notify Franchisor, in writing, within two (2) days of the commencement of any action, suit or proceeding and the issuance of any order, suit or proceeding of any court, agency or other governmental body, including the receipt of any subpoena, notice or citation, which may adversely affect the operation or financial condition of Franchisee or the Franchised Brokerage. Time is of the essence in complying with this Section. Franchisee shall immediately notify Franchisor of (i) all litigation to which Franchisee or any of Franchisee's Affiliates, owners or the Personnel may become a party, whether as plaintiff or defendant; and (ii) all investigations of, hearings related to, or other inquiries or questionnaires, Franchisee or any of Franchisee's Affiliates, owners or the Personnel that are conducted by any regulatory organization, governmental agency, Ancillary Product Provider, or Contracted Carrier.

q) **Providing Financial Results of the Franchised Brokerage.** Franchisee shall provide Franchisor with the type of financial reports to be specified by Franchisor in the form specified by Franchisor in the Confidential Operations Manual or otherwise in writing. Franchisor may require that Franchisee use its approved vendor to provide financial accounting services. Franchisee's fiscal year must be the calendar year. Franchisee acknowledges and agrees that Franchisor may use any information reported to Franchisor to prepare and develop financial performance representations for the Freeway Insurance® franchise system in Franchisor's Franchise Disclosure Document or other documents. To help Franchisee in recording and keeping accurate and detailed financial records for reports and tax returns, Franchisor, in its discretion, may specify the form in which the business records are to be maintained, and provide a uniform set of business records for Franchisee to use. Franchisor shall have full access to all of Franchisee's data, system, and related information by means of direct access, whether in person, or by telephone/modem installed and maintained at Franchisee's sole expense.

r) **Maintaining GAAP Financial Records.** In accordance with Generally Accepted Accounting Principles, Franchisee shall, maintain full and complete books and records, accounts, data, licenses, contracts and invoices that shall accurately reflect all particulars relating to the conduct of the Franchised Brokerage, and such statistical and other information or records as Franchisor may require, and shall keep all such information for not less than seven (7) years, even if this Agreement is no longer in effect. The aforementioned books and records of the Franchised Brokerage shall be kept at the Approved Location or at such other place as the parties may hereafter mutually approve. Franchisor or Franchisor's designees have the right to inspect and/or audit Franchisee's business records at any time during normal business hours, to determine whether Franchisee is operating in compliance with the terms of this Agreement and the Confidential Operations Manual.

s) **Maintaining Working Capital.** Franchisee must at all times maintain such working capital as may be reasonably necessary to enable Franchisee to properly and fully carry out and perform all of its duties, obligations and responsibilities hereunder and to operate the Franchised Brokerage in a businesslike, proper and efficient manner.

t) **Taxes and Debts**. Franchisee shall promptly pay when due all federal, state and local taxes, including without limitation unemployment and sales taxes, levied or assessed with respect to any services or products furnished, used or licensed pursuant to this Agreement, and all accounts or other indebtedness of every kind incurred by Franchisee in the operation of the Franchised Brokerage. Franchisee agrees to indemnify Franchisor in the event that Franchisor is held responsible for these taxes. Franchisee hereby expressly covenants and agrees to accept sole responsibility for all debts and obligations incurred in the operation of its Franchised Brokerage.

8. Insurance.

a) **Required Insurance Policies.** Subject to applicable law and eligibility requirements, and no later than the opening date of the Franchised Brokerage, Franchisee shall procure and maintain in full force and effect throughout the Term of this Agreement: (i) a package policy or BOP providing general liability and property coverage ($1,000,000 per occurrence, $2,000,000 aggregate, and actual replacement cost of contents (e.g., furniture, fixtures, equipment,

and build-out) but not less than $25,000 per location) plus business interruption and Extra Expense insurance providing coverage for Franchised Brokerage, Approved Location and operation of the Franchised Brokerage (actual loss sustained for not less than 12 months); (ii) a workers' compensation policy (as required under applicable law), including Employers' Liability limits of $500,000 for each accident, $500,000 policy limit, and $500,000 for each employee or as required per state; (iii) an errors and omissions policy providing insurance agents and brokers coverage of $1,000,000 aggregate limit; (iv) cyber insurance including, but not limited to, Privacy & Security coverage of $250,000 aggregate limit; (v) if Franchisee has employees, employment practices liability insurance of $250,000 aggregate limit; (vi) Crime Coverage including Employee Dishonesty ($100,000 limit) and Money and Securities coverage on the premises ($10,000 limit) and off the premises ($10,000 limit); and and (vii) any other types of policies that Franchisor determines necessary for the operation of the Franchised Brokerage, as communicated in the Confidential Operations Manual or otherwise in writing, or as required by applicable law, or that are customary for the operation of an insurance brokerage. Franchisee agrees to carry such insurance as may be required by the lease of the Approved Location or by any of Franchisee's lenders or equipment lessors. The types and amounts of insurance to be acquired and maintained by Franchisee may be modified as provided in the Confidential Operations Manual or otherwise in writing by Franchisor. Franchisor has the right to increase the minimum liability protection requirement and require different or additional insurance coverage(s) to reflect inflation, changes in standards of liability, future damage awards or other relevant changes in circumstances. For any claims related to this Agreement or Franchisee's operations, Franchisee's insurance coverage shall be primary with respect to Franchisor, without the right of contribution from any of Franchisor's insurance. The cost of the insurance policies will vary depending on the insurance carrier charges, terms of payment and Franchisee's history and are Franchisee's sole responsibility. Furthermore, Franchisee shall be responsible for any deductible or self-insured retention under any of the insurance policies.

b) **Standards and Specifications for Insurance.**

i The standards and specifications for insurance coverage as set forth in the Confidential Operations Manual are intended as "minimum" standards and Franchisee must review Franchisee's insurance coverage and policies, and Franchisee should consult with Franchisee's insurance agents, brokers, attorneys or other insurance advisors, to determine if additional coverage is necessary, desired or appropriate for Franchised Brokerage in addition to the coverage and limits required by Franchisor. Franchisor does not represent or warrant that any insurance that Franchisee is required to purchase, or which Franchisor procures on Franchisee's behalf, will provide adequate coverage for Franchisee. The requirements of insurance specified in this Agreement and in the Confidential Operations Manual are for Franchisor's protection. If Franchisee believes that Franchisee should not be required to carry an identified type of insurance or otherwise comply with Franchisor's minimum insurance requirements, Franchisee must submit a written waiver request and obtain a waiver from Franchisor. Until such time as Franchisor notifies Franchisee in writing of its approval, Franchisee is obligated to comply with all minimum insurance requirements.

ii Additional insured status shall include, without limitation, coverage for ongoing and completed operations. Franchisee shall add Franchisor and its designees and assignees

as additional insureds under policies listed above during the Term of this Agreement, the cost of which will be paid by Franchisee. The additional insured endorsement form shall be ISO CG 20-26 or any other form approved in writing by Franchisor that provides comparable coverage. Additional insured coverage shall not be limited to vicarious liability and shall extend to (and there shall be no endorsement limiting coverage for) the negligent acts, errors or omissions of Franchisor or other additional insureds. Franchisee agrees to waive rights of subrogation on the General Liability and Workers' Compensation insurance policies. Franchisee shall obtain any endorsements that may be necessary in connection therewith.

c) **Carrier Standards**. Such policies shall be written by an insurance company licensed in the state in which Franchisee operates and having at least an "A:VII" Rating Classification as indicated in the latest issue of A.M. Best's Key Rating Guide, unless otherwise acceptable to Franchisor.

d) **Certificates of Insurance.** Franchisee shall make timely delivery of certificates of all required insurance to Franchisor, or copies of the applicable insurance language effecting coverage required by this Agreement and list Franchisor as certificate holder, each of which shall contain a statement by the insurer that the policy will not be cancelled or materially altered without at least thirty (30) days' prior written Notice to Franchisor.

e) **Franchisee's Liability to Franchisor.** The procurement and maintenance of such insurance shall not relieve Franchisee of any liability to Franchisor under any indemnification requirement set forth in this Agreement.

f) **Franchisor's Option.** If Franchisee fails to comply with the minimum insurance requirements set forth herein, Franchisor has the right to obtain such insurance and keep the same in force and effect and Franchisee shall pay Franchisor, on demand, the premium cost thereof and administrative costs of eighteen percent (18%) in connection with Franchisor obtaining the insurance.

9. Compensation and Other Fees.

a) **Compensation.** Franchisor shall pay Franchisee eighty-six percent (86%) of Total Revenue. Franchisor shall be entitled to retain the remainder of the Total Revenue as its Royalty Fee.

b) **Quality Audit Fee.** Franchisor reserves the right to conduct a quality control audit of each Policy written by the Franchised Brokerage prior to submission to the Contracted Carrier. If Franchisor exercises this right, Franchisor shall charge Franchisee its then-current quality assurance audit fee per policy audited, which will be outlined in the Confidential Operations Manual and included in the Franchisee Expenses. Franchisor has the right to increase this amount at any time in its sole discretion upon thirty (30) days' prior written notice to Franchisee.

c) **Technology Access Fee.** Franchisee shall pay to Franchisor its then-current Technology Access Fee, which will not exceed One Thousand Dollars ($1,000) per month for one user ("**Technology Access Fee**"), which will be outlined in the Confidential Operations Manual

and included in the Franchisee Expenses. Franchisor has the right to increase this amount at any time in its sole discretion upon thirty (30) days' prior written notice to Franchisee.

d) **When Payments Stop.** Notwithstanding the foregoing, Franchisor's obligation to pay Freeway Policy Commissions, Freeway Policy Fees or Freeway Ancillary Product Payments to Franchisee shall cease immediately upon expiration of the Term.

e) **Franchisee Expenses.** Notwithstanding the foregoing, Franchisor shall be permitted to deduct from such payments to Franchisee expenses borne or paid by Franchisor which relate to the conduct of Franchised Brokerage, including, without limitation, credit card fees of Clients sold a Policy or Ancillary Product through the Franchised Brokerage, any refunds Franchisor provides to Clients for which Franchisor paid Franchisee Freeway Policy Commissions, Freeway Policy Fees or Freeway Ancillary Product Payments and any payments provided by a Client sold a Policy or Ancillary Product through the Franchised Brokerage that are rejected by said Client's bank or otherwise deemed uncollectible and all other amounts owed to Franchisor under this Agreement (the "**Franchisee Expenses**"), as outlined in the Confidential Operations Manual or this Agreement. Franchisee's portion of the Franchisee Expenses shall be determined by Franchisor in good faith, and such determination may be based, solely or partially, upon the then-current fair market value of the items provided to Franchisee. In addition to the Franchisee Expenses, Franchisor shall also be permitted to deduct from such payments to Franchisee: (i) the costs and expenses incurred by Franchisor (including, but not limited to, Franchisor's reasonable internal labor and administrative costs) as a result of Franchisee's failure to conduct its Franchised Brokerage in compliance with Franchisor's procedures and standards of operation provided to Franchisee pursuant to the Confidential Operations Manual or as otherwise communicated by Franchisor to Franchisee from time to time; and (ii) any payments made in good faith by Franchisor to vendors or any other third party of Franchisee in order to cure Franchisee's failure to timely make such payments.

f) **Payments Are Made Electronically.** Franchisor shall pay Franchisee by electronic funds transfer to an account specified by Franchisee in the Electronic Funds Withdrawal and Deposit Authorization attached hereto as Exhibit 8, which shall effectuate Franchisor's ability to deposit and withdraw funds from such bank account via electronic funds transfer. Franchisor shall pay Franchisee the amounts to which it is entitled under Section 9(a), less the Franchisee Expenses described in Section 9(e) (and any other setoff amounts permitted under this Agreement), on or about the 15th day of each calendar month for the month ending forty-five (45) days immediately prior to the payment date. In addition, on or about the 20th day of each calendar month, Franchisor shall send Franchisee an e-mail including a statement containing a detailed calculation of the amounts paid to Franchisee pursuant to the terms of this Section 9. Such statement shall be in a form prescribed by Franchisor, as it may revise. Upon written notice to Franchisee, Franchisor may change the dates on or about which the electronic funds transfers are made and the statements are forwarded, as well as the interval at which Freeway Policy Commissions, Freeway Policy Fees and Freeway Ancillary Product Payments are distributed.

g) **Policies for Which Payment Will Not Be Made.** Notwithstanding the foregoing, Franchisee shall not be entitled to receive the compensation set forth in Section 9(a) on any Policies that are sold, serviced or renewed by Franchisee in violation of the terms of this Agreement.

10. Marketing and Advertising.

a) **Franchisor-Provided Advertising Materials.** In its discretion, Franchisor may provide Franchisee with periodic assistance in local advertising and marketing and local advertising and marketing materials, including without limitation, merchandising materials, sales aids, special promotions and similar advertising at a reasonable price, plus handling. At Franchisee's expense, Franchisee shall (i) use pre-approved vendors to print and maintain business cards, stationery, letterhead, and any required forms that are pre-approved by Franchisor; and (ii) include in all advertising any phone numbers or Internet addresses required by Franchisor.

b) **Promotional/Marketing/Advertising Materials.** Franchisee shall submit to Franchisor for its prior approval samples of all advertising, promotional or marketing materials it plans to use that have not been prepared or previously approved by Franchisor. If Franchisor does not approve of Franchisee's proposed materials in writing within ten (10) business days of receipt, the proposed materials shall be deemed rejected, unless Franchisor subsequently conveys otherwise in writing. Franchisee shall not use any materials that have not been approved by Franchisor and must immediately discontinue the use of any materials, whether or not previously approved, upon notice from Franchisor. All of Franchisee's materials shall be completely factual and shall conform to the highest standards of ethical advertising. Franchisee shall refrain from any business or advertising practice that may be injurious to the Franchised Brokerage or the goodwill associated with the Proprietary Marks.

c) **Brand Fund.** Franchisor shall establish a brand-marketing fund (the "Brand Fund") for the common benefit of Freeway Brokerages. Once the Brand Fund is created, Franchisee shall participate in and contribute monthly to the Brand Fund, in the manner and the amount that Franchisor prescribes. Franchisee's Brand Fund contributions shall equal seven percent (7%) of Total Revenue (the "**Brand Fund Contribution**"). The Brand Fund Contribution shall be deducted from payments to Franchisee in the same manner as the Franchisee Expenses, as specified in Section 9(e) of this Agreement.

i *Franchisor's Use of Brand Fund.* Franchisor will use Brand Fund contributions, in Franchisor's sole discretion, to develop, produce and distribute national, regional and/or local advertising and to create advertising materials and public relations programs that promote, in Franchisor's sole discretion, the Insurance Services and Ancillary Products offered by Freeway Brokerages. Franchisor has the sole right to determine how to spend the Brand Fund Contributions, including, without limitation, the selection of the advertising materials and programs and the placement and allocation thereof; provided, however, that Franchisor will make a good faith effort to expend Brand Fund Contributions in the general best interests of the Freeway Insurance® franchise system on a national, regional or local basis. Franchisor may use the Brand Fund to satisfy all costs of maintaining, administering, directing, preparing, and producing advertising, including the cost of preparing and producing television, radio, magazine and newspaper advertising campaigns, the cost of direct mail and outdoor billboard advertising, the cost of public relations activities and advertising agencies, the cost of developing and maintaining an Internet website and other online advertising/marketing, and personnel and other departmental costs for advertising that Franchisor internally administers or prepares. All Brand Fund Contributions shall be separately accounted for from the monies of Franchisor. Franchisee

acknowledges that not all franchisees will benefit directly or on a pro-rata basis from the Brand Fund. Franchisor does not warrant the success or effectiveness of any particular marketing program. Except as expressly provided in this Section, Franchisor does not assume any direct or indirect liability or obligation to Franchisee with respect to collecting amounts due to the Brand Fund. While Franchisor does not anticipate that any part of the Brand Fund Contributions will be used for advertising that is principally a solicitation for the sale of Franchised Brokerages, Franchisor reserves the right to use the Brand Fund for public relations or building recognition of the Freeway Insurance® brand and to include a notation in any advertisement indicating "Franchises Available." The Brand Fund may periodically furnish Franchisee with samples of advertising, marketing and promotional formats and materials at no cost, which Franchisee may duplicate at Franchisee's own cost. Multiple copies of such materials will be furnished to Franchisee at Franchisor's direct cost of producing them, plus any related shipping, handling and storage charges. Franchisee acknowledges that the Brand Fund is not a trust and Franchisor assumes no fiduciary duty in administering the Brand Fund.

ii *Surveys*. In the interest of continually improving the Insurance Services and Ancillary Products Franchisor offers, Franchisor may periodically conduct Client surveys, Client interviews, Contracted Carrier/Ancillary Product Providers surveys/interviews, and other similar initiatives ("**Surveys**"). The cost of such programs will be borne by the Brand Fund. The cost of these programs may be charged directly to Franchisee if Franchisee's results from a Survey fall below system-established minimum standards for such Surveys.

iii *Franchisor's Contribution to the Fund*. Franchisor has the right, but not the obligation, to contribute to the Brand Fund for subsequent company-owned or Affiliate-owned Freeway Brokerages.

iv *Duration*. Although Franchisor intends the Brand Fund to be of perpetual duration, Franchisor has the right to terminate the Brand Fund at any time. The Brand Fund shall not be terminated, however, until all Brand Fund Contributions have been expended in accordance with this Agreement or returned to Franchisee and other franchisees on a pro rata basis based on total Brand Fund Contributions made in the aggregate by each franchisee. Although Franchisor anticipates that all Brand Fund contributions will be spent in the fiscal year they accrue, if Franchisor does not spend all Brand Fund contributions by the end of each fiscal year, the remaining amounts may be carried over to be expended during the next fiscal year. Any amounts carried over from a prior year shall not effect Franchisee's contributions to the Brand Fund.

v *Brand Fund Statements*. Upon Franchisee's request, Franchisor will make available within one hundred and twenty (120) days of the end of the fiscal year, an unaudited statement of contributions and expenditures for the Brand Fund. Franchisor may require that the annual statement be reviewed or audited and reported on by an independent certified public accountant at the Brand Fund's expense.

d) **Co-op Advertising and Other Marketing Programs.** Franchisor will have the right, in its sole discretion, to designate any geographical area for purposes of establishing a regional advertising and promotional cooperative ("Cooperative"), and to determine whether a Cooperative is applicable to the Franchised Brokerage. If a Cooperative is established applicable

to the Franchised Brokerage, Franchisee must participate in the Cooperative. Cooperative contributions will be designated by a majority of the Cooperative votes. The following provisions will apply to each Cooperative:

i Each Cooperative will be organized and governed in a form and manner, and will commence operation on a date, as approved in advance by Franchisor;

ii Each Cooperative will be organized for the exclusive purpose of administering regional advertising programs and developing, subject to Franchisor's approval, standardized advertising materials for use by the members in local advertising;

iii No promotional or advertising plans or materials may be used by a Cooperative or furnished to its members without Franchisor's prior approval. All such plans and materials must be submitted to Franchisor in accordance with Section 10(b);

iv Cooperative activities will be determined by a majority vote of the member franchisees in the Cooperative;

v Each member franchisee must submit to the Cooperative, no later than the 15th day of each calendar month, for the preceding calendar month, its respective contribution as provided in this Agreement together with such other statements or reports as Franchisor may require or as may be required by the Cooperative with Franchisor's approval; and

vi Franchisor may grant to Franchisee or any other franchisee an exemption from participation in a Cooperative in its sole discretion, upon a written request stating the reasons supporting such exemption. Franchisor's decision concerning such request for exemption will be final.

e) **Displays at the Approved Location.** In all advertising displays and materials and at the Approved Location, Franchisee shall, in such form and manner as may be specified by Franchisor in the Confidential Operations Manual, notify the public that Franchisee is operating the Franchised Brokerage as an independently-owned franchisee of Franchisor and shall identify its business location in the manner specified by Franchisor in the Confidential Operations Manual.

f) **Councils**. Franchisor has the right to require that an advertising and/or franchisee advisory council be formed, changed, dissolved or merged.

11. Covenants.

a) **In-Term Non-Compete.** During the Term of this Agreement, Franchisee and all Guarantors (referred to collectively in this Section as "Franchisee") executing that Guaranty of Franchisee's Undertakings attached hereto as Exhibit 1 (the "Guaranty"), as well as all and spouses of Franchisee and all Guarantors, as applicable (collectively, the "Covenantors" and each, individually, a "Covenantor"), each individually covenants not to engage, directly or indirectly, for himself/herself/itself or through, on behalf of, or in conjunction with any other person or entity, as an owner, operator, employee, producer, agent, manager, director, independent contractor, agent, consultant, or broker, or to otherwise have any interest in any Competitive Business other

than as an authorized owner of another Franchised Brokerage; provided, however, that Franchisee shall not be prohibited hereby from owning equity securities of any Competitive Business, whose shares are publicly traded on a stock exchange or on the over-the-counter market so long as Franchisee's ownership interest shall represent two percent (2%) or less of the total number of outstanding shares of such Competitive Business.

b) **Post-Term Non-Compete.** For a period of two (2) years immediately after the Term, each Covenantor individually covenants not to: (i) engage, directly or indirectly, for himself/herself/itself or through, on behalf of, or in conjunction with any other person or entity, as an owner, employee, producer, director, independent contractor, agent, manager, consultant, or broker, or otherwise have any interest in any Competitive Business; or (ii) engage, directly or indirectly, for himself/herself/itself or through, on behalf of, or in conjunction with any other person, partnership or corporation, as an owner, operator, employee, producer, agent, manager, consultant, director, independent contractor, agent, or broker, or otherwise have any interest in any Competitive Business at or within a 25-mile radius of the Approved Location or any other franchisee-owned or company-owned Freeway Brokerage that is in operation at the end of the Term, other than as an authorized owner of another Freeway Brokerage. It is understood and agreed that the purpose of this covenant is not to deprive Covenantor of a means of livelihood and will not do so, but is rather to protect the goodwill and interests of Franchisor, the System and other Freeway Brokerages.

c) **Non-Solicitation of Clients.** During the Term of this Agreement and for a two (2) year period immediately following the Term, for any competitive purpose whatsoever, each Covenantor individually covenants not to, directly or indirectly, solicit for any competitive purpose, a prospect or Client: (i) of Franchisor, its Affiliates or the Franchised Brokerage as of the end of the Term; (ii) to whom Franchisor, its Affiliates or Franchised Brokerage, within six (6) months immediately preceding the end of the Term, has submitted a quote for Insurance Services or Ancillary Products; or (iii) that was a Client of Franchisor, its Affiliates or Franchised Brokerage at any time during the twenty-four (24) months immediately preceding the end of the Term.

d) **Restriction on Soliciting Referral Sources.** For a period of two (2) years immediately after the Term, each Covenantor individually covenants not to attempt to call on, solicit, accept leads or business from, utilize, or take away any Referral Sources relating to the sale of insurance products for the benefit of any person or entity outside the Freeway Insurance® franchise system. "**Referral Sources**" include any mortgage specialist or professional, mortgage banker, loan officer, real estate agent, or any other person employed by or working in any capacity with any entity that has provided two (2) or more referrals to Franchisee or Franchised Brokerage, or to Franchisor or its Affiliates, of Clients who successfully purchased insurance products during the twenty-four (24) month period prior to the termination, expiration, non-renewal or Transfer of this Agreement with whom Franchisee had contact as a result of or through the operation of Franchised Brokerage.

e) **Maintain Confidentiality; Personnel Confidentiality Agreements.** During the Term of this Agreement and thereafter, each Covenantor individually covenants not to communicate, directly or indirectly, nor to divulge to or use for their benefit or the benefit of any other person or legal entity, any Confidential Information except as expressly permitted by

Franchisor in writing. After the Term, Covenantors must permanently cease all use of Franchisor's Confidential Information, trade secrets, methods of operation or any proprietary components of the System, except in connection with the operation of another Freeway Brokerage. The protection granted hereunder shall be in addition to, and not in lieu of, all other protections for such trade secrets and Confidential Information as may otherwise be afforded in law or in equity. The Personnel designated by Franchisor must execute and comply with Franchisor's prescribed form of Confidentiality and Non-Competition Agreement. Franchisor shall be a third-party beneficiary of such agreement, and Franchisee shall not materially amend, modify or terminate any such agreement without Franchisor's prior written consent.

f) **Covenants are Independent of Other Covenants or Provisions of This Agreement.** The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement, and shall, where applicable, survive the Term. Should any part of one or more of these restrictions be found to be unenforceable by virtue of its scope in terms of area, business activity prohibited or length of time, and should such part be capable of being made enforceable by reduction of any or all such restrictions, Franchisee and Franchisor agree that the same shall be enforced to the fullest extent permissible under the law. In addition, Franchisor may unilaterally, at any time and at its sole discretion, revise any of the covenants in this Section so as to reduce the obligations of Covenantors hereunder. The running of any period of time specified in this Section shall be tolled and suspended for any period of time in which Franchisee is in violation of any restrictive covenant contained herein. Franchisee further expressly agrees that the existence of any claim it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants set forth in this Section.

12. Transfer and Assignment.

a) **Franchisor's Right to Transfer.** This Agreement and all rights and duties hereunder may be freely assigned or transferred by Franchisor, in whole or in part, without Franchisee's consent or notice thereto, to any person or legal entity that agrees to assume Franchisor's obligations hereunder and shall be binding upon and inure to the benefit of Franchisor's successors and assigns including, without limitation, any entity which acquires all or a portion of the equity or ownership interests of Franchisor or any entity resulting from or participating in a merger, consolidation or reorganization in which Franchisor is involved, and to which Franchisor's rights and duties hereunder (in whole or in part), are assigned or transferred.

b) **Transfers Require Prior Written Approval.** Franchisee understands and acknowledges that the rights and duties granted under this Agreement are personal to Franchisee, and that Franchisor has granted Franchisee this franchise in reliance on many factors, including, without limitation, the individual or collective character, skill, aptitude and business and financial capacity of Franchisee (and the Personnel). Accordingly, neither Franchisee nor any person owning any direct or indirect equity interest therein, shall directly or indirectly sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any interest in: (i) this Agreement or any portion or aspect thereof, (ii) the Franchised Brokerage, (iii) the Approved Location, (iv) any Client Accounts, or (v) any equity or voting interest in Franchisee; nor permit the Franchised Brokerage to be operated, managed, directed or controlled, directly or indirectly,

by any person other than the Brokerage Principal Operator (any such act or event is referred to as a "**Transfer**") without the prior written approval of Franchisor, which may be withheld in Franchisor's sole discretion. Any such purported Transfer occurring by operation of law or otherwise, including any Transfer by a trustee in bankruptcy, in violation of the terms of this Agreement, shall be null and void and shall constitute a material default of this Agreement, but the transferor shall remain obligated under this Agreement until released by Franchisor, or until this Agreement is terminated and all post-Term obligations set forth in this Agreement are fulfilled.

c) **Franchisor's Right of First Refusal in the Event of Any Transfer.** If Franchisee proposes a Transfer, Franchisee shall first offer to sell such interest or asset, as applicable, to Franchisor on the same terms and conditions as offered by such third party. Franchisee shall obtain from the third party and provide Franchisor a statement in writing, signed by the third party and Franchisee, of the terms of the offer ("Letter of Intent"). If Franchisor elects not to accept the offer within a thirty (30) day period, Franchisee shall have a period not to exceed sixty (60) days to complete the Transfer described in the Letter of Intent subject to the conditions for approval set forth in Section 12(e) below. Franchisee shall not consummate any other sale or transfer except as contemplated under the Letter of Intent without first complying with this Section 12(c). Any material change in the terms of the Letter of Intent shall be deemed a new proposal subject to Franchisor's right of first refusal. So long as Franchisee has obtained Franchisor's prior written consent, which shall not be unreasonably withheld, a Transfer to an existing partner or shareholder, or a Transfer as a result of the death, disability or incapacitation of a shareholder or partner, in accordance with the provisions set forth in this Section 12, is not subject to Franchisor's first right of refusal.

d) **Franchisee's Incapacitation.** In the event of Franchisee's death, disability or incapacitation (or the death, disability or incapacitation of Franchisee's shareholders, members, partners or personal guarantors owning more than 25% of the Franchisee legal entity), Franchisee's legal representative or Franchisee's partner's or guarantor's respective legal representative, as applicable, shall have the right to continue the operation of the Franchised Brokerage as the Franchisee under this Agreement if: (i) within forty-five (45) days from the date of death, disability or incapacity (the "**45-Day Period**"), such person has obtained Franchisor's prior written approval and has executed Franchisor's then-current form of franchise agreement for the unexpired Term of this Agreement, or has furnished a personal guaranty of any partnership, corporate or limited liability company Franchisee's obligations to Franchisor and Franchisor's Affiliates; and (ii) such person successfully completes Franchisor's Initial Management Training (which Franchisor will provide at Franchisor's then-current tuition rate) so long as there is no change in Brokerage Principal Operator or the entire Initial Training if said Franchisee/partner/owner/guarantor was serving as the Brokerage Principal Operator. Such assignment by operation of law will not be deemed in violation of this Agreement so long as such heirs or legatees accept the conditions imposed by this Agreement and are acceptable to Franchisor. Franchisor is under no obligation to operate the Franchised Brokerage or incur any obligation on behalf of any such Franchisee, during or after the 45-Day Period. If necessary, Franchisee (or Franchisee's legal representative, as applicable) shall appoint a previously approved acting interim Brokerage Principal Operator to operate the Franchised Brokerage during the 45-Day Period. In the event of Franchisee's death, disability, incapacity, absence or otherwise, Franchisor may (but is not required to) operate the Franchised Brokerage on Franchisee's behalf and at Franchisee's expense for such period of time

(and under such terms and conditions) as Franchisor determines, including paying out the assets and/or revenues of the Franchised Brokerage to cover any or all past, current and/or future obligations (including any amounts owed to Franchisor and/or any Affiliate) in such priorities as Franchisor determines from time-to-time at Franchisor's sole and absolute discretion. Franchisor may charge a management fee as stated in the Confidential Operations Manual from time to time, currently equal to twenty percent (20%) of Total Revenue, plus reimbursement of any expenses Franchisor incurs that are not paid out of the operating cash flow of the Franchised Brokerage. Franchisor may obtain approval of a court or arbitrator for any such arrangements, the attorneys' fees and other costs incurred in connection with obtaining such approval to be charged against the assets and/or revenues of the Franchised Brokerage. Franchisee (and/or Franchisee's estate) will indemnify Franchisor against any costs and/or liabilities incurred by it in connection with, or related in any way to, the operation (or otherwise) of the Franchised Brokerage.

e) **Consent to Transfer.** Franchisee understands and acknowledges the vital importance of the performance of Franchisee to the market position and overall image of Franchisor. Franchisee also recognizes that there are many subjective factors that comprise the process by which Franchisor selects a suitable Freeway Insurance® franchisee. The consent of Franchisor to any Transfer by Franchisee shall remain a subjective determination and shall include, but not be limited to, the following conditions:

i The proposed transferee is a person or entity that meets Franchisor's then-current standards with respect to all new applicants for owners of similar Freeway Brokerages, including, without limitation, that transferee: (a) is properly licensed by all governmental and regulatory agencies and organizations, (b) meets Franchisor's managerial and business standards then in effect for similarly situated Freeway Insurance® franchisees, (c) possesses a good moral character, business reputation, and satisfactory credit rating, (d) is not a competitor of Franchisor, (e) will comply with all instruction and training requirements of Franchisor, and (f) has the aptitude and ability to operate the Franchised Brokerage (as may be evidenced by prior related business experience or otherwise);

ii The proposed Transfer is at a price and upon such terms and conditions as Franchisor shall deem commercially reasonable;

iii As of the effective date of the proposed Transfer, all obligations of Franchisee under this Agreement, and under any other agreements between Franchisee or its Affiliates, on the one hand, and Franchisor and its Affiliates, on the other hand, are fully satisfied;

iv As of the effective date of the proposed Transfer, all obligations of the proposed transferee or its Affiliates, on the one hand, to Franchisor or its Affiliates, on the other hand (if any), under all agreements of any kind between the proposed transferee or its Affiliates and Franchisor are fully satisfied;

v As of the effective date of the proposed Transfer, Franchisor shall have forwarded to Franchisee its approval of the proposed Transfer to the proposed transferee, in accordance with the provisions of this Section 12;

vi Franchisee or the prospective transferee must request that Franchisor provide the prospective transferee with Franchisor's current form of Franchise Disclosure Document, and a receipt for such document shall be delivered to Franchisor; provided, however, Franchisor shall not be liable for any representations other than those contained in such Franchise Disclosure Document;

vii The proposed transferee must execute Franchisor's then-current form of franchise agreement, which may contain terms and conditions substantially different from those in this Agreement, for a full five (5) year initial term;

viii Franchisee pays the following transfer fee:

(A) In the event of a Transfer of a majority of equity interests (51% or greater) of Franchisee, or a Transfer that results in a change in the Controlling Interest of Franchisee, and except as provided in Section 12(f) below, the proposed transferee shall pay Franchisor a transfer fee in an amount equal to (1) seventy five percent (75%) of the then-current initial franchise fee for the start-up Freeway Brokerage if the transferee is not an existing Freeway Brokerage franchisee (the "**External Third Party Transfer Fee**"); or (2) fifty percent (50%) of the then-current initial franchise fee for the start-up Freeway Brokerage if the transferee is an existing Freeway Brokerage franchisee (the "**Internal Third Party Transfer Fee**");

(B) In the event of a Transfer that solely consists of a Transfer of a minority of equity interests of Franchisee without a change in Controlling Interest, the transfer fee shall equal Two Thousand Five-Hundred Dollars ($2,500). Similarly, Franchisor reserves the right to reduce the Transfer Fee described in Section 12(e)(viii)(A) above to Two Thousand Five-Hundred Dollars ($2,500) in the event the following conditions are met: (i) the Transfer involves a minority owner of Franchisee purchasing the equity interests of the majority owner of Franchisee; (ii) the minority owner must have had an active working role as a producer of the Franchised Brokerage for a period of at least five (5) years preceding the date of the Transfer; and (iii) Franchisee must have paid a full lump sum Initial Fee to Franchisor in connection with the original purchase of the Franchised Brokerage;

ix If permitted by applicable law, the transferor and the transferee must execute a general release in a form satisfactory to Franchisor, of all claims against Franchisor, its Affiliates and their respective officers, directors, attorneys, shareholders, and employees, in their corporate and individual capacities;

x The transferee and its personnel must complete, to Franchisor's satisfaction, the initial training then required by Franchisor; and

xi Franchisee must purchase an Errors & Omissions "Tail Policy" of no less than three (3) years immediately following the Term, with a premium that will be no more than $10,000 on an annual basis, at Franchisee's expense.

f) **One-time Transfer to Legal Entity Wholly Owned by Individual Franchisee**. Notwithstanding the foregoing, it is understood and agreed that if Franchisee is an individual,

he/she may assign this Agreement, the Franchised Brokerage, and Franchisee's rights and obligations hereunder on one occasion to a legal entity organized and wholly-owned by Franchisee for that purpose only (the "**Controlled Entity**"); provided that Franchisee complies with the following conditions:

i The Controlled Entity is newly organized and its charter provides that its activities be confined exclusively to the operation of the Franchised Brokerage;

ii Franchisee or all holders of a legal or beneficial interest in Franchisee own all of the equity and voting power of the outstanding stock or other capital interest in the Controlled Entity;

iii all obligations of Franchisee to Franchisor or any Affiliate are fully paid and satisfied;

iv the Controlled Entity has entered into a written agreement with Franchisor expressly assuming the obligations of this Agreement and all other agreements relating to the operation of the Franchised Brokerage. If the consent of any other party to any such other agreement is required, Franchisee has obtained such written consent and provided the same to Franchisor prior to consent by Franchisor;

v the existing owner or all holders of a legal or beneficial interest in the Controlled Entity have entered into an agreement with Franchisor jointly and severally guaranteeing the full payment of the Controlled Entity's obligations to Franchisor and the performance by the Controlled Entity of all the obligations of this Agreement;

vi each stock certificate or other ownership interest certificate of the Franchisee or the Controlled Entity has conspicuously endorsed upon the face thereof a statement in a form satisfactory to Franchisor that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement;

vii copies of the Controlled Entity's articles of incorporation or organization, bylaws, operating agreement, federal tax identification number and other governing regulations or documents, including resolutions of the board of directors authorizing entry into this Agreement, have been promptly furnished to Franchisor. Any amendment to any such documents shall also be furnished to Franchisor immediately upon adoption; and

viii Franchisee pays to Franchisor a transfer fee in the amount of Two Thousand Five-Hundred Dollars ($2,500) ("**Controlled Entity Transfer Fee**").

Franchisee shall provide Franchisor with thirty (30) days' advanced written Notice of such assignment to review the terms thereof, and, upon entering into Franchisor's prescribed form of Consent to Transfer Agreement, such legal entity shall have all of the rights and obligations of Franchisee under this Agreement, and the term "Franchisee" as used herein shall refer to such legal entity. Notwithstanding the foregoing, such assignment shall in no way affect the obligations hereunder of the individual originally designated as "Franchisee" hereunder, who shall remain fully bound by and responsible for the performance of all such obligations, jointly and severally,

with such legal entity, and shall enter into the Guaranty attached as **Exhibit 1** to this Agreement. Such legal entity shall at no time engage in any business or activities other than the exercise of the rights herein granted to Franchisee and the performance of its obligations as Franchisee hereunder. Any such assignment completed under this Section 12 will not be subject to Franchisor's right of first refusal set forth in Section 12(c) hereof.

g) **Franchisor's Consent to Transfer.** Franchisor's consent to a Transfer of any interest in Franchisee granted herein shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferee.

h) **Assignment of Interests.** Franchisor will not require approval of the assignment or hypothecation of all or any part of the assets of the Franchised Brokerage or the stock or other interests in Franchisee, excluding Franchisee's rights under this Agreement or the franchise granted hereunder, to a bank or other lending institution as collateral security for loans made directly to or for the benefit of the Franchised Brokerage. However, Franchisor's approval will be required for any proposed assignment or hypothecation of this Agreement or the franchise granted hereunder, which approval will not permit further transfers or assignments of this Agreement or the franchise granted hereunder without compliance by the transferee or assignee with the provisions of Section 12 hereof.

i) **Restriction on Franchisee Stock.** If Franchisee is a corporation or other business entity, all certificates representing shares or other equity interests in Franchisee, whether already or hereafter issued by Franchisee, shall, from and after the date hereof, bear a legend sufficient under applicable law to constitute notice of the restrictions on such stock contained in this Agreement and to allow such restrictions to be enforceable. Such legend shall appear in substantially the following form: "The sale, transfer, pledge or hypothecation of this stock is restricted pursuant to the terms of a Franchise Agreement dated _____, 20__, by and between CONFIE FRANCHISE SERVICES, LLC, a Nevada limited liability company, and the issuer of these shares."

j) **In the Event of a Transfer.** Except as provided in Section 12(k) below, the parties expressly acknowledge and agree that in the event Franchisor, at its sole discretion, consents to a Transfer pursuant to the terms of this Section 12 (other than a Transfer pursuant to Section 12(h), then all of the transferor's rights to compensation under this Agreement shall immediately cease and all such amounts shall revert to Franchisor on the effective date of the Transfer.

k) **Gifting the Franchise.** Notwithstanding the provisions of this Section 12, in the event of a Transfer meeting all of the other requirements of this Section 12, pursuant to which: (i) the transferor Franchisee and its Affiliates receive no direct or indirect financial remuneration or benefit from the proposed transferee in connection with the Transfer (as would be the case with a gift of the entire Franchised Brokerage to a family member or a key employee); and (ii) in the case of a Transfer of the equity interests of the existing Franchisee, no owner of the Franchisee's existing equity interests retains any direct or indirect equity interest in such entity or any right to future compensation from such entity (and is not granted any such direct or indirect equity interests in the future); then:

i. No transfer fee shall be payable to Franchisor by the transferee; and

ii. Contrary to the provisions of Section 12(j), the transferee shall be entitled to receive all of the compensation specified in Section 9 of this Agreement for policies which take effect after the date of Transfer; provided, however, that at least five (5) days prior to the consummation of any such Transfer, the transferor Franchisee must provide Franchisor with complete copies of all agreements and other transaction documents to be executed or delivered by the transferor Franchisee and the proposed transferee in connection with the Transfer.

l) **Following the Gifting of a Franchise.** In the event of any Transfer made in compliance with the requirements of Section 12(k), then for a period of three (3) years following the date of the Transfer: (i) the transferor Franchisee and its Affiliates shall submit to Franchisor, on an annual basis (by no later than May 15th of each year), a copy of their U.S. federal tax returns for the applicable year; and (ii) upon reasonable advance notice to the transferor Franchisee, the transferor Franchisee and its Affiliates shall accord to Franchisor, its accountants, attorneys and agents, the right to examine or inspect the financial books and records of the transferor Franchisee and its Affiliates for the purpose of determining whether the transferor Franchisee or its Affiliates received any direct or indirect financial remuneration or benefit from the transferee in connection with the Transfer (or, in connection with the Transfer of Franchisee's equity interests, retained or subsequently obtained any direct or indirect equity interests in Franchisee). In the event that Franchisor determines that the transferor Franchisee or its Affiliates received, at any time, any direct or indirect financial remuneration or benefit from the transferee in connection with the Transfer (or, in connection with the Transfer of Franchisee's equity interests, retained or subsequently obtained any direct or indirect equity interests in Franchisee), the transferor Franchisee shall, within thirty (30) days of receiving Notice from Franchisor of such determination, pay to Franchisor a sum equal to one hundred and twenty-five percent (125%) of the Transfer Fee to which Franchisor would have otherwise been entitled to receive from the transferee pursuant to this Agreement.

13. Representations and Warranties.

a) Franchisee, if a registered business entity, warrants and represents that it is duly organized, existing and in good standing under the laws of the state in which it was organized or incorporated. If Franchisee is a corporation or other business entity, Franchisee represents and warrants that Franchisee has taken all necessary action, including but not limited to, binding resolutions/actions of all of its members, partners, managers, directors and/or shareholders (as applicable), to enter into this Agreement and to carry out the terms and conditions set forth herein.

b) Franchisee represents and warrants that the execution of this Agreement, the operation of the Franchised Brokerage, and the performance of all of the terms and conditions of this Agreement by Franchisee, Personnel and Franchisee's owners will not and shall not, during the Term of this Agreement, violate the terms of any contractual, legal or other obligations with any third party.

c) If you are an Affiliate Employee, you must also execute **Exhibit 9** attached hereto.

d) Franchisee certifies that neither Franchisee, nor Franchisee's owners, Personnel or anyone associated with Franchisee is listed in the Annex to Executive Order 13224 (the "**Annex**"). Franchisee agrees not to hire or have any dealings with a person listed in the Annex. Franchisee certifies that Franchisee has no knowledge or information that, if generally known, would result in Franchisee, Franchisee's owners, Personnel, or anyone associated with Franchisee being listed in the Annex. Franchisee agrees to comply with and/or assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with the Anti-Terrorism Laws (as defined below). 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 and Franchisee's owners or principals are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such Anti-Terrorism Laws, and Franchisee specifically acknowledges and agrees that Franchisee's indemnification responsibilities as provided in Section 16 of this Agreement pertain to Franchisee's obligations under this Section 13(d). Any misrepresentation by Franchisee under this Section or any violation of the Anti-Terrorism Laws by Franchisee, Personnel, Franchisee's owners or principals shall constitute grounds for immediate termination of this Agreement.

14. Default and Termination.

a) **Automatic Termination.** This Agreement shall automatically terminate without notice or an opportunity to cure upon the occurrence of any of the following:

i If Franchisee or any Guarantor makes an assignment for the benefit of creditors, files a voluntary petition in bankruptcy, is adjudicated bankrupt or insolvent, files or acquiesces in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consents to or acquiesces in the appointment of a trustee or receiver for Franchisee or the Franchised Brokerage.

ii If proceedings are commenced to have Franchisee or any Guarantor adjudicated bankrupt or to seek Franchisee's reorganization under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within sixty (60) days, or a trustee or receiver is appointed for Franchisee or the Franchised Brokerage without Franchisee's consent, and the appointment is not vacated within sixty (60) days.

iii If Franchisee purports to sell, Transfer or otherwise dispose of the franchise to operate the Franchised Brokerage granted under this Agreement, any interest in Franchisee, or the Franchised Brokerage in violation of Section 12 hereof.

b) **With Notice and Without Opportunity to Cure**. Franchisor has the right to terminate this Agreement upon notice without providing Franchisee an opportunity to cure upon the occurrence of any of the following:

i If Franchisee's owners or the Personnel are convicted of or plead guilty or no contest to a felony or take part in any criminal misconduct relevant to the operation of Franchised Brokerage.

ii If Franchisee's owners or the Personnel commit any fraud, whether or not directly related to the operation of the Franchised Brokerage.

iii If Franchisee's owners or the Personnel make any misrepresentation or omission in connection with Franchisee's franchise application, including but not limited to any financial misrepresentation.

iv If Franchisee's owners or the Personnel do not successfully complete Initial Training as described in Section 4(a)(i).|

v If Franchisee's owners or the Personnel materially breach any other agreement with Franchisor or any of Franchisor's Affiliates, or threaten any material breach of any such agreement, or the lease for the Franchised Brokerage, and fails to cure such breach within any permitted period for cure.

vi If Franchisor sends Franchisee two (2) or more written notices to cure pursuant to Sections 14(c) or 14(d) hereof in any twelve (12) month period, whether or not the defaults are similar and whether or not they are cured.

vii If Franchisee's owners or the Personnel materially violate any provision hereof pertaining to Proprietary Marks or Confidential Information or misuse the Proprietary Marks or Confidential Information, including, but not limited to, any action that brings disrepute or damages the goodwill of the Proprietary Marks.

viii If Franchisee's owners or the Personnel violate any safety law, ordinance or regulation, or operate the Franchised Brokerage in a manner that presents a health or safety hazard to any Clients or the general public.

ix If any Covenantor violates any of the in-term restrictive covenants set forth in Section 11 of this Agreement.

x If a levy of writ of attachment or execution or any other lien is placed against Franchisee or any of Franchisee's assets, which is not released or bonded against within thirty (30) days.

xi If Franchisee or owner owning the Controlling Interest becomes insolvent.

xii If Franchisee, Franchisee's owners or Brokerage Principal Operator voluntarily or otherwise abandon the Franchised Brokerage. The term "**abandon**" includes any conduct which indicates a desire or intent to discontinue the operation of the Franchised Brokerage at the Approved Location on a full-time basis in accordance with the terms of this Agreement, and shall apply in any event Franchisee fails to operate the Franchised Brokerage for a period of two (2) or more consecutive days without Franchisor's prior written approval.

xiii If Franchisee's owners or the Personnel offer any unauthorized and unapproved products or services at or from the Franchised Brokerage or representing the

Franchised Brokerage at any other location or offer Insurance Services or Ancillary Products through a company other than a Contracted Carrier and the Ancillary Product Providers.

xiv If Franchisee's owners or the Personnel order or purchase supplies, signs, furnishings, fixtures, telephones, the Computer System, marketing materials or any other equipment or materials used in connection with the Franchised Brokerage from any unapproved vendor or company.

xv If Franchisee fails to maintain insurance, repay Franchisor for insurance paid for by it, or otherwise fails to adhere to the requirements of Section 8.

xvi If Franchisee's owners or the Personnel violate any laws or regulations related to the insurance or related industries, or if there is any government action taken against Franchisee resulting from Franchisee's operation of the Franchised Brokerage in a manner that is not authorized by Franchisor.

xvii If Franchisee's owners or the Personnel use the assets of the Franchised Brokerage or the assets of Clients of the Franchised Brokerage or Franchisor for personal use, including any misuse of a Client's identifying information.

xviii If Franchisee fails to comply with the provisions of Section 13(d) of this Agreement.

xix If Franchisee relocates the Franchised Brokerage without Franchisor's prior written approval and consent.

xx If Franchisee's owners or the Personnel cause Franchisor to lose its contract with any of the Contracted Carriers or Ancillary Product Providers, or otherwise materially harm Franchisor's relationship with any of the Contracted Carriers or Ancillary Product Providers.

xxi If Franchisee fails to submit timely and accurate financial reports using Franchisor's designated chart of accounts for any reporting periods.

xxii If Franchisee's owners or the Personnel conduct themselves in a manner that, although not criminal, reflects adversely on Freeway Brokerages, the Proprietary Marks, or the Insurance Services and Ancillary Products offered through the System.

xxiii If Franchisee fails to commence operations of the Franchised Brokerage within the time prescribed in Section 7(a)(i) of this Agreement.

xxiv If Franchisee misuses or makes unauthorized use of any proprietary software Franchisor developed for the System.

xxv If Franchisee's uses a company other than (A) the Contracted Carriers to provide Insurance Services; or (B) the Ancillary Product Providers to provide the Ancillary Products.

c) **15 Days' Notice to Cure.** Franchisor has the right to terminate this Agreement if Franchisor provides Franchisee with Notice of any of the following defaults, and such default remains uncured for a period of fifteen (15) days following receipt of such Notice:

i If Franchisee's owners or the Personnel fail to pay, as and when due, any sums owed to Franchisor, a Contracted Carrier, an Ancillary Product Provider, any of Franchisor's Affiliates, or any of Franchisor's suppliers or vendors.

ii If Franchisee's owners or the Personnel fail to immediately endorse and deliver to Franchisor any payments due to Franchisor from any third party that is erroneously made to Franchisee.

iii If Franchisee's owners or the Personnel fail to maintain the prescribed months, days or hours of operation at the Franchised Brokerage, as described in the Confidential Operations Manual.

iv If Franchisee or Brokerage Principal Operator, as applicable, fail to, at all times, personally supervise day-to-day operation of the Franchised Brokerage, or if Franchisee fails to, at all times, employ a sufficient number of qualified, competent personnel as Franchisor requires. If such staffing requirements change, it is Franchisee's responsibility to comply with the then-current requirements.

v If Franchisee's owners or the Personnel fail to maintain the strict quality controls reasonably required by this Agreement and/or the Confidential Operations Manual.

vi If Franchisee fails to procure or maintain any Required Licenses or Appointments necessary for the operation of the Franchised Brokerage.

d) **Upon 30 Days' Notice to Cure.** Franchisor has the right to terminate this Agreement if Franchisor provides Franchisee with Notice that Franchisee or Franchisee's owners or the Personnel have failed to perform or comply with any one or more of the other terms or conditions of this Agreement, the Confidential Operations Manual, or any ancillary agreements between Franchisee and Franchisor or Franchisor's Affiliates, and such default remains uncured for a period of thirty (30) days following receipt of such Notice.

e) **Step-In Rights.** In addition to Franchisor's right to terminate this Agreement, and not in lieu of such right or any other rights Franchisor may have against Franchisee, upon a failure to cure any default within the applicable time period (if any) or upon any action or engagement in conduct that causes loss of Franchisor's licensure in any way or Franchisee's licensure to operate the Franchised Brokerage, Franchisor has the right, but not the obligation, to enter the Franchised Brokerage Approved Location and exercise complete authority with respect to the operation of the Franchised Brokerage until such time that Franchisor determines, at its sole discretion, that the default has been cured and Franchisee is otherwise in compliance with this Agreement. In the event Franchisor exercises the rights described in this Section, Franchisee shall pay Franchisor a management fee equal to twenty percent (20%) of Total Revenue, plus reimbursement of any expenses Franchisor incurs that are not paid out of the operating cash flow of the Franchised

Brokerage. If Franchisor undertakes to operate the Franchised Brokerage pursuant to this Section, Franchisee agrees to indemnify and hold the Franchisor Indemnitees harmless from and against any fines, claims, suits or proceedings which may arise out of Franchisor's operation of the Franchised Brokerage.

f) **Damages, Costs, and Expenses.** In the event of termination for any default by Franchisee, Franchisee shall promptly pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default, including but not limited to any costs incurred by Franchisor in curing said default on Franchisee's behalf, which obligation shall give rise to and remain, until paid in full, a lien in favor of Franchisor against all of Franchisee's personal property, furnishings, equipment, signs, fixtures and inventory related to the operation of the Franchised Brokerage.

g) **Non-waiver.** Franchisor's delay in exercising or failing to exercise any right or remedy under this Agreement or Franchisor's acceptance of any late or partial payment due hereunder shall not constitute a waiver of any of Franchisor's rights or remedies against Franchisee.

h) **Notice.** In the event that Franchisee shall claim that Franchisor has failed to meet any obligation under this Agreement, Franchisee shall provide Franchisor with written Notice of such claim within one (1) year of its occurrence, specifically enumerating all alleged deficiencies and providing Franchisor with an opportunity to cure, which shall in no event be less than thirty (30) days from the date of receipt of such Notice by Franchisor from Franchisee. FAILURE TO GIVE SUCH NOTICE SHALL CONSTITUTE A WAIVER OF ANY SUCH ALLEGED DEFAULT AND SHALL PRECLUDE ANY CLAIM FOR DAMAGES.

15. Post-Term Rights and Obligations.

a) **Franchisee's Obligations.** Upon termination of this Agreement, regardless of the cause, or upon expiration, non-renewal or Transfer of this Agreement, Franchisee must, at Franchisee's cost and expense:

i Cease immediately all operations under this Agreement;

ii Immediately pay Franchisor all unpaid fees and pay Franchisor, Contracted Carriers, Ancillary Product Providers, any Franchisor's Affiliates, and Franchisor's vendors, all other monies owed;

iii Immediately discontinue the use of the Proprietary Marks;

iv Delete or destroy any locally saved copies of Franchisor's property including but not limited to the Confidential Operations Manual, Client Information and all other proprietary materials and Confidential Information Franchisor licensed to Franchisee, and immediately and permanently cease use of such information and materials;

v Immediately cease using all telephone numbers used in connection with the operation of the Franchised Brokerage;

vi Promptly surrender all stationery, printed matter, advertising materials and other items containing the Proprietary Marks and all items which are a part of the trade dress of the System, as Franchisor directs;

vii Franchisee does hereby grant in favor of Franchisor a lien upon all exterior signs or other signage bearing any Proprietary Marks which are to be displayed on the exterior of the Approved Location, and, after the Term of this Agreement, unless otherwise directed by Franchisor, Franchisee agrees to immediately remove such signage bearing any of the Proprietary Marks from the Approved Location. If Franchisee fails to make such alterations within five (5) days after the end of the Term, Franchisee agrees that Franchisor or its designees may enter upon the Approved Location at any time to make such alterations, at Franchisee's sole risk and expense, without liability for trespass;

viii Cease to hold itself out as Franchisor's franchisee, agency owner, or otherwise being affiliated with Franchisor in any fashion or form;

ix Take such action as shall be necessary to amend or cancel any assumed name, business name or equivalent registration that contains any trade name or other Proprietary Mark Franchisor licensed to Franchisee, and furnish Franchisor satisfactory evidence of Franchisee's compliance with this obligation within thirty (30) days after the Term;

x Permit Franchisor to make final inspection of Franchisee's financial records, books, and other accounting records at any time for a period of twenty-four (24) months after the end of the Term;

xi Comply with the post-termination covenants set forth in Section 11 and any other applicable Section of this Agreement, all of which shall survive the Term;

xii Cease to use in advertising or in any other manner, any methods, procedures or techniques associated with Franchisor or the System;

xiii Execute from time to time any necessary papers, documents, and assurances to effectuate the intent of this Section 15 and otherwise comply with Franchisor's off-boarding process;

xiv Promptly turn over all Client Information and any other information Franchisee may have about former, existing, or potential Clients, including financial information, and set up mail forwarding from the former Franchised Brokerage as directed by Franchisor;

xv Obtain an Errors & Omissions "Tail Policy" no less than three (3) years immediately following the Term, with a premium that will be no more than $10,000 on an annual basis, at Franchisee's expense;

xvi Immediately vacate the Approved Location if Franchisor exercises Franchisor's rights pursuant to the Collateral Assignment of Lease attached hereto as **Exhibit 3**; and

xvii Execute a general release in a form satisfactory to Franchisor, of all claims against Franchisor, its Affiliates and their officers, directors, attorneys, shareholders, and employees, in their corporate and individual capacities.

b) **Power of Attorney.** Franchisee hereby irrevocably appoints Franchisor as Franchisee's attorney-in-fact to execute in Franchisee's name and on Franchisee's behalf all documents necessary to discontinue Franchisee's use of the Proprietary Marks, the System, and the Confidential Information, or to otherwise effectuate the obligations set forth in Section 15(a) above.

c) **Unfair Competition.** If Franchisee operates any other business, Franchisee shall not use any reproduction, counterfeit, copy or colorable imitation of the Proprietary Marks, either in connection with such other business or the promotion thereof, that is likely to cause confusion, mistake or deception, or that is likely to dilute Franchisor's rights in the Proprietary Marks. Franchisee shall not utilize any designation of origin, description or representation that falsely suggests or represents an association or connection with Franchisor. This Section is not intended as an approval of Franchisee's right to operate other businesses.

d) **Option to Purchase Personal Property.** Upon the end of the Term (except in connection with a Transfer), Franchisor, its Affiliates, or its designees shall also have the option, but not the obligation, to purchase any personal property used in connection with the operation of Franchised Brokerage, by providing Franchisee written notice of Franchisor's election within sixty (60) calendar days after such termination or expiration and paying Franchisee the book value for such personal property within sixty (60) calendar days of such notice. For purposes of this paragraph, "book value" means the amount Franchisee actually paid for the personal property less depreciation (calculated by using the straight-line depreciation method on a five (5) year depreciation schedule irrespective of the depreciation method or schedule Franchisee uses for accounting purposes). Notwithstanding the foregoing, to the extent that Franchisor exercises Franchisor's right to purchase any personal property that is subject to a lease or financing agreement, the purchase price of such personal property shall equal the amount of Franchisee's remaining obligations under the lease or financing agreement, as applicable. Franchisor shall be entitled to offset the purchase price by the amount of money owed by Franchisee to Franchisor for any payments necessary to acquire clear title to property or for any other debt. If Franchisor exercises Franchisor's option to purchase, pending the closing of such purchase, Franchisor has the right to appoint a manager to maintain operation of the Franchised Brokerage, or Franchisor may require that Franchisee close the Franchised Brokerage during such period without removing any assets. Franchisee is required to maintain in force all insurance policies required under this Agreement until the date of such closing. Franchisor has the unrestricted right to assign this option to purchase personal property of the Franchised Brokerage. Franchisor will be entitled to all customary warranties and representations in connection with Franchisor's purchase of Franchisee's property, including, without limitation, representations and warranties as to ownership and condition of and title to the property; liens and encumbrances on the property; validity of contracts and agreements; and liabilities affecting the property, contingent or otherwise. Franchisor may exclude from the personal property purchased hereunder cash or its equivalent and any equipment, signs, inventory, materials and supplies that are not reasonably necessary (in

function or quality) to the operation of the Franchised Brokerage, or that Franchisor has not approved as meeting standards for the Franchised Brokerage

e) **Damages, Costs, and Expenses.** In the event of termination for any default by Franchisee, Franchisee shall promptly pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default, including, but not limited to, any costs incurred by Franchisor in curing said default on Franchisee's behalf, which obligation shall give rise to and remain, until paid in full, a lien in favor of Franchisor against all of Franchisee's personal property, furnishings, equipment, signs, fixtures and inventory related to the operation of the Franchised Brokerage.

16. Indemnification.

Franchisee shall protect, defend, indemnify, and hold Franchisor and its Affiliates, and their respective directors, officers, employees, agents, independent contractors, consultants, attorneys and shareholders ("**Franchisor Indemnitees**") jointly and severally harmless from and against, and promptly to reimburse, or pay when invoiced (as determined by Franchisor in its sole discretion) Franchisor Indemnitees for, all claims, actions, proceedings, damages, costs, expenses and other losses and liabilities consequently, directly or indirectly incurred (including without limitation reasonable attorneys' fees, court costs and costs of investigation) as a result of, arising out of, or connected with (i) Franchisee's breach of any of the covenants, representations, warranties or terms of this Agreement; (ii) the use of the Proprietary Marks and other proprietary materials in an unauthorized manner; (iii) Franchisee's operation of the Franchised Brokerage; (iv) any professional or other negligence on the part of Franchisee or its Affiliates, or any of their respective directors, officers, agents, shareholders, employees, contractors, subcontractors, servants, licensees or invitees; (v) the transfer of any interest in this Agreement or the Franchised Brokerage in any manner not in accordance with this Agreement; (vi) the infringement, alleged infringement, or any other violation or alleged violation by Franchisee or any of Franchisee's Personnel of any patent, mark or copyright or other proprietary right owned or controlled by third parties; (vii) libel, slander or any other form of defamation of Franchisor, the System or the Freeway Insurance® franchise system, by Franchisee or by any of Franchisee's Personnel; or (viii) any incident, death, injury or damage to any person or property occurring in, on or about the Approved Location. Franchisor shall have the right to defend or settle any such claim against it in such manner as Franchisor deems appropriate, at its sole discretion; provided, however, that such an undertaking by Franchisor shall, in no manner or form, diminish Franchisee's obligation to indemnify the Franchisor Indemnitees and to hold them harmless.

17. Written Approvals, Waivers, Forms of Agreement and Amendment.

a) **Written Request for Franchisor's Approval.** Whenever this Agreement requires, or Franchisee desires to obtain, Franchisor's approval, Franchisee shall make a timely written request. Unless a different time period is specified in this Agreement, Franchisor shall respond with its approval or disapproval within ten (10) business days of receipt of such request. If Franchisor has not specifically approved a request within such ten (10) business-day period, such failure to respond shall be deemed a disapproval of any such request.

b) **Franchisor's Failure to Act Does Not Constitute a Waiver of Rights.** No failure of Franchisor to exercise any power reserved to it by this Agreement and no custom or practice of the parties at variance with the terms hereof shall constitute a waiver of Franchisor's right to demand exact compliance with any of the terms herein. No waiver or approval by Franchisor of any particular breach or default by Franchisee, nor any delay, forbearance or omission by Franchisor to act or give Notice of default or to exercise any power or right arising by reason of such default hereunder, nor acceptance by Franchisor of any payments due hereunder, shall be considered a waiver or approval by Franchisor of any preceding or subsequent breach or default by Franchisee of any term, covenant or condition of this Agreement.

c) **Amendment.** This Agreement may not be modified except by a written document signed by both parties; provided, however, that Franchisee expressly acknowledges that Franchisor may unilaterally modify the Confidential Operations Manual from time to time in its sole discretion.

d) **Entire Agreement.** This Agreement, including the Exhibits is the entire agreement between the parties with respect to the subject matter. This agreement supersedes any prior oral or written statements not a part of this Agreement or otherwise referenced in this Agreement. Nothing in this or in any related agreement, however, is intended to disclaim the representations Franchisor made in the franchise disclosure document it furnished to Franchisee.

18. Notices.

a) **Notices in Writing, How to Deliver.** Each party giving or making any notice, request, demand or other communication (each, a "Notice") pursuant to this Agreement shall: (i) give the Notice in writing, and (ii) use one of the following methods of delivery, each of which for purposes of this Agreement is a writing: (A) personal delivery, (B) registered or certified mail, return receipt requested and postage prepaid, (C) nationally recognized overnight courier, with all fees prepaid, (D) facsimile, or (E) e-mail.

b) **Notices to Franchisor.** Each party giving a Notice shall address the Notice to the appropriate person at the receiving party. Notices to Franchisor shall be addressed to Franchisor at the address listed below:

CONFIE FRANCHISE SERVICES, LLC
7711 Center Avenue
Suite 200
Huntington Beach, CA 92647
Attention: Alex Trachtman
E-mail: alex.trachtman@confie.com

With a copy to:

CONFIE FRANCHISE SERVICES, LLC
7711 Center Avenue
Suite 200
Huntington Beach, CA 92647
Attention: Legal Department

c) **Notices to Others.** Notices to the other parties to this Agreement shall be addressed to them at the addresses specified in Exhibit 2 to this Agreement. Any party may change any address to which Notice is to be given to it by giving effective Notice as provided herein of such change of address.

d) **Effective Notice Requirements.** Except as may be provided elsewhere in this Agreement, a Notice is effective only if the party giving or making the Notice has complied with Section 18 and if the addressee has received the Notice. A Notice is deemed to have been received as follows:

i If a Notice is delivered in person, or sent by registered or certified mail, or nationally recognized overnight courier, upon receipt as indicated by the date on the signed receipt.

ii If a Notice is sent by e-mail, upon receipt by the party giving the Notice of: (A) any form of electronically-generated acknowledgement that the e-mail was received by the addressee, or (B) any return communication from the addressee indicating that they received the e-mail.

iii If the addressee rejects or otherwise refuses to accept the Notice, or if the Notice cannot be delivered because of a change in address for which no Notice was given, then upon the rejection, refusal or inability to deliver.

19. Governing Law and Dispute Resolution.

a) **Governing Law.** This Agreement is accepted by Franchisor in the State of California and shall be governed by and construed in accordance with the laws thereof, which laws shall prevail in the event of any conflict of laws; provided, however, that if any provision of this Agreement, including the covenants in Section 11 of this Agreement, would not be enforceable under the laws of the State of California and the Franchised Brokerage is located outside of the State of California, then that provision shall be interpreted and construed under the laws of the state in which the Franchised Brokerage is located. Nothing in this Section 19(a) is intended by the parties to subject this Agreement to any franchise or similar law, rule, or regulation to which this Agreement would not otherwise be subject.

b) **Internal Dispute Resolution ("IDR").** Franchisee must first bring any claim or dispute between Franchisee and Franchisor to Franchisor's Senior Vice President Franchise Sales and Operations. Franchisor must respond to a Notice of dispute within ten (10) days of receipt or otherwise it is deemed denied. Franchisee must exhaust IDR before Franchisee may bring

Franchisee's dispute before a third party. Franchisee agrees that Franchisor has sixty (60) days to attempt to resolve Franchisee's claim or dispute with IDR (the "**IDR Period**"). This agreement to first attempt IDR will survive the Term.

c) **Mediation**. Any disputes and claims arising out of or relating to this Agreement, the rights and obligations of the parties hereto, third-party beneficiaries, and/or any guarantors and/or transferees of this Agreement, or any claims between any of the above listed parties, or any other claims or causes of action relating to the making, interpretation, or performance of either party under this Agreement or that is any way related to Franchised Brokerage, that are not resolved in IDR must be submitted to non-binding mediation conducted before a sole neutral mediator referred by the American Arbitration Association ("**AAA**") in accordance with its Commercial Mediation Procedures before being brought to arbitration. Mediation will be conducted in Huntington Beach, California. The parties shall each bear all of their own costs of mediation; provided, however, the fees of the mediator shall be divided equally between Franchisee and Franchisor. The mediator will be disqualified as a witness, expert or counsel for any party with respect to the dispute and any related matter. Mediation is a compromise negotiation and will constitute privileged communications under the law governing this Agreement. The entire mediation process will be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and the parties will not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible will not be excluded from discovery or admission as a result of its use in the mediation. Franchisor shall notify Franchisee of Franchisor's election to submit any dispute to non-binding mediation within thirty (30) days of the end of the IDR Period or at the time Franchisor provides Franchisee with notice of a dispute, claim, or alleged cause of action, as applicable.

d) **Arbitration.**

i THIS AGREEMENT EVIDENCES A TRANSACTION INVOLVING COMMERCE AND, THEREFORE, THE FEDERAL ARBITRATION ACT, TITLE 9 OF THE UNITED STATES CODE IS APPLICABLE TO THE SUBJECT MATTER CONTAINED HEREIN. EXCEPT FOR CONTROVERSIES OR CLAIMS RELATING TO THE OWNERSHIP OF ALL INTELLECTUAL PROPERTY RIGHTS, INCLUDING, BUT NOT LIMITED TO, THE PROPRIETARY MARKS, ANY COPYRIGHTS OR THE UNAUTHORIZED USE OR DISCLOSURE OF CONFIDENTIAL INFORMATION, COVENANTS AGAINST COMPETITION AND OTHER CLAIMS FOR INJUNCTIVE RELIEF, ALL DISPUTES ARISING OUT OF OR RELATING TO THIS AGREEMENT OR TO ANY OTHER AGREEMENTS BETWEEN THE PARTIES, OR WITH REGARD TO INTERPRETATION, FORMATION OR BREACH OF THIS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES, SHALL BE SETTLED BY BINDING ARBITRATION CONDUCTED IN HUNTINGTON BEACH, CALIFORNIA, IN ACCORDANCE WITH THE COMMERCIAL ARBITRATION RULES OF THE AAA THEN IN EFFECT. THE PROCEEDINGS WILL BE HELD BY A SINGLE ARBITRATOR AGREED UPON BY THE PARTIES OR OTHERWISE APPOINTED BY THE DISTRICT COURT FOR HUNTINGTON BEACH, CALIFORNIA. THE DECISION OF THE ARBITRATOR WILL BE FINAL AND BINDING UPON THE PARTIES. JUDGMENT UPON THE AWARD RENDERED BY THE ARBITRATOR MAY

BE ENTERED IN ANY COURT HAVING PERSONAL AND SUBJECT MATTER JURISDICTION.

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

e) **Consent to Jurisdiction.** ANY ACTION BROUGHT BY EITHER PARTY EXCEPT THOSE CLAIMS REQUIRED TO BE SUBMITTED TO ARBITRATION, SHALL ONLY BE BROUGHT IN THE APPROPRIATE STATE COURT LOCATED IN OR SERVING HUNTINGTON BEACH, CALIFORNIA. THE PARTIES WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSES OF CARRYING OUT THIS PROVISION. CLAIMS FOR INJUNCTIVE RELIEF MAY BE BROUGHT BY FRANCHISOR WHERE FRANCHISEE IS LOCATED. THIS EXCLUSIVE CHOICE OF JURISDICTION AND VENUE PROVISION SHALL NOT RESTRICT THE ABILITY OF THE PARTIES TO CONFIRM OR ENFORCE JUDGMENTS OR ARBITRATION AWARDS IN ANY APPROPRIATE JURISDICTION.

f) **Rights Waived.**

i *JURY TRIAL*. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY LITIGATION ARISING OUT OF, UNDER, OR IN CONNECTION WITH THIS AGREEMENT AND ANY OTHER AGREEMENTS EXECUTED OR CONTEMPLATED TO BE EXECUTED IN CONNECTION HEREWITH, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (VERBAL OR WRITTEN) OR ACTION OF ANY PARTY IN CONNECTION WITH THIS AGREEMENT.

ii *Class Action*. Any arbitration or litigation arising out of or related to this Agreement must be conducted on an individual, not a class-wide or group, basis. No arbitration or litigation relating to this Agreement or to the System may be brought on behalf of any franchisee associations or groups, and Franchisee agrees not to participate in any such litigation. No arbitration or litigation under this Agreement may be consolidated with any other litigation involving us and any other person without our prior written consent.

g) **How Service is Made.** In all lawsuits relating to or arising out of the Agreement, Franchisee hereby consents and agrees that it may be served with process outside the State of California in the same manner as service may be made within the State of California by any person authorized to make service by the laws of the state, territory, possession or country in which service is made or by any duly qualified attorney in such jurisdiction, and Franchisee hereby waives any defense it may have of insufficiency of service of process relating to such service. This method of

service shall not be the exclusive method of service available in such lawsuits and shall be available in addition to any other method of service allowed by law.

h) **Timeframe in Which Action May Be Brought.** Franchisee further agrees that no cause of action arising out of or under this Agreement may be maintained by Franchisee against Franchisor unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after the Franchisee becomes aware of facts or circumstances reasonably indicating that Franchisee may have a claim against Franchisor hereunder, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set-off. Franchisee hereby waives the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by Franchisor, including, without limitation, rescission of this Agreement, in any mediation, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement, or pursuant to any right expressly granted by any applicable statute expressly regulating the sale of franchises, or any regulation or rules promulgated thereunder.

i) **Third Party Beneficiaries.** Franchisor, its Affiliates, and their respective officers, directors, shareholders, agents and/or employees are express third-party beneficiaries of the provisions of this Agreement; with each having authority to specifically enforce the right to mediate claims asserted against such person(s) by Franchisee.

j) **Right to Certain Claims Waived.** Franchisee hereby waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, that Franchisee's recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

k) **Franchisor Solely Responsible.** Franchisee agrees that fulfillment of all of Franchisor's obligations written in this Agreement or based on any oral communications which may be ruled to be binding in a court of law shall be Franchisor's sole responsibility and none of Franchisor's Affiliates or its/their officers, directors, shareholders, attorneys, consultants, agents and/or employees, nor any individuals associated with Franchisor shall be personally liable to Franchisee for any reason.

l) **Temporary or Permanent Injunctions.** Franchisor or its designee shall be entitled to obtain, without bond, temporary and permanent injunctions, and orders of specific performance, in order to enforce the provisions of this Agreement relating to Franchisee's use of the Proprietary Marks, the obligations of Franchisee upon termination, expiration, Transfer or non-renewal of this Agreement, or to prohibit any act or omission by Franchisee or the Personnel that constitutes a violation of any applicable law or regulation or that, although not criminal, reflects adversely on the System, Freeway Insurance® franchise system, the Proprietary Marks, or the Insurance Services and Ancillary Products offered through the System. If injunctive relief is granted, Franchisee's only remedy will be the court's dissolution of the injunctive relief. If the

injunctive relief was wrongfully issued, Franchisee expressly waives all claims for damages Franchisee incurred as a result of the wrongful issuance.

20. Miscellaneous.

a) **Severability.** In case any covenant, condition, term or provision contained in this Agreement shall be held to be invalid, illegal, or unenforceable in any respect, in whole or in part, by judgment, order or decree of any court or other judicial tribunal of competent jurisdiction, the validity of the remaining covenants, conditions, terms and provisions contained in this Agreement, and the validity of the remaining part of any term or provision held to be partially invalid, illegal or unenforceable, shall in no way be affected, prejudiced, or disturbed thereby. Franchisee understands and acknowledges that Franchisor shall have the right, in its sole discretion, on a temporary or permanent basis, to reduce the scope of any covenant or provision of this Agreement binding upon Franchisee, or any portion hereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written Notice thereof and Franchisee agrees that it will comply forthwith with any covenant as so modified, which shall be fully enforceable.

b) **Agreement May Be Executed in Two or More Counterparts; Electronic Signatures Permitted.** To facilitate the execution of this Agreement by geographically separated parties, it may be executed in two (2) or more counterparts, all of which shall constitute one and the same instrument. The execution by one party of any counterpart shall be sufficient execution by that party whether or not the same counterpart has been executed by any other party. This Agreement shall become effective when each party has signed at least one counterpart. An electronically-signed copy of this Agreement delivered by email or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

c) **Headings and Captions for Reference Only.** The headings and captions contained herein are for the purposes of convenience and reference only and are not to be construed as a part of this Agreement. The parties agree that each section of this Agreement shall be construed independently of any other section or provision of this Agreement.

d) **Provisions Survive Agreement.** All provisions of this Agreement which, by their nature, must survive the termination or expiration of this Agreement in order to give effect thereto, are hereby deemed to survive the termination or expiration of this Agreement for any reason.

e) **Parties Agree to Sign Additional Documents When Necessary.** Each of the parties hereto agrees that they shall sign such additional and supplemental documents as may be necessary to implement the transactions contemplated pursuant to this Agreement when requested to do so by any party to this Agreement.

f) **Terms are Binding.** The terms and conditions of this Agreement shall be binding upon the assigns, creditors, transferees or successors in interest, whether by operation of law or otherwise, of the parties to this Agreement.

g) **Time is of the Essence.** Time is of the essence of this Agreement and each covenant and condition contained herein.

h) **Exhibits and Schedules are Incorporated.** The terms of all Exhibits and any schedules to this Agreement are hereby incorporated into this Agreement by this reference.

i) **Payment of Attorneys' Fees.** If Franchisor prevails in any action against Franchisee, or if any provision of this Agreement is enforced at any time by Franchisor, or if any amounts due from Franchisor to Franchisee are, at any time, collected by or through an attorney or collection agency, Franchisee will be liable to Franchisor for all costs and expenses of enforcement and collection including, but not limited to, reasonable attorneys' fees, expenses and suit costs, including those associated with any appellate or post-judgment collection proceedings.

j) **Force Majeure.** Neither party shall be liable for failure to perform any of its obligations under this Agreement during any period in which such party cannot perform due to fire, flood, or other natural disaster or act of God, war or other national emergency, terrorism, embargo, riot, strike, the intervention of any governmental authority, communications line failures, power failures or other causes beyond the reasonable control of the parties (but specifically excluding therefrom general economic conditions or the economy in general as a cause); provided, however: (i) such delay or failure could not have been prevented by reasonable precautions by that party; and (ii) that the party so delayed must promptly notify the other party of such delay and undertake all efforts that are reasonable under the circumstances to resume performance of its obligations hereunder as soon as feasible.

k) **Franchisor Entitled to Setoff.** Franchisor shall be entitled to set off against any amounts it owes to Franchisee, any amounts Franchisee owes to Franchisor or to any Franchisor Affiliate (whether pursuant to this Agreement, or any other agreement with Franchisor or any Franchisor Affiliate), consistent with applicable law.**This Agreement May have Special Stipulations.** Attached hereto as Exhibit 4 is a listing of all "Special Stipulations" and other agreements between the parties that, to the extent they are in conflict with any other provisions of this Agreement, shall control.

m) **Terms.** Reference to terms defined herein shall include the plural or singular forms of such terms and the male, female, or neutral gender thereof, as appropriate. The use of the words "herein," "thereof," "hereof," "hereinafter," "hereinabove" and other words of similar import shall be deemed to refer to this Agreement as a whole and not to a specific section, subsection or paragraph thereof.

n) **Franchisor May Be Assisted by Others in Fulfilling this Agreement.** In rendering the services it is to provide to Franchisee hereunder, Franchisor shall have the right, at its sole discretion, to be assisted by its designees, and, accordingly, some or all of the services which Franchisor undertakes to provide under this Agreement may be delegated to or provided by such designees.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed and delivered this Agreement the date and year first written above.

FRANCHISOR:

CONFIE FRANCHISE SERVICES, LLC,
a Nevada limited liability company

By: _____

FRANCHISEE:

_____,
a _____

By: _____

APPENDIX

Definitions

"**45-Day Period**" is defined in Section 12(d).

"**AAA**" is defined in Section 19(c).

"**Additional On-Site Training Fee**" is defined in Section 4(a)(ii)(B).

"**Affiliate**" shall mean, with respect to any entity, any natural person or firm, corporation, partnership, limited liability company, association, trust or other entity which controls, is controlled by, or is under common control with, the subject entity; a natural person or entity which controls an Affiliate under the foregoing shall also be deemed to be an Affiliate of such entity. For purposes hereof, the term "control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of any such entity, or the power to veto major policy decisions of any such entity, whether through the ownership of voting securities, by contract, or otherwise.

"**Agreement**" is defined in the preamble.

"**Ancillary Product Providers**" shall mean those companies with which Franchisees contract with to sell ancillary products and services through the Franchised Brokerage.

"**Ancillary Products**" shall mean those ancillary products and services that Franchisor authorizes Franchisee to sell through the Franchised Brokerage, including, without limitation, roadside assistance, identity theft protection and car registration.

"**Ancillary Revenue Centric State**" includes the following states: Florida, Georgia, Pennsylvania, Michigan, Ohio, Tennessee, Colorado, Maryland, Oregon, Nevada, Kentucky, Oklahoma, Mississippi, Iowa, Utah, Arkansas, New Mexico, West Virginia, Nebraska, Idaho, Delaware, Montana, Rhode Island, New Hampshire, Maine, South Dakota, North Dakota, Hawaii, Wyoming and the District of Columbia.

"**Annex**" is defined in Section 13(d).

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

"**Appointments**" is defined in Section 7(a)(vii).

"**Approved Location**" shall mean a Franchisor-approved establishment located at the address listed in **Exhibit 2** hereto, and shall include the real estate, furniture, fixture and equipment, together with all appurtenances thereto and all easements, entrances, exits, rights of ingress and egress thereto and any improvements thereon. A copy of the executed lease relating to the Approved Location, together with all amendments thereto and **Exhibit 3** to this Agreement, shall be provided to Franchisor within five (5) days of the execution thereof.

"**Brand Fund**" is defined in Section 10(c).

"**Brand Fund Contribution**" is defined in Section 10(c).

"**Broker of Record**" shall mean the person or entity designated on a Contracted Carrier's records as the agent or representative of a specific Policy and the owner of all commissions and renewal rights paid thereon.

"**Brokerage Principal Operator**" shall mean the person specified in **Exhibit 2** of this Agreement, who shall be an individual appointed by Franchisee, who: (i) has been licensed by all applicable governmental and other regulatory authorities; (ii) successfully completes all of the Initial Training and ongoing/additional/refresher training required pursuant to the terms of this Agreement; (iii) is approved in writing by Franchisor; (iv) will be Franchisor's primary point of contact for any business matters relating to the Franchised Brokerage; (v) has the authority to make all business decisions on behalf of Franchisee; (vi) owns at least a five percent (5%) ownership interest in Franchisee's entity. Brokerage Principal Operator must execute **Exhibit 6** to this Agreement, unless otherwise required to execute **Exhibit 1** to this Agreement.

"**Client**" shall mean any person who, or an entity that, has considered purchasing a Policy or Ancillary Products, is currently a client, or has previously purchased a Policy or Ancillary Product from Franchisor through any Freeway Brokerage.

"**Client Account**" shall mean all information relating to a person who, or an entity that, has considered purchasing a Policy or Ancillary Products, is currently a client, or has previously purchased a Policy or Ancillary Product from Franchisor through any Freeway Brokerage. All Client Accounts shall be owned exclusively by Franchisor.

"**Client Information**" is defined in these defined terms.

"**Commissionable Premiums**" shall mean that portion of the gross premiums upon which each Contracted Carrier will pay Franchisor the Freeway Policy Commissions.

"**Competitive Business**" shall mean any business that is engaged in the development, marketing, franchising, or distribution of products and/or services (whether patented or otherwise) which involve or relate to the Freeway Brokerages and its Insurance Services and Ancillary Products, or other products and/or technology developed by Franchisor during the Initial Term and any Successor Term of this Agreement.

"**Computer System**" shall mean the computer hardware and software system Franchisor requires for use in connection with the Franchised Brokerage, as outlined in the Confidential Operations Manual.

"**Confidential Information**" shall mean Franchisor's proprietary and confidential information relating to the System and the development and operation of Freeway Brokerages which may be communicated to Franchisee or which Franchisee may be apprised of by virtue of Franchisee's operation of the Franchised Brokerage, including, but not limited to: (i) site selection criteria for Freeway Brokerages and plans and specifications for the development of Freeway Brokerages, (ii) sales, marketing and advertising programs and market penetration techniques for Freeway Brokerages, (iii) approved suppliers and knowledge of specifications for equipment, (iv) methods of management and business methods of Freeway Brokerages, (v) Computer System, (vi) the Confidential Operations Manual, (vii) lists of Client Accounts and Client prospects and all other Client Account records, documents and information, (viii) policy expiration lists, (ix) names of, and terms of agreements with Contracted Carriers or Ancillary Product Providers, insurance policy information and underwriting guidelines; (x) Client service standards and other standards and protocols, techniques and know-how concerning the operation of the Franchised Brokerage. Confidential Information also includes (a) lists of Client Accounts, including current Client and prospective Client names and addresses; (b) Client purchasing histories; and (c) rates charged to Clients (collectively, "**Client Information**"). Client Information also constitutes our trade secrets.

"**Confidential Operations Manual**" shall mean Franchisor's confidential and proprietary manual, whether in paper or electronic form, and any other items or documentation as may be provided, added to, changed, modified or otherwise revised by Franchisor from time to time that contain or describe the standards, methods, procedures and specifications of the System, as Franchisor may change from time to time in its sole discretion.

"**Contracted Carriers**" shall mean: (i) insurance companies issuing, brokering, selling or making a market for Policies, which have a current contract with Franchisor, and (ii) any other company with which Franchisor may contract with now or in the future to provide Policies available for sale through Freeway Brokerages or through Franchisor.

"**Controlled Entity**" is defined in Section 12(f).

"**Controlled Entity Transfer Fee**" is defined in Section 12(f)(viii).

"**Controlling Interest**" shall mean the individual with ownership of at least fifty-one percent (51%) of the outstanding capital stock or other equity interests in Franchisee. In instances in which there is no Controlling Interest (no one person with fifty-one percent (51%) ownership), references to Controlling Interest in this Agreement will refer to Franchisee's Brokerage Principal Operator.

"**Cooperative**" is defined in Section 10(d).

"**Covenantors**" is defined in Section 11.

"**e-commerce**" is defined in Section 7(g)(iv).

"**e-names**" is defined in Section 7(g)(iv).

"**Effective Date**" is defined in the preamble.

"**External Third Party Transfer Fee**" is defined in Section 12(e)(viii)(A).

"**Fee and Ancillary Revenue Centric State**" includes the following states: Texas, California, New York, Illinois, Alabama, North Carolina, Arizona, New Jersey, Louisiana, Washington, Virginia, Indiana, South Carolina, Minnesota, Missouri, Wisconsin, Massachusetts, Connecticut, Kansas, Alaska, and Vermont.

"**Franchise Disclosure Document**" shall mean Franchisor's legal document presented to prospective buyers of franchises in the pre-sale disclosure process, as required by the Federal Trade Commission's Franchise Rule.

"**Franchised Brokerage**" is defined in the recitals.

"**Franchisee**" is defined in the preamble.

"**Franchisee Expenses**" is defined in Section 9(e).

"**Franchisor**" is defined in the preamble.

"**Franchisor Indemnitees**" is defined in Section 16.

"**Franchisor Technology Specifications**" shall mean Franchisor's prescribed technology for Freeway Brokerages, the components of which are subject to change at any time at Franchisor's discretion.

"**Franchisor Web Presence**" shall mean certain of Franchisor's web presence as it determines in its sole discretion, including, without limitation, Franchisor's corporate sites, the Franchised Brokerage's sites, the sites of other Freeway Brokerages, and any Franchisor-related social media presence but excluding any portion of Franchisor's web presence whereby it engages in the direct solicitation and sale of Policies to Clients.

"**Freeway Ancillary Product Payments**" shall mean either (a) the amount paid by the Ancillary Product Providers to Franchisor or its affiliates in connection with Ancillary Products, or (b) the amount of paid by the Client to Franchisee for the Ancillary Product less the amount charged by the Ancillary Product Provider, less any volume discount (if any) and less any incentive provided by the Ancillary Product Provider to Franchisor or its affiliates in connection with its relationship therewith.

"**Freeway Brokerage**" is defined in the recitals.

"**Freeway Policy Commissions**" shall mean base commissions paid by the Contracted Carriers to Franchisor or its affiliates, less the volume commission rate (if any) and less any incentive provided

by the Contracted Carrier to Franchisor or its affiliates in connection with its relationship therewith.

"**Freeway Policy Fees**" shall mean any fees paid to Franchisor on Client Accounts Franchisee generates through the Franchised Brokerage, including, but not limited to, broker fees, endorsement fees, and monthly payment fees.

"**Freeway Revenue Paid to Franchisee**" shall mean (a) that portion of Freeway Policy Commissions due to Franchisee for the sale or renewal of a specific Policy generated through the Franchised Brokerage payable hereunder; plus (b) that portion of Freeway Ancillary Product Payments due to Franchisee for the sale Ancillary Products generated through the Franchised Brokerage payable hereunder; plus, (c) that portion of Freeway Policy Fees due to Franchisee for Client Accounts generated through the Franchised Brokerage payable hereunder; less, (d) any refunds Franchisor provides to Clients for which Franchisor paid Franchisee Freeway Policy Commissions or Freeway Ancillary Product Payments; less (e) any payments provided by a Client for the sale of a Policy or Ancillary Product through Franchisee's Franchised Brokerage that are rejected by said Client's bank or otherwise deemed uncollectible. The parties acknowledge and agree that the Freeway Policy Commissions due to Franchisee are based upon Commissionable Premiums.

"**Guarantors**" shall mean those persons executing the Guaranty attached to this Agreement as **Exhibit 1**, which shall include all equity owners of Franchisee and their spouses.

"**Guaranty**" is defined in Section 11.

"**IDR**" is defined in Section 19(b).

"**IDR Period**" is defined in Section 19(b).

"**Initial Fee**" is defined in Section 3.

"**Initial Management Training**" is defined in Section 4(a)(i)(A).

"**Initial Operations Training**" is defined in Section 4(a)(i)(A).

"**Initial Term**" is defined in Section 2(a).

"**Initial Training**" is defined in Section 4(a)(i)(A).

"**Insurance Services**" shall include, but are not limited to, the sale, renewal, service or delivery of personal lines insurance products, insurance brokering services, and other insurance products and services.

"**Internal Third Party Transfer Fee**" is defined in Section 13(e)(viii)(A).

"**Letter of Intent**" is defined in Section 12(c).

"**Notice**" is defined in Section 18(a).

"**Office Specifications**" shall mean Franchisor's required office layout, including, but not limited to, signage, furniture, fixtures and required computer hardware and software.

"**Personnel**" is defined in Section 7(d).

"**Policy**" or "**Policies**" shall include, but are not limited to, all insurance policies, services, or products associated therewith sold, renewed, or serviced by Franchisee or Franchisor to any person or entity.

"**Proprietary Marks**" is defined in the recitals.

"**Protected Area**" is defined in Section 1(b).

"**Relocation Fee**" is defined in Section 7(a)(viii)(2).

"**Required Licenses**" shall mean all required licenses, permits, approvals, certificates and authority to sell, renew, service or deliver Policies in any state in which Franchisee sells, renews, services or delivers such Policies or otherwise relating to the operation of the Franchised Brokerage.

"**Royalty Fee**" shall mean that portion of the Freeway Policy Commissions, Freeway Policy Fees and Freeway Ancillary Product Payments retained by Franchisor as its compensation.

"**Successor Term**" is defined in Section 2(b).

"**Surveys**" is defined in Section 10(c)(ii).

"**System**" is defined in the recitals.

"**Technology Access Fee**" is defined in Section 9(c).

"**Term**" shall mean the Initial Term and any Successor Term.

"**Total Revenue**" shall mean the sum of Freeway Policy Commissions, Freeway Policy Fees, and Freeway Ancillary Product Payments. For the avoidance of doubt, this will not include any payments made by Clients directly to Franchisee as brokerage fees.

"**Transfer**" is defined in Section 12(b).

Exhibit 1: Guaranty of Franchisee's Undertakings

In consideration of, and as an inducement to, the execution of the Confie Franchise Services, LLC Franchise Agreement ("**Franchise Agreement**") dated as of _____, by and between Confie Franchise Services, LLC ("**Franchisor**") and _____ ("**Franchisee**"), each of the undersigned hereby guarantees unto Franchisor that Franchisee will perform during the term of the Franchise Agreement each and every obligation, covenant, payment, agreement and undertaking on the part of Franchisee contained and set forth in this Guaranty or the Franchise Agreement, and that Franchisee's representations and warranties in the Franchise Agreement are true and correct.

Franchisor, its successors and assigns, may from time to time, without notice to the undersigned: (i) resort to the undersigned for payment of any of the liabilities of Franchisee owed to Franchisor or other amounts owed under the Franchise Agreement (the "**Liabilities**"), whether or not it or its successors have resorted to any property securing any of the Liabilities or proceeded against any other of the undersigned or any party or parties primarily or secondarily liable on any of the Liabilities; (ii) release or compromise any liability of any of the undersigned hereunder or any liability of any party or parties primarily or secondarily liable on any of the Liabilities; and (iii) extend, renew or credit any of the Liabilities for any period (whether or not longer than the original period), or alter, amend or exchange any of the Liabilities.

While each of the undersigned is bound by all of Franchisee's obligations set forth in the Franchise Agreement, each of the undersigned specifically agrees to individually comply with and abide by the provisions contained in Sections 7 and 12 of the Franchise Agreement related to confidential information, restrictive covenants and non-solicitation, as well as the provisions in the Franchise Agreement relating to transfers and to Franchisor's trade names, trademarks, service marks and/or indicia of origin (the "**Proprietary Marks**"), to the same extent as and for the same period of time as Franchisee is required to comply with and abide by such covenants and provisions. These obligations of the undersigned shall survive any termination, transfer, expiration or non-renewal of the Franchise Agreement or this Guaranty.

Each of the undersigned further waives presentment, demand, notice of dishonor, protest, nonpayment and all other notices whatsoever, including, without limitation, notice of acceptance hereof, notice of all contracts and commitments, notice of the existence or creation of any liabilities under the foregoing Franchise Agreement and of the amount and terms thereof and notice of all defaults, disputes or controversies between Franchisee and Franchisor resulting from such Franchise Agreement or otherwise, and the settlement, compromise or adjustment thereof.

This Guaranty shall be deemed to have been made in and is governed by the laws of the State of California and shall be governed by and construed in accordance with the laws thereof, which laws shall prevail in the event of any conflict of laws.

Each of the undersigned further agrees that any disputes arising under this guaranty will be governed by each of the dispute resolution provisions set forth in Section 20 of the Franchise Agreement.

In the event any litigation or controversy arises out of, or in connection with, this Guaranty between the parties hereto, the prevailing party shall be entitled to recover from the other party or parties all reasonable attorneys' fees, expenses and suit costs, including those associated with any appellate or post-judgment collection proceedings.

If more than one person has executed this Guaranty, the term "the undersigned," as used herein shall refer to each such person, and the liability of each of the undersigned hereunder shall be joint and several and primary.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed and delivered this Guaranty the date and year first written above.

GUARANTORS:

_____

_____

SPOUSES:

_____

_____

Exhibit 2: Proprietary Marks and Acknowledgements

RE: FRANCHISE AGREEMENT BY AND BETWEEN CONFIE FRANCHISE SERVICES, LLC ("**FRANCHISOR**") and the entity and/or individuals identified on the Data Sheet ("**FRANCHISEE**") DATED _____ (THE "**FRANCHISE AGREEMENT**")

1. ***Proprietary Marks***. In accordance with the Franchise Agreement, Franchisor licenses certain trade names, trademarks, service marks and/or indicia of origin currently used in connection with the System (the "**Proprietary Marks**").

Franchisor has registered the following Proprietary Marks with the United States Patent and Trademark Office on the Principal Register for franchising services and/or insurance agency and brokerage services:

Trademark	Registration No.	Registration Date
FREEWAY INSURANCE	6239745	1/5/2021
	6245528	1/12/2021

Franchisee shall be authorized to use only such Proprietary Marks as from time to time are authorized under the Franchise Agreement, and only in the manner prescribed by Franchisor.

2. ***Form of Legal Entity/Ownership***. Franchisee hereby acknowledges that Franchisee is a(n) (check one):

☐	individual	☐	corporation
☐	partnership	☐	limited liability company
☐	trust	☐	other business form _____(describe)

If Franchisee is not an individual, Franchisee hereby warrants and represents that the following persons own, either legally or beneficially, all of the equity interests in Franchisee, and each such person and their spouse shall execute the Guaranty attached as **Exhibit 1** to the Franchise Agreement and be considered a Guarantor under the Franchise Agreement:

Name, Address, Telephone Number, and Email	Type of Ownership (Legal or Beneficial)	Percentage of Interest Owned

3. ***Designation of Controlling Interest***. The following person has a majority equity interest in Franchisee and will be deemed the Franchisee's Controlling Interest under the terms of the Franchise Agreement:

_____

4. ***Designation of Brokerage Principal Operator***. Franchisee hereby designates the following person as its Brokerage Principal Operator under the terms of the Franchise Agreement:

_____

In the event the Brokerage Principal Operator has not been identified and approved by Franchisor as of the effective date of the Franchise Agreement, this Section shall be left blank and, once the Brokerage Principal Operator has been so identified and approved by Franchisor in writing, Franchisee and Brokerage Principal Operator shall enter into Franchisor's prescribed form of addendum.

5. ***Location of Approved Location***. The physical location of the Approved Location shall be:

_____

In the event the Approved Location has not been identified and approved by Franchisor as of the effective date of the Franchise Agreement, this Section shall be left blank and the parties will enter into the Site Selection Addendum attached as ***Exhibit 5*** *to the Franchise Agreement, the terms of which shall govern the parties' site selection obligations. The Approved Location must be approved by Franchisor in writing, in accordance with the terms set forth in the Franchise Agreement and the Site Selection Addendum.*

6. ***Notices Information***. For purposes of Section 19 of the Franchise Agreement, the following shall be the contact information for providing Notices to Franchisee and Brokerage Principal Operator (provide street addresses only; no P.O. Boxes):

If to Franchisee and Brokerage Principal Operator: _____
_____
_____

If the address listed above is different from the address of the Approved Location, whether or not the location of the Approved Location has been identified in Section 6 above, Franchisee and Brokerage Principal Operator hereby agree that Franchisor may also provide Notice to Franchisee and Brokerage Principal Operator at the Approved Location, in addition to the address listed above. Franchisee may change the address(es) to which Notice is to be given to the foregoing by giving written Notice of such change to Franchisor as provided in Section 19 of the Franchise Agreement. Franchisee hereby acknowledges that Franchisor is relying on these representations as a material basis for entering into the Franchise Agreement, and that the information set forth above is true and correct.

5. ***Protected Area***. The Protected Area shall be the geographic region listed below:

_____
_____

FRANCHISOR:	**FRANCHISEE:**
CONFIE FRANCHISE SERVICES, LLC	_____
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date:_____	Date:_____

Exhibit 3: Collateral Assignment of Lease

FOR VALUE RECEIVED, the undersigned _____, ("**Assignor**") hereby assigns, transfers and sets over unto CONFIE FRANCHISE SERVICES, LLC ("**Assignee**") all of Assignor's right, title and interest as tenant in, to and under that certain lease by and between Assignor and _____ ("**Landlord**"), a copy of which has been separately provided by Assignor to Assignee (the "**Lease**"), regarding the Approved Location located at _____ (the "**Approved Location**"). This Collateral Assignment of Lease is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Collateral Assignment of Lease unless Assignee shall take possession of the Approved Location pursuant to the terms hereof and shall assume the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to assign the Lease and its interest therein and that Assignor has not previously, and is not obligated to, assign or transfer any of its interest in the Lease or the Approved Location.

Upon a default by Assignor under the Lease or under the franchise agreement between Assignee and Assignor for the Freeway Brokerage located at the Approved Location (the "**Franchise Agreement**"), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, and subject to any cure periods as provided therein, Assignee shall have the right and is hereby empowered to take possession of the Approved Location, expel Assignor therefrom, and, in such event, Assignor shall have no further right, title or interest in the Lease.

Assignor agrees it will not allow or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days prior to the last day that such option must be exercised, unless Assignee otherwise agrees in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as stated herein, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting such extension of renewal.

ASSIGNOR:

By:_____

Title:_____
Date:_____

CONSENT AND AGREEMENT OF LANDLORD

The undersigned Landlord under the aforementioned Lease hereby:

(a) Agrees to notify Assignee in writing of and upon the failure of Assignor to cure any default by Assignor under the Lease;

(b) Agrees that Assignee shall have the right, but shall not be obligated, to cure any default by Assignor under the Lease within thirty (30) days after delivery by Landlord of notice thereof in accordance with subsection (a) above;

(c) Consents to this Collateral Assignment of Lease and agrees that if Assignee shall take possession of the Approved Location and confirms to Landlord the assumption of the Lease by Assignee as tenant thereunder, Landlord shall recognize Assignee as tenant under the Lease, provided that Assignee cures within such thirty (30) day period any outstanding defaults of Assignor under the Lease; and

(d) Agrees that Assignee may further assign the Lease or its interest therein or sublet the Approved Location to a person or entity that is a Freeway Insurance franchisee or Franchisor affiliate and that is reasonably acceptable to Landlord. In the case of an assignment, Assignee shall have no further liability or obligation under the Lease as assignee, tenant or otherwise. In the case of an assignment or sublease, this Consent and Agreement of Landlord shall apply with respect to any such subsequent assignee.

LANDLORD:

By:_____

Date:_____

Exhibit 4: Conversion Addendum

THIS CONVERSION ADDENDUM TO THE FRANCHISE AGREEMENT (this "**Addendum**") is effective as of _____, 20___ (the "**Effective Date**"), regardless of the actual date of signature, by and between CONFIE FRANCHISE SERVICES, LLC, a Nevada limited liability company ("**Franchisor**") and _____ _____, a/an _____ (the "**Company**"). This Addendum supplements the Franchise Agreement of even date herewith (the "**Agreement**") by and between the parties.

RECITALS

A. The Company operates an insurance brokerage company known as _____ _____ (the "**Existing Business**") located at _____ _____(the "**Existing Premises**").

B. The Existing Business provides Insurance Services and Ancillary Products to commercial accounts (the "**Existing Accounts**").

C. The Company has applied to become a franchisee under Franchisor's conversion program, and Franchisor has agreed to award a franchise to the Company under which the Existing Business will be converted to a Franchised Business and operated from the Existing Premises.

1. **Incorporation and Precedence; Entire Agreement; Recitals; Defined Terms**. This Addendum is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Addendum governs, controls and supersedes any inconsistent or conflicting terms of the Agreement. Terms not otherwise defined in this Addendum have the meanings as defined in the Agreement. The Company acknowledges and agrees that the above recitals are true and correct and are incorporated into this Addendum for all purposes. All capitalized terms not defined in this Addendum have the meaning given to them in the Agreement.

2. **Current Book of Business from the Existing Business**. The Company represents and warrants that (a) its annual carrier commissions and ancillary product revenue during the last twelve months ending the month immediately preceding the Effective Date from Existing Accounts is $_____ (the "**Book of Business**"); and (b) the Book of Business consists of the client accounts and policies listed on **Schedule 1** to this Addendum.

3. **Other Fees**. Notwithstanding anything in Sections 9 or 10 of the Agreement to the contrary, Franchisor shall defer the collection of the Royalty Fees, Technology Access Fees, Franchisee Expenses, Brand Fund Contributions and any other fees owed to Franchisor for a period of time beginning on the Effective Date and expiring on the six-month anniversary of the Effective Date.

4. **Amendments**.

a) The definition of "**Client Account**" is hereby deleted in its entirety and replaced with the following: " "**Client Account**" shall mean all information relating to a person who, or an entity that, has considered purchasing a Policy or Ancillary Products, is currently a client, or has previously purchased a Policy or Ancillary Product from Franchisor through any Freeway Brokerage. All Client Accounts shall be owned exclusively by Franchisor; provided, however,

Existing Accounts as of the Effective Date shall be owned by Franchisee. "**Client Accounts**" shall also include "**New Client Accounts**"."

b) The following language is added to the list of definitions in the appropriate alphabetical order listing: "**New Client Accounts**" is defined in Section 7(l)."

c) Franchisor approves the Existing Premises for the operation of the Franchised Business. Notwithstanding anything in the Franchise Agreement to the contrary, Franchisor shall not be required to provide Franchisee with advice regarding site selection, construction or buildout; provided, however, the Company must still comply with Franchisor's signage requirements. Franchisor reserves the right to waive the requirement to purchase certain furniture, fixtures and equipment based on the items already owned by the Company.

d) Section 7(a)(i) of the Franchise Agreement is hereby deleted in its entirety and replaced with the following: "*Opening*. Franchisee must re-open as the Franchised Brokerage no later than three (3) months immediately after the Effective Date of this Agreement. The Franchised Brokerage may re-open as a Franchised Brokerage only after receipt of written authorization by Franchisor, which authorization will not be unreasonably withheld if Franchisee meets all of the conditions set forth in this Section 7(a); provided, however, Franchisor reserves the right to waive the requirement to have approved signage at the Approved Location prior to re-opening."

e) Section 7(l) of the Franchise Agreement is hereby deleted in its entirety and replaced with the following: "The parties acknowledge and agree that (a) the Existing Accounts (as defined in the Conversion Addendum attached hereto) will remain the property of the Company; and (b) any Policies or Ancillary Products sold to Existing Accounts during the Term and any new Client Accounts obtained during the Term of the Agreement shall be the exclusive property of Franchisor (collectively, the "**New Client Accounts**"). All lists of New Client Accounts and prospects, Policy expiration lists and other records of the New Client Accounts shall be the exclusive property of Franchisor. Franchisor reserves the right to require that the Company, subject to the approval of the companies involved, change the Broker of Record for all the Company's Existing Accounts to Franchisor. After the Effective Date, the Company shall process all applications for Policies exclusively through the facilities of Franchisor. The Company shall make Franchisor the Broker of Record for all Policies sold, renewed, serviced or delivered through Franchisee with an effective date for coverage after the Effective Date, unless prior written approval is obtained from Franchisor."

f) Section 15(a)(v) of the Franchise Agreement is hereby deleted in its entirety and replaced with the following: "Immediately cease using all telephone numbers used in connection with the operation of the Franchised Brokerage and direct the telephone company and any online or offline directory or other services to transfer all such numbers to Franchisor or Franchisor's designee pursuant to the Conditional Assignment of Franchisee's Telephone Numbers, Facsimile Numbers, and Domain Names attached hereto as **Exhibit 7** or, if Franchisor directs, to disconnect the numbers;"

g) A new Section 15(f) is hereby added with the following language: "Upon the expiration of the Term, except in the case of an approved Transfer, then Franchisor shall have the right, but not the obligation, to purchase the Existing Accounts, with the purchase price based upon the Existing Accounts valuation as of the Effective Date using a formula considering the following factors: market value of accounts, portfolio size, characteristics of Existing Accounts and other

factors typically used in the evaluation of insurance brokerages. Except in the case of termination of this Agreement, which shall require no prior Notice, Franchisor shall notify Franchisee no later than one (1) month prior to the scheduled end of the Term of its election to purchase the Existing Accounts and the purchase price (the "**Purchase Transaction**"). Upon the closing of the Purchase Transaction, Franchisee shall transfer the Existing Accounts to Franchisor free and clear of all liens, encumbrances, pledges or any other indebtedness. Franchisor shall not assume any liabilities of Franchisee. Franchisor shall pay the purchase price under the Purchase Transaction as follows: a) 60% of the purchase price at the closing of the purchase transaction, and b) the remainder of the purchase price upon full revenue reconciliation with applicable carriers."

5. **Transfers**. If the Company engages in a Transfer, then this Addendum will be void and of no further force and effect and the Agreement will continue in effect without modification by this Addendum.

6. **Termination**. For the avoidance of doubt, if the Agreement terminates, non-renews or expires, then all of your rights under this Addendum end effective as of the same date of termination, non-renewal or expiration of the Agreement.

Intending to be bound, the parties sign and deliver this Addendum as of the Effective Date, regardless of the actual date of signature.

FRANCHISOR:	**FRANCHISEE:**
CONFIE FRANCHISE SERVICES, LLC	_____
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date:_____	Date:_____

SCHEDULE 1

LIST OF BOOK OF BUSINESS

Exhibit 5: Site Selection Addendum

CONFIE FRANCHISE SERVICES, LLC ("**Franchisor**") and _____ ("**Franchisee**") have entered into a franchise agreement (the "**Franchise Agreement**") and desire to supplement its terms regarding the parties' site selection obligations thereunder, as set forth below. The parties therefore agree as follows:

1. Franchisee must obtain a site, at Franchisee's expense, and thereafter open the business franchised under the Franchise Agreement at such site (the "**Freeway Brokerage**"), which Franchisor will approve as hereinafter provided, in a timeframe that provides Franchisee to open in accordance with the Franchise Agreement.

2. Franchisee's failure to obtain a site for the Freeway Brokerage and open the Freeway Brokerage within the time required in Paragraph 1 will constitute a default under the Franchise Agreement (as set forth therein) and this Site Selection Addendum. Time is of the essence.

3. Prior to Franchisee's acquisition by lease or purchase of a site for the Freeway Brokerage, Franchisee must submit to Franchisor, in the form Franchisor specifies, a completed site review form, such other information or materials as Franchisor may reasonably require, and a letter of intent or other evidence satisfactory to Franchisor which confirms Franchisee's favorable prospects for obtaining the proposed site. Recognizing that time is of the essence, Franchisee must submit a proposed site, together with the information and materials required by this Paragraph 3, to Franchisor for Franchisor's approval within thirty (30) days after execution of this Site Selection Addendum. Franchisor will have ten (10) business days after receipt of such information and materials from Franchisee to conduct an evaluation of the site to determine whether it can be conformed to Franchisor's then-current Office Specifications. Franchisor will notify Franchisee of its approval or disapproval of the proposed site within the ten (10) business days. Approval will be granted by Franchisor at its sole discretion. No proposed site will be deemed approved unless Franchisor has expressly approved it in writing.

4. Franchisor will furnish to Franchisee such site selection guidelines, Office Specifications and consultation as Franchisor deems advisable as part of Franchisor's evaluation of Franchisee's request for site approval.

5. If Franchisee will be occupying the Freeway Brokerage's Approved Location under a lease, Franchisee must, prior to the execution of the lease, submit the lease to Franchisor for Franchisor's written approval. Franchisor's approval of the lease will be conditioned upon Franchisee's execution of a Collateral Assignment of Lease in the form Franchisor prescribes (see Exhibit 3 to the Franchise Agreement) and the inclusion of the following terms and conditions:

(a) That the initial term of the lease, or the initial term together with renewal terms, will be for not less than the term of Franchise Agreement;

(b) That the lessor consents to Franchisee's use of such Proprietary Marks and initial signage as Franchisor may prescribe for the Freeway Brokerage;

(c) That the entire Approved Location may only be used for the operation of the Freeway Brokerage pursuant to Franchisor's standards and specifications;

(d) That Franchisee be prohibited from subleasing or assigning all or any part of Franchisee's occupancy rights or extending the term of or renewing the lease without Franchisor's prior written consent;

(e) That Franchisee provide to Franchisor copies of all notices of default given to Franchisee under the lease;

(f) That Franchisor has the right to enter the Approved Location to make modifications necessary to protect the Proprietary Marks or the System or to cure any default under the Franchise Agreement or under the lease; and

(g) That Franchisor (or Franchisor's designee) has the option, upon default, expiration, or termination of the Franchise Agreement or lease, and upon notice to the Franchisee, to assume all of Franchisee's rights under the lease terms, including the right to assign or sublease.

6. Franchisee must furnish Franchisor with a copy of any executed lease within five (5) days after execution thereof.

7. After Franchisor has approved a site for the Freeway Brokerage in writing and Franchisee has acquired the site pursuant to the terms of the Franchise Agreement and this Site Selection Addendum, the site will constitute the Approved Location referenced in the Franchise Agreement and described in **Exhibit 2** to the Franchise Agreement.

8. Franchisee hereby acknowledges and agrees that Franchisor's approval of a site does not constitute an assurance, representation or warranty of any kind, express or implied, as to the suitability of the site for the Freeway Brokerage or for any other purpose. Franchisor's approval of the site indicates only that Franchisor believes the site complies with acceptable minimum criteria established by Franchisor solely for Franchisor's purposes as of the time of the evaluation. Both parties to this Site Selection Addendum acknowledge the application of criteria that have been effective with respect to other sites and Approved Location may not be predictive of potential for all sites and that, subsequent to Franchisor's approval of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from Franchisor's criteria could change thereby altering the potential of a site. Such factors are unpredictable and are beyond Franchisor's control. Franchisor will not be responsible for the failure of a site approved by Franchisor to meet Franchisee's expectations as to revenue or operational criteria. Franchisee further acknowledges and agrees that Franchisee's selection of the site for its Franchised Brokerage is based on Franchisee's own independent investigation of the suitability of the site.

9. This Site Selection Addendum constitutes an integral part of the Franchise Agreement between the parties hereto, and terms of this Site Selection Addendum will be controlling with respect to the subject matter hereof. Except as modified or supplemented by this Site Selection Addendum, the terms of the Franchise Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, the parties hereto have duly executed this Site Selection Addendum on the day and year first above written.

FRANCHISOR:	**FRANCHISEE:**
CONFIE FRANCHISE SERVICES, LLC	_____
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date:_____	Date:_____

Exhibit 6: Confidentiality and Non-Competition Agreement

For Brokerage Principal Operator of Freeway Brokerage

In consideration of my being the Brokerage Principal Operator of the Freeway Brokerage owned by _____ ("**Franchisee**"), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that:

1. Pursuant to a Franchise Agreement between Franchisee and CONFIE FRANCHISE SERVICES, LLC ("**Franchisor**") dated _____ (the "**Franchise Agreement**"), Franchisee has acquired the right and obligation from Franchisor to establish and operate a Freeway Insurance franchise (the "**Freeway Brokerage**") and the right to use in the operation of the Freeway Brokerage Franchisor's trade names, service marks, trademarks, logos, emblems, and indicia of origin, as they may be changed, improved and further developed from time to time at Franchisor's sole discretion (the "**Proprietary Marks**"), only at the location authorized and approved by Franchisor (the "**Approved Location**").

2. Franchisor, as the result of the expenditure of time, skill, effort and resources, has developed and owns a distinctive format and system (the "**System**") relating to the establishment and operation of the Franchised Brokerage. Franchisor possesses proprietary and confidential information relating to the System and the development and operation of Freeway Brokerages, including, but not limited to: (i) site selection criteria for Freeway Brokerages and plans and specifications for the development of Freeway Brokerages, (ii) sales, marketing and advertising programs and techniques for Freeway Brokerages, (iii) suppliers and knowledge of specifications and pricing for authorized products, supplies and equipment, (iv) methods of management of Freeway Brokerages, (v) Computer System, (vi) the Confidential Operations Manual, (vii) lists of Client Accounts and client prospects, (viii) policy expiration lists, (ix) names of, and terms of agreements with, Contracted Carriers, and (x) all other Client Account records, documents and information (the "**Confidential Information**"). All information, knowledge, know-how, and techniques that Franchisor specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Confidentiality and Non-Competition Agreement (the "**Agreement**").

3. As Brokerage Principal Operator of the Freeway Brokerage, Franchisor and Franchisee will disclose the Confidential Information to me in furnishing to me training programs, Franchisor's Confidential Operations Manual, and other general assistance during the term of the Franchise Agreement. I will not acquire any interest in the Confidential Information, other than the right to use it in the operation of the Freeway Brokerage during the term of the Franchise Agreement, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

4. The Confidential Information is proprietary, involves trade secrets of Franchisor, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by Franchisor as confidential. Unless Franchisor otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as Brokerage Principal Operator of

the Freeway Brokerage, and will continue not to disclose any such information even after I cease to be in that position, and will not use any such information even after I cease to be in that position, unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of Franchisee's obligations under the Franchise Agreement or my obligations under this Agreement.

5. I agree that I shall not, during the term of this Agreement and for a two (2) year period after I cease acting as the Brokerage Principal Operator of the Freeway Brokerage, (a) directly or indirectly, solicit for any competitive purpose, or accept an order from, a prospect or client: (i) of Franchisor, its Affiliates or Franchised Brokerage as of the date of cessation; (ii) to whom Franchisor, its Affiliates or Franchised Brokerage, within six (6) months of the date of such cessation, has submitted a bid or quotation; or (iii) that has previously been a client of Franchisor, its Affiliates or Franchisee's Agency at any time during the twenty-four (24) months immediately preceding such cessation; or (b) attempt to call on, solicit, accept leads or business from, utilize, or take away any Referral Sources relating to the sale of insurance products for the benefit of any person or entity outside the System. "Referral Sources" include any mortgage specialist or professional, mortgage banker, loan officer, real estate agent, or any other person employed by or working in any capacity with any entity that has provided two (2) or more referrals to Franchisee or Franchised Brokerage, or to Franchisor or its Affiliates, of clients who successfully purchase insurance products during the twenty-four (24) month period prior to the cessation of my position and with whom I had contact as a result of or through my association with Franchised Brokerage.

6. Except as otherwise approved in writing by Franchisor, I shall not, while in my position with the Freeway Brokerage, engage, directly or indirectly, as an owner, operator, employee, producer, agent, manager, consultant, broker, or otherwise have any interest in any insurance-related business other than as a Brokerage Principal Operator of the Freeway Brokerage; and if I leave my position with the Freeway Brokerage for any reason whatsoever, including, but not limited to, if the Franchise Agreement is terminated, expires, or is not renewed, I covenant, for a period of two (2) years after such occurrence, not to engage, directly or indirectly, as an owner, operator, employee, producer, agent, manager, consultant, broker, or otherwise have any interest in: (i) any business that is competing in whole or in part with Franchisor by granting franchises or licenses to operate insurance agencies; or (ii) any insurance-related business at or within a 25 mile radius of the former Approved Location or any other franchisee-owned or company-owned Freeway Brokerage that is in operation at the time this Agreement is terminated, expires, or is not renewed, other than as an authorized owner of another Freeway Brokerage.

7. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement. I understand and acknowledge that Franchisor shall have the right, at its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

8. Franchisor is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with Franchisee. I am aware that my violation of this Agreement will cause Franchisor and the Freeway Brokerage irreparable harm; therefore, I acknowledge and agree that Franchisee and/or Franchisor may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay Franchisee and Franchisor all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to Franchisee and Franchisor, any claim I have against Franchisee or Franchisor is a separate matter and does not entitle me to violate or justify any violation of this Agreement.

9. This Agreement shall be construed under the laws of the State of California. The only way this Agreement can be changed is in a writing signed by both Franchisee and Franchisor.

BROKERAGE PRINCIPAL OPERATOR

_____

Name:_____

ACKNOWLEDGED BY FRANCHISEE

By: _____

Exhibit 7: Conditional Assignment of Phone Numbers, Fax Numbers and Domain Names

_____ ("**Franchisee**"), in exchange for valuable consideration provided by CONFIE FRANCHISE SERVICES, LLC ("**Franchisor**") in connection with the execution of a franchise agreement by and between Franchisee and Franchisor dated _____ (the "**Franchise Agreement**") the receipt of which is acknowledged, hereby:

1. Conditionally assigns to Franchisor all current and future telephone numbers, cell phone numbers, fax numbers, domain names, URLs, and all online and offline listings including, but not limited to, telephone book, Google, Yahoo, LinkedIn, and Facebook listings used by Franchisee in the operation of its Franchised Brokerage governed by the Franchise Agreement.

2. The parties acknowledge and agree that the Conditional Assignment will become effective automatically upon termination or expiration and non-renewal of the Franchise Agreement for any reason.

3. Franchisee agrees to pay the telephone company and any online or offline listing providers on or before the effective date of termination, expiration and non-renewal, or transfer, all amounts owed for the use of the telephone number(s) and listings. Franchisee further agrees to indemnify Franchisor for any sums Franchisor must pay the telephone company and/or online and offline listing providers to effectuate this Conditional Assignment, and Franchisee agrees to fully cooperate with the telephone company or listing provider and Franchisor in effectuating this Conditional Assignment.

4. Franchisee hereby appoints Franchisor as its attorney-in-fact to execute and file any such documentation and to do all other lawful acts as are necessary to effectuate the foregoing.

FRANCHISOR:	**FRANCHISEE:**
CONFIE FRANCHISE SERVICES, LLC	_____
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date:_____	Date:_____

Exhibit 8: Electronic Funds Withdrawal and Deposit Authorization

Bank Name: _____

ABA#: _____

Acct. No.: _____

Acct. Name: _____

In connection with the execution of the franchise agreement between _____ ("**Franchisee**") and CONFIE FRANCHISE SERVICES, LLC ("**Franchisor**") dated _____ (the "**Franchise Agreement**"), Franchisee hereby authorizes Franchisor or its designee to deposit Franchisee's percentage of Freeway Revenue Paid to Franchisee, less the Franchisee Expenses and any other setoff amounts permitted under the Franchise Agreement, into the above-referenced bank account, electronically or otherwise, with respect to the Freeway Brokerage governed by the Franchise Agreement. Such deposits will occur on or about the 15th day of each calendar month, or on such other schedule as Franchisor will specify in writing. Franchisor is also authorized to withdraw funds from the above-referenced account, electronically or otherwise, if any Freeway Revenue Paid to Franchisee does not cover the amounts due to Franchisor. This authorization will remain in full force and effect until terminated in writing by Franchisor. Franchisee will provide Franchisor, in conjunction with this authorization, a voided check from the above-referenced account.

FRANCHISEE:

_____

By: _____
Name: _____

Title: _____
Date: _____

Exhibit 9: Acknowledgement

This Acknowledgement (this "**Acknowledgement**") is effective as of _____, and is signed and delivered by _____, an individual ("**Franchisee**") to CONFIE FRANCHISE SERVICES, LLC ("**Franchisor**").

1. **Acknowledgement.** Franchisee and Franchisor have entered into a franchise agreement dated _____ (the "**Franchise Agreement**") for the operation of a Freeway Insurance® Franchised Business. Franchisee is currently an employee of Franchisor's affiliate. Franchisee is providing Franchisor with this Acknowledgment to establish that he/she understands that he/she is no longer an employee of Franchisor's affiliate. Accordingly, Franchisee represents, warrants and certifies to Franchisor the following:

   a. Franchisee is an independent contractor of Franchisor and is in no way authorized to make any contract, warranty or representation, explicitly or implicitly on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name.

   b. Upon the date of this Acknowledgment, Franchisee shall no longer receive the benefits of being an employee of Franchisor's affiliate.

   c. Neither the Franchise Agreement nor Franchisor's course of conduct is intended or may be construed to state or imply that Franchisor, or its affiliate, is the employer of Franchisee or Franchisee's employees and/or independent contractors.

   d. Franchisee shall be responsible for taxes required to be withheld, or insurance required to be carried, for its personnel under applicable law and hereby assumes full responsibility for payment of the employer's portion of any said taxes, including, without limitation, workers' compensation, income taxes and withholding taxes.

   e. Franchisee has not engaged in, or worked towards completion of, the obligations during the hours in which Franchisee was working for Franchisor's Affiliate.

   f. Franchisee will remain subject to the confidentiality agreement entered into between Franchisee (or its owner) and Franchisor's Affiliate.

2. **Reliance.** Franchisee understands that Franchisor will be relying on this Acknowledgment in entering into the Franchise Agreement and any other agreements with Franchisee.

FRANCHISEE:

_____, individually

By:_____

Date:_____

Exhibit 10: Promissory Note

$_____ _____, 20_____

(Insert principal amount)

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

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

1. Promise to Pay

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

2. Accrual and Computation of Interest

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

Notwithstanding any other provision of this Note, at no time will the Maker be required to pay interest on any obligation hereunder at a rate that could subject the Holder or any other person to civil or criminal liability as a result of being in excess of the maximum interest rate with respect to the Maker permitted by applicable law.

If, under the terms of this Note, the Maker would at any time otherwise be required to pay interest at a rate in excess of that maximum rate, the applicable rate will be deemed immediately reduced to that maximum rate and all previous payments in excess of the maximum rate will be deemed to have been payments on account of principal and not interest.

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

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

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

All payments under this Note will be made to the Holder at its office at 7711 Center Avenue, Suite 200, Huntington Beach, CA 92647, or at such other place as the Holder may hereafter from time to time designate in writing, in lawful money of the United States of America, without deduction, set-off or counterclaim, each of which the Maker hereby waives. The amounts as to the Principal Balance, accrued and unpaid interest, payments and any other similar matters related to the obligations of the Maker or the amounts thereof shall be conclusively presumed to be those set forth in the Holder's records from time to time.

4. Voluntary Prepayments; Application of Payments

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

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

5. Events of Default

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

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

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

(c) the Maker or any guarantor of this Note (each, a "Guarantor") dies, ceases to exist, loses legal capacity or attempts to disclaim or revoke any obligations under this Note or

any guaranty of this Note; or any such obligations become unenforceable in whole or in part for any reason; or

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

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

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

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

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

7. Certain Waivers

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

8. Collection Costs

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

9. Notices

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

10. Severability

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

11. No Waiver

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

12. Governing Law

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

13. Jurisdiction

THE MAKER HEREBY CONSENTS AND IRREVOCABLY SUBMITS TO THE JURISDICTION AND VENUE OF ANY COURT OF COMPETENT JURISDICTION FOR HUNTINGTON BEACH, CALIFORNIA, AND WAIVES ANY OBJECTION TO THE JURISDICTION AND VENUE OF SUCH COURTS, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR IN CONNECTION WITH THIS NOTE OR THE FINANCING. THIS EXCLUSIVE CHOICE OF JURISDICTION DOES NOT PRECLUDE THE BRINGING OF ANY ACTION BY THE HOLDER, OR THE ENFORCEMENT BY THE HOLDER OF ANY JUDGMENT OBTAINED IN ANY SUCH JURISDICTION, IN ANY OTHER APPROPRIATE JURISDICTION OR THE RIGHT OF THE HOLDER TO CONFIRM OR ENFORCE ANY AWARD IN ANY APPROPRIATE JURISDICTION.

14. Waiver of Jury Trial

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

15. Security

This Note is secured by a Security Agreement of even date herewith by Maker in favor of Holder attached hereto as Schedule 2.

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

By: _____

Name: _____

Title: _____

Schedule 1

GUARANTY

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

1. Unconditional Personal Guaranty of Obligations Under the Note

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

2. Certain Waivers

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

3. Certain Consents and Agreements

Each Guarantor consents and agrees that: (a) such Guarantor's direct and immediate liability under this Guaranty is joint and several; (b) such Guarantor must render any payment or performance required under the Note upon demand if the Maker fails or refuses punctually to do so; (c) such Guarantor's liability will not be contingent or conditioned upon the Holder's pursuit of any remedies against the Maker or any other person; (d) such Guarantor's liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which the Holder may from time to time grant to the Maker or to any other person, including,

without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, and no such indulgence will in any way modify or amend this Guaranty; and (e) this Guaranty will continue and is irrevocable during the term of the Note and will continue after termination or payment of the Note as related to any obligations under the Note that may arise after such termination or payment.

4. Holder's Right of Set-Off

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

5. Collection Costs

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

6. Notices to Guarantors

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

7. Severability

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

8. Rights Cumulative; No Waiver

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

9. Governing Law

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

10. Jurisdiction

EACH GUARANTOR HEREBY CONSENTS AND IRREVOCABLY SUBMITS TO THE JURISDICTION AND VENUE OF ANY COURT OF COMPETENT JURISDICTION FOR HUNTINGTON BEACH, CALIFORNIA, AND WAIVES ANY OBJECTION TO THE JURISDICTION AND VENUE OF SUCH COURTS, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR IN CONNECTION WITH THIS GUARANTY OR THE FINANCING (AS DEFINED IN THE NOTE). THIS EXCLUSIVE CHOICE OF JURISDICTION DOES NOT PRECLUDE THE BRINGING OF ANY ACTION BY THE HOLDER, OR THE ENFORCEMENT BY THE HOLDER OF ANY JUDGMENT OBTAINED IN ANY SUCH JURISDICTION, IN ANY OTHER APPROPRIATE JURISDICTION OR THE RIGHT OF THE HOLDER TO CONFIRM OR ENFORCE ANY AWARD IN ANY APPROPRIATE JURISDICTION.

11. Waiver of Jury Trial

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

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

By: _____

Name: _____

Title: _____

Schedule 2

SECURITY AGREEMENT

CONFIE FRANCHISE SERVICES, LLC, a Nevada limited liability company ("Secured Party"), and _____ ("Debtor"), agree as follows as of _____, 20___:

1. Background.

Secured party, as FRANCHISOR, and Debtor, as FRANCHISEE, are parties to a franchise agreement of even date herewith (the "Franchise Agreement") pursuant to which, among other things, Debtor is obligated to pay, from time to time, certain sums to Secured Party. Furthermore, and in consideration of and as an inducement to the provision to Debtor of the Financing referred to in the Promissory Note (as amended, extended, restated or otherwise modified from time to time, the "Note") made on _____ ___, 20__ by the Maker in favor of the Holder, Debtor, among other things, is entering into this Security Agreement pursuant to which Debtor's payment and performance of all obligations under the Note are secured on the terms and conditions hereinafter provided for. Capitalized terms which are defined in the Note shall have the same meaning herein as therein.

2. Security Interest.

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

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

3. Default.

3.1 Definitions. The term "Event of Default", as used, herein, shall mean the occurrence and continuation of any one or more of the following events: (a) any failure of Debtor promptly and faithfully to pay, observe and perform, when due, any of th Obligations; or (b) if Debtor becomes insolvent, commits an act of bankruptcy, files a voluntary petition in bankruptcy, or an involuntary petition in bankruptcy is filed, or a permanent or temporary receiver or trustee for the

Debtor's insurance agency ("Agency"), or all or substantially all of the Debtor's property, is appointed by any court and such appointment is not actively opposed through legal action, or Debtor makes an assignment or arrangement for the benefit of creditors, or calls a meeting of creditors, or Debtor makes a written statement to the effect that he or it is unable to pay his or its debts as they become due, or a levy of execution is made upon Debtor, or an attachment or lien remains outstanding with respect to the Agency for thirty (30) days, unless the attachment or lien is being duly contested in good faith by Debtor, and Secured Party is so advised in writing;

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

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

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

4. Notices.

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

5. Applicable Law.

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

6. Termination of Security Interest.

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

7. Representations and Warranties.

Debtor hereby represents and warrants that:

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

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

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

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

7.5. No part of the Collateral is subject to any other lien, security interest or other encumbrance. Debtor agrees to notify Secured Party immediately of any change in Debtor's state of incorporation or organization or the state in which Debtor's principal residence is located, as applicable.

8. Miscellaneous.

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

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

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

SECURED PARTY:

CONFIE FRANCHISE SERVICES, LLC

By: _____

DEBTOR:

By: _____

Title (if any):

Name:

Location of Collateral:

_____

_____

_____

EXHIBIT C

SAMPLE RELEASE AGREEMENT

THIS AGREEMENT ("Agreement") is made and entered into this ____ day of _____, 20___ by and between **CONFIE FRANCHISE SERVICES, LLC**, a Nevada limited liability company (the "Franchisor"), and _____, a _____ (hereinafter referred to as "Releasor"), wherein the parties hereto, in exchange for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, and in reliance upon the representations, warranties, and comments herein are set forth, do agree as follows:

1. Releasor does for itself, its successors and assigns, hereby release and forever discharge generally the Franchisor and any affiliate, wholly owned or controlled corporation, subsidiary, successor or assign thereof and any shareholder, officer, director, employee, or agent of any of them, from any and all claims, demands, damages, injuries, agreements and contracts, indebtedness, accounts of every kind or nature, whether presently known or unknown, suspected or unsuspected, disclosed or undisclosed, actual or potential, which Releasor may now have, or may hereafter claim to have or to have acquired against them of whatever source or origin, arising out of or related to any and all transactions of any kind or character at any time prior to and including the date hereof, including generally any and all claims at law or in equity, those arising under the common law or state or federal statutes, rules or regulations such as, by way of example only, franchising, securities and anti-trust statutes, rules or regulations, in any way arising out of or connected with that certain Franchise Agreement by and between Franchisor and Releasor, dated _____, and all ancillary documents executed in connection therewith, and further promises never from this day forward, directly or indirectly, to institute, prosecute, commence, join in, or generally attempt to assert or maintain any action thereon against the Franchisor, any affiliate, successor, assign, parent corporation, subsidiary, director, officer, shareholder, employee, agent, executor, administrator, estate, trustee or heir, in any court or tribunal of the United States of America, any state thereof, or any other jurisdiction for any matter or claim arising before execution of this Agreement. In the event Releasor breaches any of the promises, covenants, or undertakings made herein by any act or omission, Releasor shall pay, by way of indemnification, all costs and expenses of the Franchisor caused by the act or omission, including reasonable attorneys' fees.

2. Releasor represents and warrants that no portion of any claim, right, demand, obligation, debt, guarantee, or cause of action released hereby has been assigned or transferred by Releasor party to any other party, firm or entity in any manner including, but not limited to, assignment or transfer by subrogation or by operation of law. In the event that any claim, demand or suit shall be made or institute against any released party because of any such purported assignment, transfer or subrogation, the assigning or transferring party agrees to indemnify and hold such released party free and harmless from and against any such claim, demand or suit, including reasonable costs and attorneys' fees incurred in connection therewith. It is further agreed that this indemnification and hold harmless agreement shall not require payment to such claimant as a condition precedent to recovery under this paragraph.

3. Each party acknowledges and warrants that his, her or its execution of this Agreement is free and voluntary.

4. The law of the state where Franchisor's principal office is located shall govern the validity and interpretation of this Agreement, as well as the performance due thereunder, without regard to such state's provisions for conflicts of laws. This Agreement is binding upon and inures to the benefit of the respective assigns, successors, heirs and legal representatives of the parties hereto.

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5. In the event that any action is filed to interpret any provision of this Agreement, or to enforce any of the terms thereof, the prevailing party shall be entitled to its reasonable attorneys' fees and costs incurred therein and said action must be filed in the state where Franchisor's principal office is located.

6. This Agreement may be signed in counterparts, each of which shall be binding against the party executing it and considered as the original.

7. Washington Law. This Agreement is hereby revised to state that it does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100 and the rules adopted thereunder.

8. Releasor further expressly waives and relinquishes all rights and benefits afforded by Section 1542 of the Civil Code of California or any other state laws and does so understanding and acknowledging the significance and consequences of such specific waiver of Section 1542. Releasor acknowledges that they are or may be represented by counsel, and acknowledge that they are familiar with the provisions of California Civil Code Section 1542, which provides as follows: A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR. Releasor acknowledges that he/she/it may later discover claims or facts in addition to or different from those set forth in this release and which, if known or suspected at the time of executing this release, may have materially affected this Agreement. Nonetheless, notwithstanding the provisions of Section 1542, and for the purpose of implementing a full and complete release and discharge of all claims, Releasor expressly acknowledges that this Release is also intended to include in its effect, without limitation, all claims that they do not know or expect to exist in their favor at the time of execution hereof, and that this Agreement contemplates the extinguishment of any such claim or claims. Releasor waives any rights, claims or causes of action that might arise as a result of such different or additional claims or facts. Notwithstanding the governance of this Release by laws of the state where Franchisor's principal office is located, it is the intent of Releasor to waive any right, claim or cause of action as is consistent with the forgoing waiver of Section 1542 of the Civil Code of California.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have executed this agreement effective as of the date first above.

FRANCHISOR:	RELEASOR:
CONFIE FRANCHISE SERVICES, LLC	_____
By: _____	By: _____
Printed Name: _____	Printed Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

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ACKNOWLEDGMENT

State of _____)

) S.S.

County of _____)

On this ____ day of _____, 20____ before me personally came _____, known to me to be the same person whose name is signed to the foregoing General Release, and acknowledged the execution thereof for the uses and purposes therein set forth, [and who did swear and say that he/she is the _____ (title) of _____ _____ (company name), and he/she has the authority to execute said General Release].

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

_____ (NOTARIAL SEAL)

Notary Public

My Commission expires:

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EXHIBIT D

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EXHIBIT E-1

LIST OF FRANCHISED BROKERAGES AS OF DECEMBER 31, 2023

Franchisees with a Signed Franchise Agreement, but Unopened Franchised Brokerage, as of December 31, 2023:

Karl and Tana Smith
Torrance, California
ksmith@hardiganis.com
tsmith@hardiganis.com

Joel Corona
Turlock, California
joelmoralscorona@gmail.com

James Ospina
Boynton Beach, Florida
jamesospina100@gmail.com

Phillip Davis
Morristown, Tennessee
phillipdavis712@yahoo.com

Van Vasquez and Blanca Perez
TBD, California
vanvasquez7@gmail.com
perezblanca83@yahoo.com

Franchisees with an Opened Franchised Brokerage as of December 31, 2023:

Rafael Guzman
Stockton, California (Pacific Avenue)
Stockton, California (Manthey Road)
rafguzman01@gmail.com

Saul Machado
Moreno Valley, California
saul.machado1@gmail.com

Dan Calimquim and William Griffin
Long Beach, California
Lakewood, California
socaldan23@yahoo.com
wadc007@verizon.net

Peter Barrios
Rialto, California
qbnbarrios@gmail.com

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Van Vasquez and Blanca Perez
Fresno, California
vanvasquez7@gmail.com
perezblanca83@yahoo.com

Oscar Rosas and Pedro Mendoza
San Marcos, California
rosasoscar50@yahoo.com
pedro6392mendoza@gmail.com

Maria de los Angeles Toscano
Wilmington, California
angelestoscano3@gmail.com

Eva Brambila
Lake Elsinore, California
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Keily Midence
Porter, Texas
knambo15@gmail.com

Isaac Mendez
Orlando, Florida
idavidinsurance@gmail.com

Zulema Munoz
West Chicago, Illinois
chemel1979@gmail.com

Arturo Ramirez
Newhall, California
artram1967@yahoo.com

Darleen Porras
Denver, Colorado
porrasdarleen@gmail.com

Luz Marina Garcia Marquez
Orlando, Florida
luzmarinagarciam@yahoo.com

Ilir Sako
Palm Harbor, Florida
ilirsako@gmail.com

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Skip Miller
Chattanooga, Tennessee
skipm70@gmail.com

Thelma Ortiz
Mission, Texas
trodriguez049@gmail.com

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EXHIBIT E-2

LIST OF FRANCHISEES THAT LEFT THE SYSTEM DURING 2023 CALENDAR YEAR

Emerald Green Holdings[1]
Sean Green, Owner
7 Hobby Court
Irmo, South Carolina 29063
sgreen8180@gmail.com

[1]Franchisee left the System for medical reasons.

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

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EXHIBIT F

NATIONAL ACCOUNT PARTICIPATION AGREEMENT

This **NATIONAL ACCOUNT PARTICIPATION AGREEMENT** (the "Participation Agreement") is made and entered into this _____ (the "Effective Date"), by and between Confie Franchise Services, LLC ("Franchisor"), and _____, a _____ ("Franchisee").

BACKGROUND

A. On _____, Franchisor and Franchisee entered into a franchise agreement (the "Franchise Agreement"), pursuant to which Franchisee obtained the right and undertook the obligation to operate a franchised Freeway Insurance location at the following address: _____ (the "Freeway Location").

B. Through the expenditure of a considerable amount of time, effort, and money, Franchisor has entered into one or more national account agreement(s) (each, a "National Account Agreement"), and pursuant to which Franchisor will receive insurance sales leads and potential customer information that Franchisor will distribute to its affiliates and qualified franchisees who enter into this Participation Agreement (the "National Account Program" or "Program").

C. Franchisee wishes to participate in the National Account Program, and Franchisor is willing to consent to Franchisee's request, pursuant to the terms and conditions of this Participation Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises, commitments and understandings contained herein, the parties agree as follows:

1. **Background; Definitions.** The parties acknowledge and agree that: (i) the Background portion of this Participation Agreement, including all definitions contained therein, is hereby incorporated by reference as if fully set forth herein; and (ii) any capitalized terms in this Agreement that are not specifically defined herein will be afforded the same definition they are afforded in the Franchise Agreement.

2. **Participation in the Program**.

i. Subject to the terms of the Franchise Agreement and this Participation Agreement, Franchisor hereby permits Franchisee, and Franchisee hereby agrees, to participate in the Program and to use all commercially reasonable efforts to contact and sell an insurance policy, service, coverage, and/or product (each, a "Policy") to all Leads. As used in this Participation Agreement, a "Lead" shall be any individual or entity for whom Franchisee is provided with contact information or other personally identifying information by Franchisor, which Franchisor has received pursuant to a National Account Agreement and that Franchisor has distributed in accordance with Section 6 of this Participation Agreement.

ii. Upon providing written notice to Franchisor, Franchisee may, in its discretion, request to temporarily suspend its participation in the Program. Franchisee's decision to suspend participation shall have no effect on Franchisee's obligation under Section 2(i) above to diligently contact and market Policies to Leads already provided by Franchisor. To the extent possible given technological or other logistical limitations, Franchisee will not receive additional Leads during the time when participation is suspended; however, Franchisee remains eligible for the Program Benefits set forth in Section 5 of this Participation Agreement.

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3. **Term and Termination**. This Participation Agreement shall continue until the earlier of: (i) the expiration of all National Account Agreements identified in Exhibit A; (ii) the date on which Franchisee's participation in the Program expires or is otherwise discontinued, pursuant to the terms of this Participation Agreement; or (iii) the date on which the Franchise Agreement expires, is terminated, or is assigned, transferred, or sold ("Term"). Notwithstanding the foregoing, either party may terminate this Participation Agreement for any reason by providing the other party with thirty (30) days' prior written notice. Following the termination of this Participation Agreement, Franchisee acknowledges that Franchisee will not receive the Program Benefits set forth in Section 5 below.

4. **Eligibility Requirements**. In order to participate in the Program, Franchisee must satisfy all of the following requirements:

i. Franchisee and Franchisee's affiliates must not be in default under the Franchise Agreement or any other agreement between Franchisee or its affiliates and Franchisor or its affiliates;

ii. Franchisee must meet Franchisor's then-current quality;

iii. Franchisee must comply with all minimum performance criteria set forth in writing by Franchisor ("MPC"), wherein Franchisor and each National Account, respectively, have prescribed certain standards by which Franchisee's participation and achievement in the National Account Program shall be evaluated and conditioned, and Franchisee acknowledges that Franchisor may revise the MPC at any time by providing written notice to Franchisee; and

iv. Franchisee must produce and deliver all reports Franchisor requires to corroborate active participation in the Program, compliance with the MPC, or any other reports Franchisor requires related to the Leads or Franchisee's Program participation.

In the event that Franchisee fails to meet the criteria set forth in 4(i) during the Term of the Agreement, Franchisor has the right to suspend Franchisee's participation in the Program, including Franchisee's right to receive Leads as set forth in Section 6 and Franchisee's right to receive Program Benefits as set forth in Section 5, by providing written notice to Franchisee. In the event that Franchisee fails to meet the criteria set forth in 4(ii), 4(iii), or 4(iv) during the Term of the Agreement, Franchisor has the right to suspend Franchisee's right to receive Leads as set forth in Section 6, but not Franchisee's right to receive Program Benefits as set forth in Section 5 by providing written notice to Franchisee.

5. **Program Administration; Program Benefits**. Franchisor will have the exclusive right, unless otherwise specifically delegated in writing, to negotiate and enter into agreements or approve forms of agreement to receive Leads from the parties set forth in the National Account Agreement(s) (collectively, the "National Accounts"). In Franchisor's sole discretion, each National Account Agreement may provide for certain amounts to be paid by a National Account to Franchisor, for partial allocation to Qualified Franchisees, based on purchases by Franchisor's clients or for other consideration set forth in each National Account Agreement. Franchisee may be entitled to receive a portion of each such payment received by Franchisor in connection with only those Client Accounts generated by Franchisee (either through the Program or otherwise) ("Program Benefits"). Franchisor may modify the Program Benefits, or manner of calculating the same, at any time without notice to Franchisee. Franchisee acknowledges and agrees that some or all National Account Agreements may not include terms pursuant to which Franchisor would receive funds to be distributed as Program Benefits. In order to receive the Program Benefits, Franchisee must comply with any restrictions or criteria set forth by Franchisor or the National Account associated with such Program Benefit.

6. **Distribution of Leads; Selection Criteria**. Leads will only be distributed to qualified associate

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agency owners not in default of any agreement between Franchisor and such owner, including the applicable form of franchise agreement and participation agreement ("Qualified Franchisees"). In order to be a Qualified Franchisee, Franchisee must meet all of the MPC. Pursuant to the terms of the National Account Agreement(s), all Leads will be sent directly to Franchisor, who will, in its sole discretion, provide Qualified Franchisees with certain Leads in accordance with the following selection criteria ("Selection Criteria"):

i. Franchisor may consider the following factors, as well as additional factors determined by Franchisor from time to time in its sole discretion, when determining to which Qualified Franchisees specific Leads will be distributed:

a. the geographic proximity of Leads to Qualified Franchisees;

b. Lead contacts (as a percentage of Leads provided), timeliness of contact, closing ratio, and other measurable performance criteria, whether or not expressly set forth or prescribed in the MPC;

c. compliance with Franchisor operational standards and specifications as set forth in the Franchise Agreement, Confidential Operating Manual, or elsewhere in writing, which may include, without limitation, Franchisee's Quality Score or signed application percentage;

d. delivery of all reports required by Franchisor pursuant to Section 4(iii) and timeliness of all Program-related communications; and

e. proximity of other Qualified Franchisees participating in the Program, and the frequency and recency of Leads received by each Qualified Franchisee.

ii. The Selection Criteria are guidelines and will be considered and weighed as Franchisor determines appropriate in its sole discretion. Franchisor is not obligated to disclose the specific considerations or reasons for any particular Lead distribution. Participation in the Program does not guarantee that Franchisee will receive any specific number of Leads.

7. **Indemnification**. Franchisee acknowledges that the indemnification obligations set forth in the Franchise Agreement apply in all respects to any claims, actions, proceedings, damages, costs, expenses, and other losses and liabilities, consequently, directly or indirectly incurred (including without limitation reasonable attorneys' and paralegals' fees, court costs, and costs of investigation) as a result of, arising out of, or connected with Franchisees contact, solicitation, sale, or servicing of any customers Franchisees contacted through, or in connection with, the Program. Franchisee further agrees to protect, defend, indemnify, and hold Franchisor and its Affiliates, and their respective directors, officers, agents, attorneys, and shareholders ("Franchisor Indemnitees") jointly and severally, harmless from and against, and promptly to reimburse Franchisor Indemnitees for all claims, actions, proceedings, damages, costs, expenses, and other losses and liabilities, consequently, directly or indirectly incurred (including without limitation reasonable attorneys' and paralegals' fees, court costs, and costs of investigation): (i) asserted by a National Account against a Franchisor Indemnitee and arising out of, or related to, Franchisee's conduct; and (ii) arising from or related to Franchisee's breach of this Participation Agreement.

8. **Effect of Breach**. In the event that Franchisee breaches this Participation Agreement (including any failure to meet the requirements set forth in the MPC), the Franchise Agreement, or any other franchise agreement between Franchisor and Franchisee, or any other agreement Franchisee entered into with Franchisor, Franchisor has the right to suspend Franchisee's participation in the Program, unless or until all of Franchisee's defaults are resolved to Franchisor's satisfaction. If Franchisee's participation in the Program is suspended pursuant to this Section 8, Franchisor may, in its sole discretion, discontinue Franchisee's right to receive any Program Benefits until such defaults are resolved.

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9. **No Assignment**. Franchisee's rights under this Participation Agreement are personal and Franchisee may not sell, transfer, assign, or encumber Franchisee's interest in this Participation Agreement.

10. **Survival**. Those obligations of the parties under this Participation Agreement, which by their nature would survive beyond the expiration, termination, or cancellation of this Participation Agreement, shall survive such expiration, termination, or cancellation of this Participation Agreement.

11. **Dispute Resolution**. The parties agree that any dispute under this Participation Agreement shall be resolved pursuant to the dispute resolution procedures set forth in the Franchise Agreement, which are incorporated herein by reference.

12. **Release**. Franchisee, for themselves and all persons and entities claiming by, through, or under them, release, acquit, and forever discharge Franchisor and its present and former officers, employees, shareholders, directors, agents, servants, representatives, affiliates, successors, and assigns (the "Franchisor Releasees") from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorneys' fees, actions, or causes of action whatsoever, whether known or unknown, which they, by themselves, on behalf of, or in conjunction with, any other person, persons, or entity have, had or claim to have against the Franchisor Releasees, including, but not limited to, those arising out of or related to the offer, sale, or operation of the Freeway Location, the parties' rights or obligations under the Franchise Agreement or Guaranty, or any and all rights, obligations or claims under any state franchise regulations or franchise relationship laws. Franchisee warrants and represents that it has not assigned or otherwise transferred any claim or cause of action released by this Participation Agreement.

13. **Confidentiality**. Franchisee shall not reveal or disclose (or permit others to reveal or disclose) (a) the terms of this Participation Agreement or (b) the amount of any Leads issued to Franchisee pursuant to the Franchisee's participation in the Program, to any other person, firm, corporation, or entity now or at any time in the future unless Franchisor provides its prior written consent; provided, however, that Franchisee may disclose the terms of this Participation Agreement to its auditors, accountants, tax advisors, and/or legal counsel only to the extent required for professional advice from those sources. Any breach of this Section 13 by Franchisee will result in immediate disqualification from the Program and, at Franchisor's option, termination of this Participation Agreement.

14. **Binding Effect**. This Participation Agreement will inure to the benefit of, and will be binding upon, the parties hereto and their respective successors and assigns.

15. **Severability.** In case any covenant, condition, term, or provision contained in this Participation Agreement shall be held to be invalid, illegal, or unenforceable in any respect, in whole or in part, by judgment, order, or decree of any court or other judicial tribunal of competent jurisdiction, the validity of the remaining covenants, conditions, terms, and provisions contained in this Participation Agreement, and the validity of the remaining part of any term or provision held to be partially invalid, illegal, or unenforceable, shall in no way be affected, prejudiced, or disturbed thereby.

16. **Attorneys' Fees**. In the event any litigation or controversy arises out of or in connection with this Participation Agreement between the parties hereto, the prevailing party shall be entitled to recover from the other party or parties all reasonable attorneys' and paralegals' fees, expenses and suit costs, including those associated with any appellate or post-judgment collection proceedings.

17. **Entire Agreement**. The Franchise Agreement, Guaranty, and this Participation Agreement constitute the entire agreement of the parties hereto with respect to the subject matter of this Participation Agreement and supersede any and all previous agreements between the parties, whether written or oral, with respect to such subject matter. In the event of a conflict between the terms of the Franchise Agreement

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and the terms of this Participation Agreement, the terms of this Participation Agreement will control. Except as amended hereby, all the other terms and conditions of the Franchise Agreement are ratified and confirmed.

18. **Further Assurances.** Each of the parties hereto agree that they shall sign such additional and supplemental documents as may be necessary to facilitate Franchisee's participation in the Program when requested to do so by any party to this Participation Agreement. Franchisee further agrees to provide all records, authorizations and take all other commercially reasonable steps necessary to enable Franchisor to receive and distribute Program Benefits to Franchisee.

19. **Multiple Copies or Counterparts of Agreement; E-Signature.** The original and one or more copies of this Participation Agreement may be executed by one or more of the parties hereto. In such event, all of such executed copies shall have the same force and effect as the executed original and all of such counterparts taken together shall have the effect of a fully executed original. An electronically signed copy of this Participation Agreement delivered by email or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Participation Agreement.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed and delivered this Agreement the date and year first written above.

FRANCHISOR:

CONFIE FRANCHISE SERVICES, LLC,
a Nevada limited liability company

By: _____

FRANCHISEE:

_____,
a _____

By: _____

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Exhibit A to National Account Participation Agreement

National Account Agreements

EXHIBIT G

STATE SPECIFIC ADDENDA

California – Addendum to the Disclosure Document

As to franchises governed by the California Franchise Investment Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

The "Special Risks to Consider About *This* Franchise" page of the Disclosure Document are amended to also include the following:

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 FRANCHISE DISCLOSURE DOCUMENT 14 DAYS PRIOR TO EXECUTION OF AGREEMENT.

Item 3 of the Disclosure Document is amended by adding the following paragraph:

> Neither we, nor any person or franchise broker in Item 2 of this disclosure document, is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling these persons from membership in this association or exchange.

Item 5 of the Disclosure Document is amended by adding the following:

> Based upon our financial condition, the California Department of Financial Protection and Innovation has required a financial assurance. Therefore, all initial fees and payments owed by you to us shall be deferred until we complete our pre-opening obligations under the Franchise Agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

Item 6 of the Disclosure Document is amended by adding the following sentence:

> If we charge interest on any amounts due to us, the maximum interest we can charge is 10% annually.

Item 17 of the Disclosure Document is amended by adding the following paragraphs:

> 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. This provisions may not be enforceable under California law.
>
> The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.
>
> The franchise agreement requires binding arbitration. The arbitration will occur at our principal place of business (currently, Huntington Beach, California, or the United States District Court for the Central District of California with the costs being borne by Franchisee if the Franchisor is the prevailing party. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil

Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

Item 19 of the Disclosure Document is amended by adding the following:

The earnings claims figure(s) does (do) not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your (franchised business). Franchisees or former franchisees, listed in the offering circular, may be one source of this information.

Pursuant to the CA 2023 Corporations Code Book, Section 31512.1 Franchise Agreement Provisions Void as Contrary to Public Policy:

Any provision of a franchise agreement, franchise disclosure document, acknowledgement, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:

(a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.

(b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.

(c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.

(d) Violations of any provision of this division.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee 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.

SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE TO YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

YOU MUST SIGN A GENERAL RELEASE OF CLAIM IF YOU RENEW OR TRANSFER YOUR FRANCHISE. CALIFORNIA CORPORATIONS CODE §31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CODE §§31000 THROUGH 31516). BUSINESS AND PROFESSIONS CODE §20010 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE §§20000 THROUGH 20043).

Our website is located at https://www.freewayinsurance.com/.

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

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Hawaii – Addendum to the Disclosure Document

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

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF REGULATORY AGENCIES OR A FINDING BY THE DIRECTOR OF REGULATORY AGENCIES THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE OFFERING CIRCULAR, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS OFFERING CIRCULAR CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE

Illinois – Addendum to the Disclosure Document

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The following is added to Item 17:

a. Any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

b. The Illinois Franchise Disclosure Act provides that any provision in the Franchise Agreement that designates jurisdiction or venue in a forum outside of Illinois is void with respect to any action that is otherwise enforceable in Illinois.

c. The Illinois Franchise Disclosure Act requires that Illinois law apply to any claim arising under the Illinois Franchise Disclosure Act.

d. The conditions under which your Franchise Agreement can be terminated and your rights upon nonrenewal may be affected by Sections 19 and 20 of the Illinois Franchise Disclosure Act.

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Illinois – Addendum to the Franchise Agreement

The Confie Franchise Services, LLC Franchise Agreement between Confie Franchise Services, LLC ("Franchisor") and _____ ("Franchisee") dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "State Addendum"):

Illinois law governs the Franchise Agreement(s).

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

Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed and delivered this Agreement the date and year first written above.

FRANCHISOR:

CONFIE FRANCHISE SERVICES, LLC,
a Nevada limited liability company

By: _____

FRANCHISEE:

_____,
a _____

By: _____

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Illinois – Addendum to the Development Agreement

The Confie Franchise Services, LLC Development Agreement between Confie Franchise Services, LLC ("Franchisor") and _____ ("Franchisee") dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "State Addendum"):

Illinois law governs the Franchise Agreement(s).

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

Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed and delivered this Agreement the date and year first written above.

FRANCHISOR:

CONFIE FRANCHISE SERVICES, LLC,
a Nevada limited liability company

By: _____

FRANCHISEE:

_____,
a _____

By: _____

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Maryland – Addendum to the Disclosure Document

As to franchises governed by the Maryland Franchise Registration and Disclosure Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. Item 5 is modified to provide, "Based upon our financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by you to us shall be deferred until we complete our pre-opening obligations under the Franchise Agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens."

2. Item 17 is modified to provide as follows: "This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable."

3. Item 17(b) is modified to also provide, "The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

4. Item 17(h) is modified to also provide, "The provision in the Franchise Agreement that provides that we may terminate the agreement upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.)."

5. Item 17(v) is modified to also provide, "A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law."

6. Item 17(v) is modified to also provide, "Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise."

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

8. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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Maryland Addendum to the Franchise Agreement

The Confie Franchise Services, LLC Franchise Agreement between Confie Franchise Services, LLC ("Franchisor") and _____ ("Franchisee") dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "State Addendum"):

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

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by you to us shall be deferred until we complete our pre-opening obligations under the Franchise Agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

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

This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

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

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed and delivered this Agreement the date and year first written above.

FRANCHISOR:

CONFIE FRANCHISE SERVICES, LLC,
a Nevada limited liability company

By: _____

FRANCHISEE:

_____,
a _____

By: _____

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Maryland Addendum to the Development Agreement

The Confie Franchise Services, LLC Development Agreement between Confie Franchise Services, LLC ("Franchisor") and _____ ("Franchisee") dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "State Addendum"):

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by you to us shall be deferred until we complete our pre-opening obligations under the Franchise Agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

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

This development agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable."

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

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

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed and delivered this Agreement the date and year first written above.

FRANCHISOR:

CONFIE FRANCHISE SERVICES, LLC,
a Nevada limited liability company

By: _____

FRANCHISEE:

_____,
a _____

By: _____

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Minnesota – Addendum to the Disclosure Document

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

As to franchises governed by the Minnesota franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

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

- With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14 Subds. 3, 4, and 5 that require (except in certain specified cases), that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld.

- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes 80C.12, Subd. 1(g).

- Any release required as a condition of renewal, sale and/or transfer/assignment will not apply to the extent prohibited by applicable law with respect to claims arising under Minn. Rule 2860.4400D.

- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

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

Based upon the franchisor's financial condition, the Minnesota Department of Commerce has required a financial assurance. Therefore, all initial fees and payments owed by you to us shall be deferred until we complete our pre-opening obligations under the Franchise Agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

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New York – Addendum to the Disclosure Document

As to franchises governed by the New York franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

NEW YORK

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

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

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

   With the exception of what is stated above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

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

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

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

   D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently

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effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

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

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

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

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

6. Franchise Questionnaires and Acknowledgements--No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 *et seq.*), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

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North Dakota – Addendum to the Disclosure Document, Franchise Agreement and Development Agreement

The following is added to Section 5A of the Franchise Disclosure Document:

> Initial franchise fees are deferred until the Franchisor has performed all initial obligations owed the Franchisee and the Franchisee has commenced doing business. This financial assurance requirement is imposed by the North Dakota Securities Department based on our financial condition.

As to franchises governed by the North Dakota franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

Restrictive Covenants: To the extent that covenants not to compete apply to periods after the term of the franchise agreement, they are generally unenforceable under North Dakota law.

Applicable Laws: North Dakota law will govern the franchise agreement.

Waiver of Trial by Jury: Any waiver of a trial by jury will not apply to North Dakota Franchises.

Item 17(i) of the Disclosure Document, Section 15 of the Franchise Agreement and Section 5 of the Development Agreement requires the franchisee to consent to termination or liquidated damages. The Commissioner has determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

Waiver of Exemplary & Punitive Damages: Any waiver of punitive damages will not apply to North Dakota Franchisees.

General Release: Any requirement that the franchisee sign a general release upon renewal of the franchise agreement does not apply to franchise agreements covered under North Dakota law.

Enforcement of Agreement: Any requirement in the Franchise Agreement that requires the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement is void. Instead, the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

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Rhode Island – Addendum to the Disclosure Document

As to franchises governed by the Rhode Island Franchise Investment Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

Item 17(m) of the Disclosure Document is revised to provide:

> Section 19-28.1-14 of the Rhode Island Franchise Investment Act prohibits a franchisee to be restricted in choice of jurisdiction or venue. To the extent any such restriction is purported to be required by us, it is void with respect to all franchisees governed under the laws of Rhode Island.

Item 17(w) of the Disclosure Document is revised to provide:

> Rhode Island law applies.

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Virginia – Addendum to the Disclosure Document

As to franchises governed by the Virginia Retail Franchising Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

Item 17: Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause or to use undue influence to induce a franchisee to surrender any rights given to him by any provision contained in the franchise.

These provisions supersede any conflicting provisions in the Disclosure Document.

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Washington – Addendum to the Disclosure Document, Franchise Agreement, and Development Agreement

Alex Trachtman is the only franchise seller in the State of Washington.

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

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

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

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

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

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

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

Item 5 of the FDD is hereby amended to add the following language to the end of the disclosure:

"*Specifically, it will vary based on the type of Franchised Brokerage we grant you the right to operate.*"

Item 6 and Item 8 of the FDD, along with the applicable provisions in the Franchise Agreement, are hereby amended to delete the charge of the 18% in connection with obtaining insurance on your behalf

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and replacing it with the right to seek reimbursement of our actual costs incurred in connection with obtaining insurance on your behalf (in addition to the premium amount).

Item 12 of the FDD is hereby amended to add the following language at the end of the disclosure:

"*Currently, we do not have a system in place for resolving conflicts for back office support or shared marketing activities because no conflicts of that nature have arisen. We will revisit the policy in the event a conflict arises.*"

Item 17 of the FDD, along with the applicable provisions in the Franchise Agreement, are hereby amended to revise the option to purchase the assets of the Franchise upon a refusal to renew the Franchise Agreement or termination of the Franchise Agreement. Specifically, to the extent required by RCW 19.100.180(2)(i), we shall purchase, at fair market value at the time of expiration, the following items of the Franchised Brokerage upon our refusal to renew the Franchise Agreement: inventory, supplies, equipment, and furnishings purchased from us, and goodwill, exclusive of personalized materials which have no value to us, and inventory, supplies, equipment, and furnishings not reasonably required in the conduct of the Franchised Brokerage: PROVIDED, That compensation need not be made to you for goodwill if (i) you have been given one year's notice of nonrenewal and (ii) we agree in writing not to enforce any covenant which restrains you from competing with us: PROVIDED FURTHER, That we may offset against amounts owed to you under this subsection any amounts owed by you to us. Furthermore, upon termination of the Franchise Agreement for good cause, we shall purchase from you at a fair market value at the time of termination, your inventory and supplies, exclusive of (i) personalized materials which have no value to us; (ii) inventory and supplies not reasonably required in the conduct of the Franchised Brokerage; and (iii) if you are to retain control of the premises of the Franchised Brokerage, any inventory and supplies not purchased from us or on our express requirement: PROVIDED, That we may offset against amounts owed to you under this subsection any amounts owed by you to us.

Item 17(d) of the FDD, along with the applicable provisions in the Franchise Agreement and Area Development Agreement, are hereby amended to disclose that area developers may terminated the franchise relationship under any grounds permitted by law.

Section 7 of the National Account Participation Agreement is hereby amended to add the following sentence at the end:

> *"Franchisees have no obligation to indemnify or hold harmless an indemnified party for losses to the extent that they are determined to have been caused solely and directly by the indemnifies party's negligence, willful misconduct, strict liability, or fraud."*

Section 12 of the National Account Participation Agreement is hereby amended to add the following sentence at the end:

> *"The release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder."*

Section 14(e) of the Franchise Agreement is hereby amended by deleting the last sentence.

Section 16 of the Franchise Agreement is hereby amended to add the following sentence at the end:

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"Franchisees have no obligation to indemnify or hold harmless an indemnified party for losses to the extent that they are determined to have been caused solely and directly by the indemnifies party's negligence, willful misconduct, strict liability, or fraud."

Section 9 of the Area Development Agreement is hereby amended to add that waiver provisions do not apply in the State of Washington.

For the avoidance of doubt, nothing in Section 19(f) of the Franchise Agreement and Section 12.7.1 of the Development Agreement is intended to, or will, waive any rights you have under RCW 19.100.180.

For the avoidance of doubt, the rights granted under the Collateral Assignment of Lease are governed by the requirements of RCW 19.100.180(2)(j).

In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all pre-opening and initial training obligations that it is entitled to under the franchise agreement or offering circular, and (b) is open for business. Because franchisor has material preopening obligations with respect to each franchised business Franchisee opens under the Area Development Agreement, payment of the franchise fee will be released proportionally with respect to each franchise outlet opened and until franchisor has met all its pre-opening obligations under the Agreement and Franchisee is open for business with respect to each such location.

Use of Franchise Brokers. The franchisor may use the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

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EXHIBIT H

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

If a state is not listed below, we have not appointed an agent for service of process in that state in connection with the requirements of the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process. There also may be additional agents appointed in some of the states listed below.

STATE	AGENCY	PROCESS, IF DIFFERENT
California	Department of Financial Protection and Innovation 1-800-ASK-CORP (275-2677) *Los Angeles* 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7500 *Sacramento* 2101 Arena Boulevard Sacramento, CA 95813-4052 (916) 445-7205 *San Diego* 1350 Front Street Room 2034 San Diego, CA 92101-3697 (619) 525-4233 *San Francisco* 71 Stevenson Street Suite 2100 San Francisco, CA 94105-2180 (415) 972-8559	
Hawaii	State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division - Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2727	Commissioner of Securities State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division - Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813
Illinois	Franchise Division Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	

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STATE	AGENCY	PROCESS, IF DIFFERENT
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, IN 46204 (317) 232-6681	
Maryland	Office of Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2021 (410) 576-6360	Maryland Securities Commissioner Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2021
Michigan	Consumer Protection Division Antitrust and Franchise Unit Michigan Department of Attorney General G. Mennen Williams Bldg. 525 W. Ottawa Street, 6th Floor Lansing, MI 48909 (517) 373-7117	
Minnesota	Commissioner of Commerce Minnesota Department of Commerce 85 7th Place East, Suite 500 St. Paul, MN 55101-2198 (651) 296-6328	Commissioner of Commerce Minnesota Department of Commerce 85 7th Place East, Suite 500 St. Paul, MN 55101-2198 (651) 296-6328
New York	NYS Department of Law Investor Protection Bureau 28 Liberty St. 21st Fl. New York, NY 10005 (212) 416-8222	Uniform Commercial Code New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231 (518) 473-2492
North Dakota	North Dakota Securities Department 600 East Boulevard Avenue Fifth Floor Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	Office of Securities Commissioner Franchise Examiner Fifth Floor 600 East Boulevard Bismarck, ND 58505-0510 (701) 328-4712
Oregon	Department of Insurance and Finance Corporate Securities Franchise Section Labor and Industries Building Salem, OR 97310 (503) 378-4140	

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STATE	AGENCY	PROCESS, IF DIFFERENT
Rhode Island	Division of Securities 1511 Pontiac Avenue John O. Pastore Complex, Building 69-1 Cranston, RI 02920 (401) 462-9500	
South Dakota	Division of Securities 124 S. Euclid, Suite 104 Pierre, SD 57501 (605) 773-4823	
Virginia	State Corporation Commission 1300 East Main Street, 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk State Corporation Commission 1300 East Main Street Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501 (360) 902-8760	
Wisconsin	Division of Securities Department of Financial Institutions Post Office Box 1768 Madison, WI 53701 (608) 266-2801	

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EXHIBIT I

DEVELOPMENT AGREEMENT

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CONFIE FRANCHISE SERVICES, LLC

DEVELOPMENT AGREEMENT

AGREEMENT DATE	NAME OF DEVELOPER
AGENCY NUMBERS	NOTICE ADDRESS

Type of Agencies:

- ☐ New Franchised Brokerages (Non-Employee of Affiliate)
- ☐ Conversion Franchised Brokerages (Non-Employee of Affiliate)
- ☐ New Franchised Brokerages (Employee of Affiliate)
- ☐ Conversion Franchised Brokerages (Employee of Affiliate)

Number of Agencies: _____

Total Development Fee:

- ☐ Non-Employee of Affiliate: _____
- ☐ Employee of Affiliate: _____
- ☐ Honorably Discharged Veteran: _____
- ☐ Conversion: _____

Total First Payment:

- ☐ Non-Employee of Affiliate: _____
- ☐ Employee of Affiliate: _____
- ☐ Honorably Discharged Veteran: _____
- ☐ Conversion: _____

Reduced Initial Fee (per Franchised Brokerage):

- ☐ Non-Employee of Affiliate: _____
- ☐ Employee of Affiliate: _____
- ☐ Honorably Discharged Veteran: _____
- ☐ Conversion: _____

THIS AGREEMENT REQUIRES CERTAIN DISPUTES TO BE SUBMITTED TO BINDING ARBITRATION

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Exhibit A: Development Area and Development Schedule

CONFIE FRANCHISE SERVICES, LLC
DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (the "**Agreement**" or "**Development Agreement**") is made and entered into on _____ (the "**Effective Date**"), by and between **CONFIE FRANCHISE SERVICES, LLC**, a Nevada limited liability company with an address at 7711 Center Avenue, Suite 200, Huntington Beach, CA 92647 (hereinafter, "**we**," "**us**" or "**our**"); and _____ a _____ with its principal business address at the address set forth in Exhibit A (the "**Developer**," "**you**" or "**your**").

RECITALS:

A. Through the expenditure of considerable time and effort, we have developed a distinctive system for the development and operation of Freeway Insurance brokerages (individually referred to as a "**Freeway Brokerage**" and collectively referred to as "**Freeway Brokerages**") that primarily engage in the business of selling, servicing and providing Insurance Services and Ancillary Products to their Clients, as approved by Franchisor (the "**Franchised Brokerage**").

B. Freeway Brokerages are developed and operate a unique system for the establishment and operation of Freeway Brokerages, which system includes, but is not limited to, assistance in site evaluation, marketing, advertising, sales and promotional techniques, office build-out, training, data analytics, Client service, accounting and record-keeping methods, Client Accounts, terms of contracts with Contracted Carriers and Ancillary Product Providers, knowledge, know-how, trade names, service marks, trademarks, logos, emblems, trade dress and other intellectual property, distinctive signage, standards, specifications and sources for services, products, supplies, appearance, operations and management control, safety standards, training and assistance, purchasing programs, and advertising, marketing, promotional and sales programs, and other matters relating to the operation and promotion of Freeway Brokerages, all of which may be updated from time to time (the "**System**").

C. We use, promote and license certain trade names, trademarks, service marks and/or indicia of origin identified by Franchisor, as well as such other marks as may be designated by Franchisor (collectively, the "**Marks**").

D. You wish to obtain certain rights to develop multiple Freeway Brokerages under the System and wish to enter into this Agreement, and to enter into Franchise Agreements with us, for that purpose.

In consideration of the foregoing and the mutual promises and commitments set forth in this Agreement, the parties agree as follows:

1 GRANT

1.1 *Rights; Obligations*. Pursuant to the terms and conditions of this Agreement, we hereby grant to you the right (and you hereby accept the obligation) to develop the specific number of Freeway Brokerages in a certain geographic area (the "**Development Area**") and according to the development schedule (the "**Development Schedule**"), all as set forth in **Exhibit A** to this Agreement. Each Freeway Brokerage developed under this Agreement must be established and operated pursuant to a separate Franchise Agreement with us (each, a "**Franchise Agreement**") that must be executed as provided in Section 3.1 below.

1.2 *Development Area*. If you are in full compliance with all of the provisions of this Agreement, and all of the Franchise Agreements referenced in this Agreement, then during the term of this Agreement, we will grant to you a "**Development Area**" within which you will locate the Freeway Brokerages. A map showing the Development Area (if so specified) may be attached as an exhibit to this Agreement. During the term of this Agreement, we will not open or operate, or grant to another the right to open or operate, a Freeway Brokerage in the Development Area.

1.3 *Our Reserved Rights*. Except as otherwise specifically provided in Section 1.2 above, we retain all other rights, and may, among other things, on any terms and conditions we deem advisable, and without granting you any rights therein, to: (i) use the Marks and System in connection with ancillary services and products, promotional and marketing efforts or related items, or in any alternative channels of distribution, without regard to location; (ii) acquire, be acquired by, merge with, engage in joint ventures with, or otherwise affiliate with, and thereafter own and operate and franchise others the right to own and operate, any business of any kind, including businesses that offer products or services that are similar to, or the same as, those provided by a Freeway Brokerage and convert said businesses to Freeway Brokerages, without regard to location; (iii) establish, and license others to establish, Freeway Brokerages using the Marks at any location outside of the Protected Area; (iv) develop new business systems using the Marks and grant licenses to use those systems without providing any rights to you and without regard to location, so long as the business is not a Competitive Business; (v) have the exclusive right to own and operate businesses under different marks inside or outside the Development Area, or license or grant to others the right to own and operate businesses under different marks inside the Development Area, so long as the business is not a Competitive Business; and (vi) engage in any other activities not expressly prohibited in this Agreement. Nothing in this Agreement provides you with the right to conduct any of the foregoing activities, or to share in the revenue generated by any of these activities.

1.4 *Not a Franchise Agreement*. This Agreement is not itself a Franchise Agreement, and only sets the framework for the parties to enter into each of the Franchise Agreements under the Development Schedule. This Agreement does not grant to you any right to use in any manner our Marks or System separate from the rights granted under each Franchise Agreement. You have no right under this Agreement to license others to use in any manner the Marks or System.

2 DEVELOPMENT FEE

2.1 *Amount of Development Fee*. In consideration of the development rights granted herein, you must pay to us a development fee (the "**Development Fee**") in an amount equal to the Development Fee outlined on the Data Sheet attached hereto. You must pay us the portion of the Development Fee outlined on the Data Sheet as "**First Payment**" upon execution of this Agreement. The remaining "**Reduced Initial Fee**", as outlined on the Data Sheet, due for each Freeway Brokerage is payable when you sign the then-current franchise agreement for each Freeway Brokerage.

2.2 *Development Fee is Non-Refundable*. The Development Fee is due in accordance with the above timeline and is deemed earned and non-refundable upon your signing this Agreement. The Development Fee is paid to us in consideration of administrative and other expenses incurred by us and for the development opportunities lost or deferred as a result of the rights granted to you in this Agreement.

3 DEVELOPMENT OBLIGATIONS

3.1 *Establishment of Freeway Brokerages*. Unless otherwise provided in **Exhibit A** to this Agreement, sign a Franchise Agreement for the first Franchised Brokerage you have agreed to develop. For

each additional Franchised Brokerage you have agreed to develop you will be required to sign our then-current form of Franchise Agreement, which may be materially different than the Franchise Agreement you execute for your first Franchised Brokerage.

3.2 *Compliance with Development Schedule*. Recognizing that time is of the essence, you agree to satisfy the Development Schedule. Failure by you to adhere to the Development Schedule will constitute a default under this Agreement as provided in Section 5.2 below. In the event of such default, we have the rights provided in Section 5.2 below, as well as the option to eliminate any exclusivity to your Development Area.

3.3 *Controlled Affiliate*. We, in our sole discretion, may approve you to use Controlled Affiliates to enter into Franchise Agreements contemplated under this Agreement. The term "**Controlled Affiliate**" means any corporation, limited liability company or other business entity of which you or one or more of your majority owners who are approved by us owns at least fifty-one percent (51%) of the total authorized ownership interests, and you or such owner(s) have the right to control the entity's management and policies.

4 TERM

This Agreement terminates in its entirety on the earlier of: (a) the last Opening Date specified in the Development Schedule, or (b) the date of termination if terminated due to your breach of this Agreement or any of your Franchise Agreements. In addition, if you are unable to comply with any Opening Date defined in the Development Schedule, we may, in our sole discretion, terminate this Agreement in its entirety, or in part. In case of termination of this Agreement in its entirety, such termination will terminate all development rights in the Development Area(s), terminate the Development Areas and void the Development Schedule. In that instance, the terms of the Franchise Agreements, as without regard to this Agreement will control. You are not entitled to any refunds whatsoever if we terminate this Agreement or any Development Area.

5 DEFAULT AND TERMINATION

5.1 *Automatic*. You will be in default under this Agreement, and all rights granted herein will automatically terminate without notice to you, if (i) you become insolvent or make a general assignment for the benefit of creditors; (ii) a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; (iii) you are adjudicated bankrupt or insolvent; or if a bill in equity or other proceeding for the appointment of a receiver of you or other custodian for your business or assets is filed and consented to by you; (iv) a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; (v) proceedings for a composition with creditors under any state or federal law should be instituted by or against you; (vi) a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless an appeal or a supersedeas bond is filed); (vii) you are dissolved; (viii) execution is levied against your business or property; (ix) suit to foreclose any lien or mortgage against the Freeway Brokerage location or equipment is instituted against you and not dismissed within thirty (30) days; or (x) the real or personal property of your Freeway Brokerage must be sold after levy thereupon by any sheriff, marshal, or constable.

5.2 *With Notice*. You will be in default and we may, at our option, terminate this Agreement and all rights granted hereunder without affording you any opportunity to cure the default, effective immediately upon the delivery of written notice to you by us (in the manner set forth under Section 9 below), upon the occurrence of any of the following events:

5.2.1 You fail to meet your obligations under the Development Schedule;

5.2.2 A Franchise Agreement for any Freeway Brokerage operated by you (or a Controlled Affiliate) is terminated; or

5.2.3 You (and one or more Controlled Affiliates, if applicable) are in breach of your or its Franchise Agreement(s) on three (3) or more occasions in any twelve (12)-month period, regardless of whether such breaches are under the same Franchise Agreement and whether such breaches are cured.

5.3 *With Notice and Ten Day Opportunity to Cure*. Upon the occurrence of any of the following events of default, we may, at our option, terminate this Agreement by giving written notice of termination (in the manner set forth under Section 7 below) stating the nature of the default to you at least ten (10) days prior to the effective date of termination; provided, however, that you may avoid termination by immediately initiating a remedy to cure such default, curing it to our satisfaction, and by promptly providing proof thereof to us within the ten (10)-day period. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement will terminate without further notice to you, effective immediately upon the expiration of the ten (10)-day period or such longer period as applicable law may require.

5.3.1 If you fail, refuse, or neglect promptly to pay any monies owing to us or our affiliates when due; or

5.3.2 If you fail to comply with applicable laws.

5.4 *With Notice and Thirty Day Opportunity to Cure*. Except as otherwise provided in Sections 5.1, 5.2 and 5.3, above, upon any other default by you of your obligations hereunder, we may terminate this Agreement by giving written notice of termination (in the manner set forth under Section 7 below) setting forth the nature of such default to you at least thirty (30) days before the effective date of termination; provided, however, that you may avoid termination by immediately initiating a remedy to cure such default, curing it to our satisfaction, and by promptly providing proof thereof to us within the thirty (30)-day period. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement and all rights granted hereunder (including, but not limited to, the right to develop any new Freeway Brokerages) must terminate without further notice to you effective immediately upon the expiration of the thirty (30)-day period or such longer period as applicable law may require.

5.5 *Reduction or Elimination of Developer Rights*. In lieu of termination, we must have the right to reduce or eliminate all or only certain of your rights under this Agreement; and if we exercise this right, we will not be deemed to have waived our right to, in the case of future defaults, exercise all other rights, and invoke all other provisions, that are provided in law and/or set out under this Agreement.

5.6 *Damages*. In addition to other remedies that we may have, if we terminate this Agreement as a result of your default of this Agreement, you must pay to us all costs and expenses we may incur related to such default and termination, including, without limitation, attorneys' fees and costs that we incur related to: (i) drafting notices, demands, and other documents related to such default and termination; (ii) obtaining decrees for specific performance; (iii) obtaining injunctive or other relief; (iv) collection of amounts owed; and (v) appeal. You must make those payments no later than ten (10) days after demand.

5.7 *Effect of Termination*. Upon termination or expiration of this Agreement, you must have no right to establish or operate any Freeway Brokerages for which a Franchise Agreement has not been executed by us at the time of termination. Thereafter, we will be entitled to establish, and to license others to establish, Freeway Brokerages in the Development Area (except as may be otherwise provided under any Franchise Agreement that has been executed between us and you).

5.8 *Cross-Default*. No default under the Development Schedule under this Agreement will constitute a default under any Franchise Agreement between the parties hereto. However, a default or breach of any of the Franchise Agreements is a breach and default under this Agreement, and any defaults under Sections 5.3 or 5.4 of this Agreement constitutes a default under each of the Franchise Agreements.

5.9 *Non-Exclusive Rights*. No remedy herein conferred upon or reserved to us is exclusive of any other remedy provided or permitted by law or equity.

6 TRANSFERS

6.1 *By Us*. This Agreement and all rights and duties hereunder may be freely assigned or transferred by us, in whole or in part, without your consent or notice thereto, to any person or legal entity that agrees to assume our obligations hereunder, including a competitor of Franchisor, and shall be binding upon and inure to the benefit of our successors and assigns including, without limitation, any entity which acquires all or a portion of the capital stock of us or any entity resulting from or participating in a merger, consolidation or reorganization in which Franchisor is involved, and to which our rights and duties hereunder (in whole or in part), are assigned or transferred.

6.2 *By You*. Our prior written consent is a necessary condition precedent to any direct or indirect sale, assignment, delegation, transfer, conveyance, gift, pledge, mortgage, encumbrance, or hypothecation of any direct, indirect, or beneficial interest of (i) you; (ii) this Agreement; or (iii) your rights and obligations under this Agreement (collectively, the "**Transfer**"). As a condition to its consent to a Transfer, we may require that (a) the proposed Transfer under this Agreement is made in conjunction with a simultaneous transfer of all comparable interests held by the transferor under all the Franchise Agreements executed pursuant to this Agreement; and (b) you have satisfied any and all of the conditions and requirements for transfers set forth in the form of the Franchise Agreement that you deem applicable to a proposed transfer under this Agreement.

6.3 *Consent to Transfer*. Our consent to a transfer which is the subject of this Section 6 must not constitute a waiver of any claims it may have against the transferring party arising prior to the transfer, nor must it be deemed a waiver of our right to demand exact compliance with any of the terms of this Agreement by the transferor with respect to any claims prior to the transfer or transferee thereafter.

7 NOTICES

7.1 Any and all notices required or permitted under this Agreement must be in writing and must be: (i) personally delivered; (ii) mailed by certified or registered mail, return receipt requested; or (iii) delivered by overnight courier service, such as UPS, Federal Express, or DHL, 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 us:

CONFIE FRANCHISE SERVICES, LLC
7711 Center Avenue
Suite 200
Huntington Beach, CA 92647
Attention: Alex Trachtman
E-mail: alex.trachtman@confie.com

With a copy to:

CONFIE FRANCHISE SERVICES, LLC
7711 Center Avenue
Suite 200
Huntington Beach, CA 92647
Attention: Legal Department

Notices to you:

Developer Entity Name
ATTN: _____
_____
_____
Phone: _____

7.2 Any notice delivered under Section 7.1 of this Agreement must be deemed to have been given on the earlier of: (i) the date and time of receipt, (ii) five (5) business days after being mailed by certified or registered mail, return receipt requested, (iii) the next business day after having been deposited with an overnight courier service for next business day delivery, or (iv) the intended recipient's failure or refusal to accept delivery.

8 PERMITS AND COMPLIANCE WITH LAW; INDEPENDENT CONTRACTOR AND INDEMNIFICATION

8.1 *Compliance with Law*. You must comply with all federal, state, and local laws, rules, and regulations, and must timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the business contemplated under this Agreement. To the extent that the requirements of these laws are in conflict with the terms of this Agreement or our other instructions, you must: (a) comply with these laws, and (b) immediately provide written notice describing the nature of such conflict to us.

8.2 *Independent Contractor Relationship*. It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them; that you must be an independent contractor; and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever.

8.3 *Notice of Status*. At all times during the term of this Agreement, you must hold yourself out to the public in connection with the business described in this Agreement as an independent contractor operating the business pursuant to this Agreement with us. You agree to take such action as may be necessary to do so, including, without limitation, exhibiting a notice of that fact in a conspicuous place within your offices, the content of which we reserve the right to specify.

8.4 *No Contracts in Our Name*. It is understood and agreed that (i) nothing in this Agreement authorizes you to make any contract, agreement, warranty, or representation on our behalf, or to incur any debt or other obligation in our name; (ii) we will not assume liability for, or be deemed liable hereunder as a result of, any such action; and (iii) we will not be liable by reason of any act or omission of you in your operations hereunder, or for any claim or judgment arising therefrom against you.

8.5 *Indemnification*. You must protect, defend, indemnify, and hold Franchisor and its Affiliates, and their respective directors, officers, employees, agents, independent contractors, consultants, attorneys and shareholders ("**Franchisor Indemnitees**") jointly and severally harmless from and against, and promptly to reimburse, or pay when invoiced (as determined by Franchisor in its discretion) Franchisor Indemnitees for, all claims, actions, proceedings, damages, costs, expenses and other losses and liabilities consequently, directly or indirectly incurred (including without limitation reasonable attorneys' fees, court costs and costs of investigation) as a result of, arising out of, or connected with (i) your breach of any of the covenants, representations, warranties or terms of this Agreement; (ii) the use of the Marks and other proprietary materials in an unauthorized manner; (iii) your operation of the business granted hereunder; (iv) any professional or other negligence on the part of you or your Affiliates, or any of their respective directors, officers, agents, shareholders, employees, contractors, subcontractors, servants, licensees or invitees; (v) the transfer of any interest in this Agreement or the business granted hereunder in any manner not in accordance with this Agreement; (vi) the infringement, alleged infringement, or any other violation or alleged violation by you or any of your officers, managers, directors, employees, and independent contractors of any patent, mark or copyright or other proprietary right owned or controlled by third parties; or (vii) libel, slander or any other form of defamation of Franchisor, the System or any franchisee or developer operating under the System, by you or any of your officers, managers, directors, employees, and independent contractors. We will have the right to defend or settle any such claim against us in such manner as we deem appropriate, in our sole discretion; provided, however, that such an undertaking by us will, in no manner or form, diminish your obligation to indemnify the Franchisor Indemnitees and to hold them harmless.

9 APPROVALS AND WAIVERS

9.1 *Request for Approval*. Whenever this Agreement requires our prior approval or consent, you must make a timely written request to us therefor, and such approval or consent must be obtained in writing.

9.2 *No Warranties or Guarantees*. You acknowledge and agree that we make no warranties or guarantees upon which you may rely, and assume no liability or obligation to you, by providing any waiver, approval, consent, or suggestion to you in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.

9.3 *No Waivers*. No delay, waiver, omission, or forbearance on our part to exercise any right, option, duty, or power arising out of any breach or default by you under any of the terms, provisions, covenants, or conditions of this Agreement, and no custom or practice by the parties at variance with the terms of this Agreement, must constitute a waiver by us to enforce any such right, option,

duty, or power as against you, or as to subsequent breach or default by you. Subsequent acceptance by us of any payments due to us hereunder or under any other agreement must not be deemed to be a waiver by us of any preceding or succeeding breach by you of any terms, provisions, covenants, or conditions of this Agreement.

10 ENTIRE AGREEMENT AND AMENDMENT

This Agreement and the exhibits referred to herein constitute the entire, full, and complete Agreement between us and you concerning the subject matter hereof, and supersede all prior agreements, no other representations having induced you to execute this Agreement. The parties acknowledge and agree that they relied only on the words printed in this Agreement in deciding whether to enter into this Agreement. Notwithstanding the foregoing, nothing in this Agreement must disclaim or require you to waive reliance on any representation that we made in the most recent franchise disclosure document (including its exhibits and amendments) that we delivered to you or your representative, subject to any agreed-upon changes to the contract terms and conditions described in that disclosure document and reflected in this Agreement (including any riders or addenda signed at the same time as this Agreement). No amendment, change, or variance from this Agreement must be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

11 SEVERABILITY AND CONSTRUCTION

11.1 *Severability.* Except as expressly provided to the contrary herein, each portion, section, part, term, and/or provision of this Agreement must be considered severable; and if, for any reason, any section, part, term, and/or provision 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 must not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions of this Agreement as may remain otherwise intelligible; and the latter must continue to be given full force and effect and bind the parties hereto; and said invalid portions, sections, parts, terms, and/or provisions must be deemed not to be a part of this Agreement.

11.2 *No Third Party Rights*. Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor must be deemed, to confer upon any person or legal entity other than you, us, and such of your and our respective successors and assigns as may be contemplated (and, as to you, permitted) by Section 6 hereof, any rights or remedies under or by reason of this Agreement.

11.3 *Construction.* You expressly agree 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 hereof any portion or portions which a court may hold to be unenforceable in a final decision to which we are a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

11.4 *Definition of Terms.* All capitalized terms not defined herein must have the meaning ascribed to them in the Franchise Agreement.

11.5 *Headings*. All captions in this Agreement are intended solely for the convenience of the parties, and no caption must be deemed to affect the meaning or construction of any provision hereof.

11.6 *Amendment; Ratification*. This Agreement amends, modifies, and supersedes the terms of, and is an integral part of each of the Franchise Agreements indicated in the Development Schedule. Except as otherwise indicated in this Agreement, all other terms and conditions of the Franchise Agreements remain unmodified and in full force and effect. Terms of the introduction are integral parts of this Agreement.

11.7 *Survival.* All provisions of this Agreement which, by their terms or intent, are designed to survive the expiration or termination of this Agreement must so survive the expiration and/or termination of this Agreement.

12 APPLICABLE LAW AND DISPUTE RESOLUTION

12.1 *Notice of Dispute*. In the event that you claim that we have failed to meet any obligation under this Agreement, you will provide us with written notice of such claim within one (1) year of its occurrence, specifically enumerating all alleged deficiencies and providing us with an opportunity to cure, which shall in no event be less than thirty (30) days from the date of receipt of such Notice by us from you. FAILURE TO GIVE SUCH NOTICE SHALL CONSTITUTE A WAIVER OF ANY SUCH ALLEGED DEFAULT AND SHALL PRECLUDE ANY CLAIM FOR DAMAGES.

12.2 *Internal Dispute Resolution*. You must first bring any claim or dispute between you and us to our Senior Vice President, Franchise Operations. We must respond to a notice of dispute within ten (10) days of receipt or otherwise, it is deemed denied. You must exhaust this internal dispute resolution procedure before you may bring your dispute before a third party. You agree that we have sixty (60) days to attempt to resolve your claim or dispute with internal dispute resolution (the "**IDR Period**"). This agreement to first attempt internal dispute resolution will survive the term of this Agreement.

12.3 *Mediation*. Any disputes and claims arising out of or relating to this Agreement, the rights and obligations of the parties hereto, third-party beneficiaries, and/or any guarantors and/or transferees of this Agreement, or any claims between any of the above listed parties, or any other claims or causes of action relating to the making, interpretation, or performance of either party under this Agreement or that is any way related to the business granted hereunder, that are not resolved in internal dispute resolution must be submitted to non-binding mediation conducted before a sole neutral mediator referred by the American Arbitration Association ("AAA") in accordance with its Commercial Mediation Procedures before being brought to arbitration. Mediation will be conducted in Huntington Beach, California. The parties shall each bear all of their own costs of mediation; provided, however, the fees of the mediator shall be divided equally between you and us. The mediator will be disqualified as a witness, expert or counsel for any party with respect to the dispute and any related matter. Mediation is a compromise negotiation and will constitute privileged communications under the law governing this Agreement. The entire mediation process will be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and the parties will not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible will not be excluded from discovery or admission as a result of its use in the mediation. We will notify you of our election to submit any dispute to non-binding mediation within thirty (30) days of the end of the IDR Period or at the time we provide you with notice of a dispute, claim, or alleged cause of action, as applicable.

12.4 *Arbitration*.

12.4.1 THIS AGREEMENT EVIDENCES A TRANSACTION INVOLVING COMMERCE AND, THEREFORE, THE FEDERAL ARBITRATION ACT, TITLE 9 OF THE UNITED STATES CODE IS APPLICABLE TO THE SUBJECT MATTER CONTAINED HEREIN. EXCEPT FOR CONTROVERSIES OR CLAIMS RELATING TO THE OWNERSHIP OF ALL INTELLECTUAL PROPERTY RIGHTS, INCLUDING, BUT NOT LIMITED TO, THE MARKS, ANY COPYRIGHTS OR THE UNAUTHORIZED USE OR DISCLOSURE OF CONFIDENTIAL INFORMATION, COVENANTS AGAINST COMPETITION AND OTHER CLAIMS FOR INJUNCTIVE RELIEF, ALL DISPUTES ARISING OUT OF OR RELATING TO THIS AGREEMENT OR TO ANY OTHER AGREEMENTS BETWEEN THE PARTIES, OR WITH REGARD TO INTERPRETATION, FORMATION OR BREACH OF THIS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES, SHALL BE SETTLED BY BINDING ARBITRATION CONDUCTED IN HUNTINGTON BEACH, CALIFORNIA, IN ACCORDANCE WITH THE COMMERCIAL ARBITRATION RULES OF THE AAA THEN IN EFFECT. THE PROCEEDINGS WILL BE HELD BY A SINGLE ARBITRATOR AGREED UPON BY THE PARTIES OR OTHERWISE APPOINTED BY THE DISTRICT COURT FOR HUNTINGTON BEACH, CALIFORNIA. THE DECISION OF THE ARBITRATOR WILL BE FINAL AND BINDING UPON THE PARTIES. JUDGMENT UPON THE AWARD RENDERED BY THE ARBITRATOR MAY BE ENTERED IN ANY COURT HAVING PERSONAL AND SUBJECT MATTER JURISDICTION.

12.4.2 YOU ACKNOWLEDGE THAT YOU HAVE READ THE TERMS OF THIS BINDING ARBITRATION PROVISION AND AFFIRM THAT THIS PROVISION IS ENTERED INTO WILLINGLY AND VOLUNTARILY AND WITHOUT ANY FRAUD, DURESS OR UNDUE INFLUENCE ON THE PART OF US OR ANY OF OUR AGENTS, EMPLOYEES, OFFICERS OR DIRECTORS.

12.5 *Governing Law.* This Agreement is accepted by us in the State of California and shall be governed by and construed in accordance with the laws thereof, which laws shall prevail in the event of any conflict of laws; provided, however, that if any provision of this Agreement would not be enforceable under the laws of the State of California and the business granted hereunder is located outside of the State of California, then that provision shall be interpreted and construed under the laws of the state in which the business granted hereunder is located. Nothing in this Section is intended by the parties to subject this Agreement to any franchise or similar law, rule, or regulation to which this Agreement would not otherwise be subject.

12.6 *Forum, Venue, and Jurisdiction*. **ANY ACTION BROUGHT BY EITHER PARTY EXCEPT THOSE CLAIMS REQUIRED TO BE SUBMITTED TO ARBITRATION, SHALL ONLY BE BROUGHT IN THE APPROPRIATE STATE COURT LOCATED IN OR SERVING HUNTINGTON BEACH, CALIFORNIA. THE PARTIES WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSES OF CARRYING OUT THIS PROVISION. CLAIMS FOR INJUNCTIVE RELIEF MAY BE BROUGHT BY US WHERE YOU ARE LOCATED. THIS EXCLUSIVE CHOICE OF JURISDICTION AND VENUE PROVISION SHALL NOT RESTRICT THE ABILITY OF THE PARTIES TO CONFIRM OR ENFORCE JUDGMENTS OR ARBITRATION AWARDS IN ANY APPROPRIATE JURISDICTION.**

12.7 *Waivers*.

12.7.1 *Waiver of Class Action and Group Action*. Any arbitration or litigation arising out of or related to this Agreement must be conducted on an individual, not a class-wide or group, basis. No arbitration or litigation relating to this Agreement or to the System may be brought on behalf of any franchisee associations or groups, and you agree not to participate in any such litigation. No arbitration or litigation under this Agreement may be consolidated with any other litigation involving us and any other person without our prior written consent. Notwithstanding the foregoing or anything to the contrary contained in this Section 12, if any court or arbitrator determines that all or any part of this Section 12.7.1 is unenforceable with respect to a dispute that otherwise would be subject to arbitration under Section 12.4, then all parties agree that the arbitration clause shall not apply to that dispute and that such dispute shall be resolved in a judicial proceeding in a court permitted under Section 12.6 of this Agreement.

12.7.2 *Waiver of Trial By Jury*. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY LITIGATION ARISING OUT OF, UNDER, OR IN CONNECTION WITH THIS AGREEMENT AND ANY OTHER AGREEMENTS EXECUTED OR CONTEMPLATED TO BE EXECUTED IN CONNECTION HEREWITH, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (VERBAL OR WRITTEN) OR ACTION OF ANY PARTY IN CONNECTION WITH THIS AGREEMENT.

12.7.3 *Waiver of Punitive Damages.* You hereby waive to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against us arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, that your recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

12.8 *No Limitation*. No right or remedy conferred on or reserved to us or you by this Agreement is intended to be, nor must be deemed, exclusive of any other right or remedy set forth in this Agreement or by law or equity provided or permitted, but each must be cumulative of every other right or remedy.

12.9 *Injunctive Relief*. We and our designee shall be entitled to obtain, without bond, temporary and permanent injunctions, and orders of specific performance, in order to enforce the provisions of this Agreement relating to your use of the Marks, your post-termination obligations, or to prohibit any act or omission by you that constitutes a violation of any applicable law or regulation or that, although not criminal, reflects adversely on the System, Freeway Insurance® franchise system, the Marks, or the Insurance Services and Ancillary Products offered through the System. If injunctive relief is granted, your only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, you expressly waive all claims for damages you incurred as a result of the wrongful issuance.

12.10 *Cost and Attorneys' Fees*. In the event any litigation or controversy arises out of or in connection with this Agreement between the parties hereto, the prevailing party shall be entitled to recover from the other party or parties all reasonable attorneys' fees, expenses and suit costs, including those associated with any appellate or post-judgment collection proceedings. In addition, if we incur costs and expenses due to your failure to pay when due amounts owed to us, to submit when due any reports, information, or supporting records, or otherwise to comply with this Agreement, you agree, even if we do not initiate a formal legal proceeding, to reimburse us for all of the costs and expenses that we incur, including, without limitation, reasonable accounting, attorneys', and related fees.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed and delivered this Agreement the date and year first written above.

FRANCHISOR:

CONFIE FRANCHISE SERVICES, LLC,
a Nevada limited liability company

By: _____

DEVELOPER:

_____,
a _____

By: _____

EXHIBIT A
DEVELOPMENT AREA AND DEVELOPMENT SCHEDULE

1. Development Area. All Freeway Brokerages developed under this Agreement must be located within the following boundaries:

_____

_____

_____

A map will be attached if the Development Area is segmented into a different Development Area per Freeway Brokerage or is not a contiguous geographic area.

1. Development Schedule. Recognizing that time is of the essence, you agree to satisfy the development schedule set forth below:

Number of Freeway Brokerages	Required Opening Date
Total number of Freeway Brokerages Under Development Schedule: _____	

This Development Schedule modifies any corresponding dates in each applicable Franchise Agreement if different from the standard Franchise Agreement. Strict compliance with the Development Schedule is the essence of this Agreement.

2. Total Development Fee due: _____

CONFIE FRANCHISE SERVICES, LLC _____

By: _____ By: _____

Name: _____ Name: _____

Title: _____ Title: _____

EXHIBIT J

CONFIE FRANCHISE SERVICES, LLC
AFFIDAVIT REGARDING EXISTING CONTRACTUAL OBLIGATIONS

During the franchise sales process, I, _____, disclosed to an employee or representative of Confie Franchise Services, LLC ("**Freeway**") that I had previously worked in the insurance industry. Accordingly, in order to ensure that Freeway does not unknowingly facilitate a breach of an existing contractual obligation, I hereby swear and affirm, to the best of my knowledge, that my execution of a Franchise Agreement with Freeway and my operation of a Franchised Brokerage will not and shall not violate the terms of any contractual, legal, or other obligations with any third party; including, without limitation, any contractual obligations related to non-competition, non-solicitation, or carrier appointments.

By: _____

Print Name: _____

Date: _____

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EXHIBIT K

FORM OF BILL OF SALE

THIS BILL OF SALE is made as of _____, by and between [INSERT] ("**Buyer**") and [INSERT] ("**Seller**") and is subject to the terms and conditions thereof.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged:

1. For and in partial consideration of the grant of that certain franchise agreement with CONFIE FRANCHISE SERVICES, LLC and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller hereby transfers, delivers and sets over to Buyer all right, title and interest of Seller in and to the assets outlined in Exhibit A, attached hereto and incorporated herein by reference (the "**Purchased Assets**").

2. THE SALE OF THE PURCHASED ASSETS HEREUNDER IS AND WILL BE MADE ON AN "AS IS, WHERE IS" BASIS. SELLER HAS NOT MADE, DOES NOT MAKE AND SPECIFICALLY NEGATES AND DISCLAIMS ANY REPRESENTATIONS, WARRANTIES OR GUARANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT OR FUTURE OF, AS TO, CONCERNING OR WITH RESPECT TO THE PURCHASED ASSETS OR ANY OTHER MATTER WHATSOEVER RELATED TO THE TRANSACTION CONTEMPLATED BY THIS BILL OF SALE.

3. At Buyer's request, Seller shall execute and deliver to Buyer (or cause to be executed and delivered to Buyer) such other customary or reasonable instruments of sale, transfer, conveyance, assignment and confirmation, to transfer, convey, and assign to Buyer the Purchased Assets.

4. This Bill of Sale may be executed in one or more counterparts including by facsimile or portable document format (.pdf), each of which will be deemed an original, but all of which together will constitute one and the same instrument.

5. This Bill of Sale shall be governed by the laws of the State of [INSERT][1].

[1] NTD: Governed by the laws of state where the unit is located or CFS' headquarters.

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IN WITNESS WHEREOF, the parties hereto have caused this Bill of Sale to be executed as of the date first written above by their respective officers thereunto duly authorized.

SELLER:	BUYER:
_____	_____
By: _____	By: _____
Printed Name: _____	Printed Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

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EXHIBIT A TO BILL OF SALE

PURCHASED ASSETS

FRANCHISE _____

SUBLEASE DATE _____

SUBLEASE

INSERT OPERATING ENTITY[1]

with

_____

[1] NTD: Entity may change based on previous operating entity.

KEY CONTRACT DATA

Name of Subtenant: _____

State of Incorporation: _____

Type of Entity: ___ LLC ___ Corp. ___ Other: _____

Franchise Agreement Date: Same as Sublease Date on Cover Page

Commencement Date of Sublease: _____

Security Deposit: $_____

Subtenant's email address: _____

SUBLEASE AGREEMENT

This SUBLEASE AGREEMENT (this "***Sublease***") is entered into as of [ENTER DATE HERE] (the "***Effective Date***"), by and between **[INSERT OPERATING ENTITY]**, a [INSERT STATE] [INSERT TYPE OF ENTITY] ("***Tenant***") and [ENTER NAME HERE] ("***Subtenant***"), with reference to the following:

BACKGROUND

A. [ENTER NAME HERE] ("***Landlord***"), as landlord, and Tenant, entered into that certain Lease dated [ENTER DATE HERE] which may have been amended and extended (collectively, the "***Original Lease***"), whereby certain premises located at [ENTER LOCATION HERE], containing [ENTER SQUARE FOOTAGE] square feet, and more particularly described in the Original Lease (the "***Premises***"), were leased to Tenant. A copy of the Original Lease ("***Primary Lease***") is attached and incorporated by reference for all purposes into this Sublease as **Exhibit B**.

B. Subtenant has entered into a franchise agreement with Tenant's affiliate, Confie Franchise Services, LLC ("***Franchisor***")[2], under which Subtenant will operate a Freeway Insurance franchised business at the Premises (the "***Franchise Agreement***").

C. Tenant desires to sublease the Premises to Subtenant, and Subtenant wishes to sublease the Premises from Tenant (the "***Subleased Premises***").

For good and valuable consideration, the receipt and sufficiency of which are acknowledged, Tenant and Subtenant agree as follows:

AGREEMENT

1. **Sublease**. Tenant subleases to Subtenant, and Subtenant subleases from Tenant, upon the terms and conditions set forth in this Sublease, the Subleased Premises, subject to any and all reservations, restrictions, easements, rights of way, limitations and conditions of record, if any.

2. **Term.** The term of the Sublease (the "***Sublease Term***") shall be for a period commencing on [ENTER DATE HERE] (the "***Commencement Date***") and ending on [ENTER DATE HERE] (the "***Expiration Date***"). The "***Commencement Date***" shall not occur until the date that all four of the following have occurred: (i) Sublease is executed by Subtenant, (ii) Sublease is executed by Tenant, (iii) Landlord has provided written approval of this Sublease, and (iv) Subtenant has substantially completed all required improvements. For the avoidance of doubt, should Landlord fail to provide its written approval for this Sublease, this Sublease shall be null and void.

3. **Use.** The Subleased Premises shall be used only for the purposes as outlined in the Original Lease and solely in accordance with and pursuant to the Franchise Agreement and no other use without the prior written consent of Tenant and Landlord; provided, however, such use shall not be inconsistent with or in contravention of the use provision of the Primary Lease. Subtenant shall comply with all laws, ordinances, rules and regulations governing such use, including security and

[2] NTD: Will be adjusted based on Tenant entity.

visitor access, whether the same are issued by a governmental or quasi-governmental agency or by the Building, Tenant, or provided for in the Primary Lease. Subtenant shall not without Landlord's written consent enter into any service contract or agreement relating to the furnishing of any services to the Subleased Premises or the occupants of it unless such contract or agreement shall by its terms be terminable on no more than thirty (30) days' notice or shall expressly provide that it shall not become binding on Landlord in the event that this Sublease is terminated or expires. If required under the Primary Lease, Subtenant shall furnish Landlord with copies of all service contracts or agreements affecting the Subleased Premises that are now in existence or that are subsequently entered into. Subtenant agrees to keep the thermostat at a reasonable temperature throughout the year.

4. Rent and Additional Rent.

(a) The "***Rent Commencement Date***" shall be the Commencement Date. During the Sublease Term, Subtenant agrees to pay Tenant for the use of the Subleased Premises the annual sum, payable monthly, in accordance with the below Sublease Rent Schedule ("***Base Rent***"). The monthly portion of the Base Rent shall be paid in advance on or before the first day of each calendar month without notice or demand. Base Rent for any partial month shall be prorated.

Sublease Rent Schedule

Months	Dates	Base/SF	Base Monthly Rent
1-12			
13-24			
25-36			
37-48			
49-60			

(b) The monthly Additional Rent for Common Area Maintenance (CAM) and Insurance total [ENTER AMOUNT HERE].

(c) In the event Landlord elects, at its sole option, to pay the taxes, assessments, charges for public utilities, excises, levies, licenses, permit fees or other governmental impositions and charges of any kind and nature whatsoever ("***Charges***") that are payable in connection with the ownership, occupancy or possession of the Subleased Premises, Subtenant shall reimburse Landlord within thirty (30) days after Subtenant receives an invoice for the payment of such Charges or sooner if required under the Primary Lease.

(d) In the event Landlord elects not to pay the Charges as set forth in the preceding paragraph, Subtenant shall pay on or before the last day on which payment may be made without penalty or interest, all Charges that may be assessed, imposed, or become due and payable in connection with the ownership, occupancy or possession of the Subleased Premises or the fixtures or personal property on it, or any Charges that may be imposed in lieu of, or as a substitution for, any such Charges. At any time after the time for payment of each Charge, upon Landlord's request, Subtenant shall exhibit to Landlord satisfactory evidence of payment. All Charges assessed or

imposed for the fiscal periods in which the Sublease Term commences and terminates shall be apportioned.

(e) Unless specifically provided in this Sublease, no abatement, diminution, or reduction of Rent, Additional Rent, Charges or other compensation shall be claimed by or allowed to Subtenant, or any persons claiming under Subtenant, under any circumstances, whether for inconvenience, discomfort, interruption of business, or otherwise.

5. Primary Lease.

(a) Except as otherwise set forth herein, the Primary Lease as well as all amendments are hereby incorporated in this Sublease by reference and shall apply as though set forth at length in this Sublease, with, where applicable, "Tenant" being substituted for "Landlord" and "Subtenant" being substituted for "Tenant"; provided, however, that Sections 1, 2, 5, 13, and 14 of this Sublease shall control over the Primary Lease and in the event of any other conflict between the Primary Lease and this Sublease, the Primary Lease shall control. Subtenant, by Subtenant's execution of this Sublease, acknowledges that Tenant has previously furnished Subtenant with a copy of the Primary Lease, Subtenant has examined the Primary Lease and is familiar with its terms. Except as otherwise expressly provided in this Sublease, Subtenant agrees to comply in all respects with the terms and conditions of the Primary Lease insofar as the same are applicable to the Subleased Premises. Except as otherwise provided herein, all costs, common area maintenance fees, expenses, charges, assessments, and rent escalations accruing under the Primary Lease, any restrictions imposed upon Tenant thereunder, together with all repairs, replacements, restorations, and any other obligations required to be performed by Tenant, as tenant under the Primary Lease, shall be binding upon Subtenant herein. In the event the obligations and restrictions imposed on Subtenant under the Sublease conflict with the obligations and restrictions imposed upon Tenant as tenant under the Primary Lease, then the more burdensome and restrictive of such obligations and restrictions shall prevail and be binding upon Subtenant herein. Subtenant acknowledges and agrees that **Exhibit B** contains a true and correct copy of the Primary Lease.

(b) As between Tenant and Subtenant, Tenant shall be entitled to all of the rights and remedies reserved by and granted to the Landlord in the Primary Lease as if Tenant was the "Landlord" under the Primary Lease and Subtenant was the "Tenant" under the Primary Lease. Such rights and remedies are incorporated into this Sublease by reference for all purposes. Notwithstanding the foregoing, it is understood and agreed that Tenant may not have the ability to provide or perform certain obligations of the Landlord under the Primary Lease. In such event, if Subtenant notifies Tenant that Landlord is not performing an obligation under the Primary Lease as it relates to the Subleased Premises, Tenant will promptly request Landlord to perform such obligation. If Landlord defaults in an obligation under the Primary Lease as it relates to the Subleased Premises, Subtenant shall be entitled to participate with Tenant, at Subtenant's sole cost and expense, in the enforcement of Tenant's rights against Landlord. In any situation that Tenant's rent under the Primary Lease is abated in whole or in part with respect to the Subleased Premises, whether due to Landlord's default under the Primary Lease or otherwise, then the Rent under this Sublease will likewise be abated.

(c) This Sublease is subject and subordinate to all of the terms, covenants and conditions of the Primary Lease and to all of the rights of Landlord under the Primary Lease. Except as set forth in Subsection (g) below, if the Primary Lease terminates for any reason prior to the expiration or termination of this Sublease, Subtenant shall not have any claim whatsoever against Tenant arising or resulting from such termination of the Primary Lease. Subtenant hereby grants a power of attorney to Landlord with full power to act as its attorney in fact and to execute on behalf of Subtenant any and all documents that may be required by a mortgagee and/or assignee evidencing Subtenant's full subordination of Subtenant's interest to any mortgage and/or collateral assignment of Sublease that may be entered into by Tenant, Landlord, the fee owner or their assigns. Subtenant hereby agrees to execute, without charging Tenant, any and all documents that it is requested to execute to evidence this subordination. However, Subtenant shall not be required to execute any promissory notes or other evidence of indebtedness that would create any personal liability on behalf of Subtenant.

(d) Notwithstanding anything in this Sublease to the contrary, the following sections from the Primary Lease are not applicable and are not incorporated into this Sublease: _____.[3]

(e) Tenant and Subtenant agree to promptly provide the other party with any notices received from Landlord of a claimed default with respect to the Subleased Premises.

(f) If Subtenant desires to take any actions which require the consent of Tenant and/or Landlord, subject to Tenant's consent to such actions and at no cost to Tenant, Tenant will make commercially reasonable efforts to obtain such consent from Landlord. Subtenant acknowledges and agrees that Tenant shall not be liable to Subtenant with respect to any delay, default or failure of Landlord to grant such consent or approval or in the performance by Landlord of its obligations and covenants under the Primary Lease unless such be due to acts or misconduct of Tenant and neither shall the Rent, Additional Rent or other Charges under this Sublease abate nor shall any of the obligations of Subtenant under this Sublease be affected by reason thereof. Subtenant further acknowledges and agrees that, with respect to any rights afforded Tenant under the Primary Lease, including, but not limited to, any options to extend or renew the term of the Primary Lease, options to purchase the Premises, rights of first refusal to purchase the Premises and restrictions against competition, such rights are not passed on to or conferred upon Subtenant under this Sublease. Subtenant acknowledges that only Tenant has the benefit of and the right to exercise or enforce such rights and the failure of Tenant to exercise or enforce such rights shall not be a default under this Sublease nor entitle Subtenant to make any claim against Landlord.

(g) Tenant agrees that it will not take any action that would constitute a default or breach under the Primary Lease, or any other action, that could cause or does cause the forfeiture or termination of the Primary Lease.

(h) Tenant agrees that the Primary Lease shall not be amended with respect to Tenant's obligations or rights relating to the Subleased Premises that would materially and adversely affect the rights or materially increase the obligations of Subtenant without the prior written consent of

[3] NTD: Will be adjusted as necessary based on Primary Lease.

Subtenant. Subtenant shall not make any agreement with Landlord which could modify, cancel or terminate the Primary Lease.

(i) In the event the Primary Lease contains extension or renewal options, Subtenant agrees to provide written notice to Tenant of its desire to exercise its option at least one hundred eighty days (180) prior to the date on which Tenant must notify the Tenant of its intention to exercise its option to extend or renew the Primary Lease. Subtenant agrees that Tenant may elect not to extend or renew the Primary Lease if Subtenant fails to give Tenant notice as provided in this Subsection. Furthermore, Tenant may elect not to extend or renew the Primary Lease if Subtenant shall be in default in the performance of any of the terms of the Primary Lease, this Sublease or the Franchise Agreement during the period one hundred eighty (180) days prior to the date Tenant must give notice to Landlord.

(j) If Landlord fails to perform its duties under the Primary Lease, Subtenant must give written notice thereof to Tenant describing Landlord's default in detail. Upon receipt of the notice, Tenant shall then promptly notify Landlord and demand performance as required in the Primary Lease. In the event Subtenant wishes to engage the services of an attorney to settle any disputes arising out of the Primary Lease, all fees and costs shall be borne by Subtenant, it being understood that Tenant is under no obligation to bring or defend any action brought by or against Subtenant, Tenant or Landlord.

(k) Subtenant shall have no obligation to (i) cure any default of Tenant under the Primary Lease unless caused by Subtenant's default under this Sublease, (ii) perform any obligation of Tenant under the Primary Lease which arose prior to the commencement of the Sublease Term that Tenant failed to perform, (iii) repair any damage to the Subleased Premises caused by Tenant, (iv) remove any alterations or additions installed within the Subleased Premises prior to the commencement of the Sublease Term, (v) indemnify Tenant with respect to any damages or losses caused solely by the gross negligence or willful misconduct of Tenant, its agents, employees or contractors, or (vi) discharge any liens on the Subleased Premises or the Building which arise out of any work performed, or claimed to be performed, by or at the direction of Tenant.

6. Limitation of Liability and Indemnity. Notwithstanding any provision of the Primary Lease to the contrary, Tenant shall not be liable to Subtenant or any other party for any death or injury occurring on the Subleased Premises, nor for the loss of or damage to any of the personal property or other property of Subtenant or of others by theft or otherwise. Without limiting the generality of the foregoing, Tenant shall not be liable for any injury or damage to persons or property resulting from fire, explosion, falling plaster, steam, dampness, gas, electricity, water, rain, snow, or leaks from any part of the Subleased Premises or from the pipes, appliances or plumbing works or from the roof, street or subsurface or from any other place by any other cause whatsoever, unless resulting from its own sole gross negligence, or intentional or willful act or omission. Tenant shall not be liable for any such damage caused by other persons or occupants of any adjacent property, or the public, or caused by operations in construction of any private, public or quasi-public work. All of the personal property or any other property of Subtenant kept or stored on the Subleased Premises shall be kept or stored at the risk of Subtenant. Subtenant with

respect to itself and its agents, employees, servants and invitees, expressly assumes all risks and damage to persons and property, either proximate or remote, by the reason of the present or future condition of the Subleased Premises or the Building. All indemnification, hold harmless and release provisions contained in the Primary Lease running to the benefit of Landlord are incorporated into this Sublease by reference for the benefit of Tenant as if Tenant was the "Landlord" and Subtenant was the "Tenant" under the Primary Lease. Except as otherwise expressly provided in this Sublease, all indemnification, hold harmless and release provisions contained in the Primary Lease running to the benefit of Tenant are incorporated into this Sublease by reference for the benefit of Subtenant as if Subtenant was the "Tenant" under the Primary Lease and Tenant was the "Landlord" under the Primary Lease. This **Section 6** is for the benefit of the Subtenant, Tenant and Landlord only, and no right of action shall accrue under this **Section 6** to any other party by way of subrogation or otherwise. Notwithstanding anything to the contrary contained in this Sublease, in no event will Subtenant be liable to Tenant for the payment of consequential, punitive or speculative damages.

7. **Security Deposit.** Security Deposit shall be [ENTER AMOUNT HERE].[4]

8. **Alterations; Repairs.**

(a) Subtenant may not make any alterations, improvements or additions to the Subleased Premises (collectively, "***Improvements***") without the express prior written consent of Landlord and Tenant, which shall not be unreasonably withheld. Any Improvements to which Landlord and Tenant must consent must be constructed and installed in accordance with (i) all requirements contained in the Primary Lease and (ii) any commercially reasonable requirements imposed by Tenant to protect Tenant's interest in the Primary Lease and/or in the Subleased Premises. Further, upon termination of this Sublease, any Improvements to the Subleased Premises shall remain in the Subleased Premises for which no payment shall be paid to Subtenant, and Subtenant shall not have the right to remove such Improvements unless required by the Primary Lease. Subtenant shall, at all times during the Sublease Term, at its own cost and expense, (1) put, keep and maintain the Subleased Premises and all fixtures and personal property located on it in good order and condition, subject to reasonable wear and tear, and subject to all applicable terms of this Article 8, (2) make all necessary and desirable repairs, restorations and replacements thereof, structural and nonstructural, foreseen or unforeseen (hereinafter collectively called "***Repairs***"), and (3) use all reasonable precautions to prevent waste, damage and injury in connection therewith.

(b) In the event that Subtenant fails or neglects to make all necessary Repairs or fulfill its other obligations as set forth above, Tenant or its agents, or Landlord, may enter the Subleased Premises for the purpose of making such Repairs or fulfilling those obligations on Subtenant's behalf. All reasonable costs and expenses incurred as a consequence of Landlord's or Tenant's action shall be repaid by Subtenant to Landlord or Tenant, as applicable, within fifteen (15) days after Subtenant receives copies of receipts showing payment by Tenant or Landlord, as applicable,

[4] NTD: Will be based on security deposit under Primary Lease.

for such Repairs or other obligations. These receipts shall be prima facie evidence of the payment of the charges paid by Tenant or Landlord (as appropriate).

(c) Should Subtenant cause any Alterations or Repairs to be made to the Premises or cause any labor to be performed or material to be furnished, neither Landlord, Tenant nor the Premises shall under any circumstances be liable for the payment of any expense incurred, and all such Alterations and Repairs shall be made and performed at Subtenant's expense. If, because of any act or omission of Subtenant, any mechanic's or other lien, charge, claim or order for the payment of money shall be filed against the Subleased Premises, Building, Landlord or against Tenant, Subtenant shall, at its own cost and expense, cause it to be canceled and discharged of record or bonded within thirty (30) days after notice of filing thereof. In the event that Subtenant fails to cause any such mechanics' or other lien, charge or order to be canceled and discharged or bonded, then, in addition, to any other right or remedy of Tenant, Tenant may, at its option, cancel or discharge it by paying the amount claimed to be due into court or directly to any claimant and the amount so paid by Tenant and all costs and expenses including, without limitation, attorneys' fees incurred in connection with the cancellation or discharge of such lien shall be due from Subtenant to Tenant as an additional charge payable on demand.

9. Damage and Destruction.

(a) If the Subleased Premises or any portion of the Subleased Premises are damaged or destroyed by any cause whatsoever such that the Primary Lease is terminated, this Sublease shall terminate immediately upon termination of the Primary Lease. Rent and any other payments for which Subtenant is liable shall be apportioned and paid to the date of such damage or destruction, and Subtenant shall immediately deliver possession of the Subleased Premises to Tenant.

(b) If all or any portion of the Subleased Premises is damaged or destroyed by any cause whatsoever, and such damage or destruction is not significant enough to cause a termination of the Primary Lease, Tenant agrees, pursuant to its rights under the Primary Lease, to use good faith efforts to cause Landlord to repair such damage to the extent Landlord is obligated under the Lease. Notwithstanding any such damage, Subtenant shall continue to be obligated to pay all Rent and Additional Rent under this Sublease during the period of restoration (except as provided in **Section 6(b)** above).

10. Condemnation. Upon any taking by condemnation or other eminent domain proceeding of all or a portion of the Premises which results in the termination of the Primary Lease, this Sublease shall terminate concurrently with the Primary Lease. As between Tenant and Subtenant, any awards or damages payable as a result of such taking by condemnation or other eminent domain proceeding shall be the sole property of Tenant, and Subtenant shall have no claim to any part of such awards or damages.

11. Certificates. Subtenant agrees to furnish to Tenant or to Landlord certificates certifying as to any factual information relating directly to this Sublease that is reasonably requested by Tenant not more frequently than semi-annually.

12. **Signage.** Subject to Landlord's and Franchisor's approval, as and if applicable, Subtenant shall, at Subtenant's sole cost and expense, install signage according to Landlord's and Franchisor's sign criteria.

13. **Condition of Subleased Premises and Surrender of the Subleased Premises.** Subtenant acknowledges that (i) Subtenant has fully inspected the Subleased Premises and accepts the same in their present condition, "as is, where is", with all faults, and (ii) Tenant has made no warranties of any kind, express or implied, or representations to Subtenant whatsoever with respect to the condition of the Subleased Premises. Tenant agrees to deliver the Subleased Premises with all Building systems (mechanical, electrical and plumbing) in good working order and repair. The Subleased Premises shall be delivered to Subtenant (1) clean and free of any debris, personal property and any hazardous materials that Tenant is aware of, with the exception of Existing Furniture, and (2) in compliance with all applicable laws (including ADA for the interior and exterior of the Premises), codes, ordinances, regulations and permits as of the Delivery Date. Subject to **Section 6** of this Sublease as it relates to the Primary Lease, Subtenant waives (a) any claims due to defects in the Subleased Premises existing as of the date of this Sublease; and (b) all express and implied warranties of suitability, habitability and fitness for any particular purpose. At the expiration or earlier termination of this Sublease, any fixtures located on the Premises and not already owned by Tenant shall become the property of Tenant at no additional expense to Tenant. If, at that time, Subtenant has fully complied, and is in full compliance, with this Sublease and has fully complied, and is in full compliance, with the Franchise Agreement, Tenant hereby waives any right to claim any personal property owned or leased by Subtenant and located on the Premises. Subject to the terms of the Franchise Agreement, the personal property may then be removed by Subtenant or Tenant provided that the Premises are restored to their original condition, reasonable wear and tear excepted and broom clean, and in good order, condition and repair. Any such personal property not removed within thirty (30) days after the Sublease expiration or termination shall be deemed abandoned and become the property of Tenant at no additional cost to Tenant. Subtenant also acknowledges that it has been given the opportunity to review this Sublease with the guidance of legal counsel.

14. **Certificates, Licenses and/or Permits; Compliance with Laws.** Subtenant shall, at Subtenant's sole expense, obtain all necessary certificates, licenses or permits to do business in the Subleased Premises, which may be required by any governmental authorities, and Subtenant shall, at its own cost and expense, promptly observe and comply with all present and future laws, ordinances, requirements, orders, directions, rules and regulations (referred to generally as "***Regulations***") of governmental authorities having or claiming jurisdiction over the Subleased Premises or the conduct of Subtenant's business. Furthermore, Subtenant shall at all times, at its own cost and expense, comply with all federal, state and local laws, ordinances, regulations and standards ("***Hazardous Substance Laws***") relating to the use, analysis, production, storage, sale, disposal or transportation of any hazardous materials, including oil or petroleum products or their derivatives, solvents, PCB's, explosive substances, asbestos, radioactive materials or waste, and any other toxic, ignitable, reactive, corrosive, contaminating or pollution materials ("***Hazardous Substances***") that are now or in the future subject to any governmental regulation. Such compliance shall include any cleanup, removal, remedial action, testing or monitoring (including

medical monitoring) which may be required under Hazardous Substance Laws, court order or by any governmental or regulatory agency.

15. Insurance. Prior to Subtenant's access or occupancy of the Subleased Premises, Subtenant will provide evidence to Tenant that Subtenant has obtained the requisite insurance coverages with respect to the Subtenant and the Subleased Premises as described in the Primary Lease and Franchise Agreement, and Subtenant shall maintain said insurance policies in full force and effect throughout the term of this Sublease and comply with all of the provisions under the Primary Lease with respect to insurance. Subtenant and Tenant shall cooperate in attempts to collect any insurance proceeds that may be due in the event of loss, and Subtenant shall execute and deliver to Tenant such proofs of loss and other instruments that may be required for the purpose of recovering these proceeds.

16. Default and Termination.

(a) **Default**. Each of the following events is a default and a breach of this Sublease by Subtenant:

(i) If Subtenant files any proceeding under the United States Bankruptcy Code, any other federal or state bankruptcy, reorganization, receivership, insolvency or other similar law affecting the rights of creditors generally, or for dissolution under the laws of the United States or of any state, or voluntarily takes advantage of any such law or act or is dissolved or makes an assignment for the benefit of creditors;

(ii) If involuntary proceedings under the United States Bankruptcy Code, any other federal or state bankruptcy, reorganization, receivership, insolvency or other similar law or for the dissolution of a corporation are instituted against Subtenant or if a receiver or trustee is appointed for all or substantially all of the property of Subtenant and such proceedings are not dismissed or such receivership or trusteeship is vacated within ninety (90) days after such institution or appointment;

(iii) If Subtenant vacates, abandons or ceases doing business on the Subleased Premises or indicates its intention to do so;

(iv) If this Sublease or the estate of Subtenant hereunder is transferred to any other person or party, except in a manner permitted by the terms of this Sublease;

(v) If Subtenant fails to pay Tenant any installment of the Rent, Additional Rent or Charges when it becomes due and payable and fails to make such payment within ten (10) days after written notice thereof by Tenant to Subtenant;

(vi) If Subtenant fails to perform any of its nonmonetary obligations under this Sublease and such non-performance continues for a period within which performance is required to be made by specific provision of this Sublease or, if no such period is provided, for a period of thirty (30) days after written notice thereof by Tenant to Subtenant; or if such performance cannot be reasonably had within such thirty (30) day period, Subtenant has not in good faith commenced

such performance within such thirty (30) day period or has not diligently proceeded therewith to completion;

(vii) If Subtenant or any manager or officer of Subtenant knowingly or intentionally falsifies any report required to be furnished to Landlord pursuant to the terms of this Sublease and fails to notify Tenant of such falsification within sixty (60) days of submission of such report;

(viii) If Subtenant fails to comply with any provision of the Franchise Agreement and fails to cure said default within any applicable cure period or any franchise agreement with a third-party franchisor and fails to cure said default within any applicable cure period; or

(ix) The Franchise Agreement is terminated.

In the event of a default under this Section, Tenant shall have such remedies as are provided under this Sublease and under applicable law.

(b) **Cure by Tenant**. After expiration of the applicable period of notice, or without notice in the event of any emergency, Tenant at its option may, but shall not be obligated to, make any payment required of Subtenant or perform any obligation of Subtenant, and the amount Tenant pays, or the cost of its performance, together with interest thereon, shall be deemed to be an additional charge payable by Subtenant on demand. Tenant shall have the right to enter the Subleased Premises for the purpose of correcting or remedying any default, but neither any expenditure nor any such performance by Tenant shall be deemed to waive or release Subtenant's default or the right of Tenant to take such action as may be otherwise permissible in the case of default. Tenant shall have no liability to Subtenant for any loss or damages resulting from any such action by Tenant, and entry by Tenant shall not constitute breach of the covenant for quiet enjoyment or an eviction.

(c) **Landlord's Remedies**. If Subtenant is in default under this Sublease, Tenant may, at its option, in addition to such other remedies as may be available under applicable law:

(i) terminate this Sublease and Subtenant's right of possession, and retake possession for Tenant's account. In such event, Tenant may repair and alter the Premises in any manner, as Tenant deems reasonably necessary or advisable. All reasonable and necessary expenses of every nature that Landlord may incur, such as (by way of illustration and not limitation) those for attorneys' fees, brokerage, advertising, and refurbishing the Subleased Premises, shall become immediately due and payable by Subtenant to Tenant; or

(ii) terminate Subtenant's right of possession, but not this Sublease, retake possession of the Subleased Premises for Subtenant's account, repair, and alter the Subleased Premises in any manner as Tenant deems reasonably necessary or advisable, and relet the Premises or any part of it, as the agent of Subtenant, for the whole or any part of the remainder of the Sublease Term or for a longer period, and Tenant may grant concessions or free rent or charge a higher rental than that reserved in this Sublease. Out of any rent collected or received from subtenants or as a result of such letting or reletting, Tenant shall first pay to itself all expenses of every nature that Landlord may reasonably incur, such as (by way of illustration and not limitation)

those for attorneys' fees, brokerage, advertising, and refurbishing the Subleased Premises in good order or preparing them for reletting; and second, Tenant shall pay to itself any balance remaining on account of the liability of Subtenant for the sum equal to all Rent, Additional Rent and other Charges due from Subtenant through the Expiration Date. Should Tenant, pursuant to this Section, not collect Rent that, after deductions is sufficient to fully pay to Tenant a sum equal to all Rent, Additional Rent and other Charges payable through the Expiration Date, the balance or deficiency shall, at the election of Tenant, be paid by Subtenant on the first of each month; or

(iii) stand by and do nothing, and hold Subtenant liable for all Rent, Additional Rent and other Charges payable under this Sublease through the Expiration Date.

(iv) If Tenant does not notify Subtenant which remedy it is pursuing, or if Tenant's notice to Subtenant does not expressly state that Tenant is exercising its remedies under Section 16(c)(i) or Section 16(c)(iii), then it shall be deemed that Tenant is pursuing the remedy set forth in Section 16(c)(ii). If Tenant exercises the option in Section 16(c)(i) or 16(c)(ii), Subtenant agrees to immediately and peacefully surrender the Subleased Premises to Tenant, and if Subtenant refuses to do so, Tenant may without further notice reenter the Subleased Premises either by force or otherwise and dispossess Subtenant by summary proceedings or otherwise, as well as the legal representative(s) of Subtenant and/or other occupant(s) of the Premises and remove their effects.

(d) Acceleration. If Tenant exercises the remedies in Section 16(c)(iii) of this Sublease, Subtenant shall immediately pay to Tenant as damages for loss of the bargain caused by Subtenant's default, and not as a penalty, in addition to any other damages, an aggregate sum that represents the present value of the full amount of the Rent, Additional Rent and all other Charges payable by Subtenant hereunder that would have accrued for the balance of the Term.

(e) Suits. Suit or suits for the recovery of the deficiency or damage or for any installment or installments of Rent, Additional Rent or any other charge due under this Sublease may be brought by Tenant at any time or, at Tenant's election, from time to time, and nothing in this Sublease shall be deemed to require Tenant to wait until the Expiration Date to bring suit.

(f) Waiver. Subtenant hereby expressly waives service of any notice of intention to reenter. Subtenant hereby waives any and all rights to recover or to regain possession of the Premises or to reinstate or to redeem this Sublease as permitted or provided by any statute, law or decision now or hereafter in force and effect. No receipt of monies by Tenant from Subtenant after the cancellation or termination of the Sublease shall reinstate, continue or extend the Sublease, or affect any prior notice given to Subtenant or operate as a waiver of the right of Tenant to enforce the payment of Rent and Additional Rent then due or subsequently falling due, or operate as a waiver of the right of Tenant to recover possession of the Subleased Premises by suit, action, proceeding or other remedy, and any and all moneys so collected shall be deemed to be payments on account of the use and occupancy of the Subleased Premises, or at the election of Tenant, on account of Subtenant's liability under this Sublease.

(g) Proof of Claim. Nothing in this Article shall limit or prejudice the right of Tenant to prove and obtain as liquidated damages in any bankruptcy, insolvency, receivership,

reorganization or dissolution proceeding an amount equal to the maximum allowed by any statute or rule of law governing such proceeding, whether or not such amount is greater, equal to or less than the amount of the damages referred to in any of the preceding sections.

(h) Injunction. In the event of a breach or a threatened breach by Subtenant of any of its Sublease obligations, Tenant shall have the right to enjoin and restrain the breach and to invoke any remedy allowed by law or in equity, in addition to other remedies provided in this Sublease.

(i) Independent Rights. The rights and remedies of Tenant are distinct, separate and cumulative, and no one of them, whether or not exercised by Tenant, shall be deemed to be to the exclusion of any of the others.

(j) Non-Waiver. The failure of Tenant to insist upon strict performance of any of Subtenant's obligations under this Sublease shall not be deemed a waiver of any rights or remedies that Tenant may have and shall not be deemed a waiver of any subsequent breach or default by Subtenant. The exercise of any of Tenant's options under the Sublease shall not be deemed to be the exclusive remedy of Tenant.

(k) Waiver of Exemption from Distress. Subtenant agrees that notwithstanding anything contained in any statute, enactment or other law of the state in which the Subleased Premises are located or of any other jurisdiction, none of the personal property located on the Subleased Premises shall be exempt from levy for distress for Rent in arrears, and that if Subtenant makes any claim for such an exemption, this Sublease may be pleaded as an estoppel against Subtenant in any appropriate action.

(l) Franchise Agreement. Notwithstanding anything in this Sublease to the contrary, this Sublease is conditioned upon the faithful performance by Subtenant of the Franchise Agreement, and a default in the terms of the Franchise Agreement shall be a default of this Sublease, and termination of the Franchise Agreement shall trigger termination of this Sublease.

(m) In addition to the obligations under **Section 11**, Subtenant shall from time to time, within five (5) days after being requested to do so by Landlord, execute, acknowledge and deliver to Tenant (or, at Tenant's request, to Landlord, any existing or prospective purchaser, transferee, assignee or mortgagee of any or all of the Premises, any interest therein or any of Tenant's rights under this Sublease) an instrument in recordable form: (i) certifying (a) that this Sublease is unmodified and in full force and effect (or, if there has been any modification thereof, that it is in full force and effect as so modified, stating therein the nature of such modification); (b) as to the dates to which the Rent, Additional Rent and Charges arising hereunder have been paid; (c) as to the amount of any prepaid rent or any credit due to Subtenant hereunder, (d) that Subtenant has accepted possession of the Subleased Premises, and the date on which the Sublease Term commenced; (e) as to whether, to the best knowledge, information and belief of the signer of such certificate, Tenant or Subtenant is then in default in performing any of its obligations under this Sublease (and, if so, specifying the nature of each such default); and (f) as to any other fact or condition reasonably requested by Tenant or such other addressee; and (ii) acknowledging and agreeing that any statement contained in such certificate may be relied upon by Tenant and any such other addressee.

17. **Landlord's Consent.** This Sublease is subject to the consent of Landlord. In no event shall Subtenant be permitted to access or occupy the Subleased Premises until such time as Landlord's consent is obtained. In the event that such consent is not obtained, this Sublease shall be null and void, any monies paid by Subtenant shall be refunded, and thereafter, neither Tenant nor Subtenant shall have any further obligations to the other party. Tenant shall (i) pay all costs, fees and charges required by Landlord to be paid in connection with any consent of Landlord required pursuant to this Sublease or the Primary Lease and (ii) use commercially reasonable efforts to comply, at Tenant's sole cost and expense, with any other requirements or conditions required by Landlord, this Sublease or the Primary Lease in connection with such consent.

18. **Attorneys' Fees and Costs of Enforcement.** The prevailing party in any legal proceeding based on this Sublease may recover reasonable attorneys' fees, investigation costs, and other costs incurred in connection with such legal proceeding from the non-prevailing party in addition to any other relief to which such prevailing party is entitled. The reasonableness of such costs and attorneys' fees shall be determined by the court and not the jury. The term "***prevailing party***" shall mean that party which the court finds and/or declares is the prevailing party, whether or not that party obtains monetary, declaratory, injunctive, equitable or nominal relief. With respect to any monetary claim, no award of damages shall be necessary in order for a party to be found by the court to have prevailed. With respect to any non-monetary claim, no equitable relief shall be necessary in order for a party to be found by the court to have prevailed. This **Section 18** shall survive expiration of the Sublease Term or earlier termination of this Sublease.

19. **Cumulative Rights and Remedies.** No right or remedy contained in this Sublease, in the Primary Lease, or provided by law is intended to be exclusive of any other right or remedy but shall be cumulative and in addition to every other right or remedy.

20. **Assignment and Subletting.** Neither Subtenant, nor Subtenant's successors or assigns, shall (unless expressly permitted in this Sublease) assign, mortgage, give as security, pledge or encumber this Sublease, in whole or in part, by operation of law or otherwise, or sub-sublet the Subleased Premises, in whole or in part, or permit the Subleased Premises or any portion of it to be used or occupied by others, or enter into a management contract or other arrangement whereby the Subleased Premises shall be managed and operated by anyone other than the owner of Subtenant's leasehold estate, without the prior consent in writing of Tenant in each instance. If this Sublease is assigned or transferred, or if all or any part of the Subleased Premises is sub-sublet or occupied by anybody other than Subtenant, Tenant may collect Rent from the assignee, transferee, sub-subtenant or occupant, and apply the net amount collected to the Rent reserved in this Sublease, but no such assignment, sub-subletting, occupancy or collection shall be deemed a waiver of any covenant or condition of this Sublease, or the acceptance of the assignee, transferee, sub-subtenant or occupant as Subtenant, or a release of Subtenant from the performance or further performance by Subtenant of its obligations under this Sublease, and Subtenant shall continue to be liable for all its obligations under this Sublease. The consent by Tenant to an assignment, mortgage, pledge, encumbrance, transfer, management contract or sub-subletting shall not in any way be construed to relieve Subtenant from obtaining the express consent in writing of Landlord in each instance to any subsequent similar action that Subtenant may intend to take or any liability hereunder. This Sublease shall be fully assignable by Tenant or its assigns.

21. **OFAC List Representation.** Subtenant hereby represents and warrants to Tenant that neither Subtenant nor any of its officers, directors, shareholders, partners, members or affiliates is or will be an entity or person: (a) that is listed in the annex to, or is otherwise subject to the provisions of, Executive Order 13224 issued on September 24, 2001 ("***EO 13224***"); (b) whose name appears on the United States Treasury Department's Office of Foreign Assets Control ("***OFAC***") most current list of "Specially Designated National and Blocked Persons" (which list may be published from time to time in various mediums including, but not limited to, the OFAC website, http://www.treasury.gov/ofac/downloads/sdnlist.pdf); (c) who commits, threatens to commit or supports "terrorism," as that term is defined in EO 13224; or (d) who is otherwise affiliated with any entity or person listed above.

22. **General Provisions.** This Sublease sets forth the complete agreement between Tenant and Subtenant regarding the subject matter of this Sublease. This Sublease may not be terminated, amended or modified in any respect except by agreement in writing executed by both Tenant and Subtenant. All duties and obligations of Subtenant under this Sublease that are unperformed shall survive the termination or expiration of this Sublease. Except as limited by this **Section 22**, this Sublease, and all the terms and conditions of this Sublease, shall be binding upon and inure to the benefit of both Tenant and Subtenant and their respective successors, representatives and assigns. Capitalized terms used in this Sublease and not defined herein shall be afforded their definitions in the Primary Lease.

23. **Existing Furniture.** Throughout the Sublease Term, Subtenant shall be entitled to use the furniture, fixtures, and equipment located in the office areas of the Sublease Premises as of the Commencement Date (collectively, the "***Existing Furniture***"). The Existing Furniture shall be delivered in its AS-IS, WHERE-IS and WITH ALL FAULTS condition, and Tenant hereby disclaims any and all representations and warranties with respect to such Existing Furniture, whether express or implied (including, without limitation, any warranty of merchantability or fitness for a particular purpose). Furthermore, Subtenant hereby understands and agrees that Tenant shall have no obligation whatsoever to maintain, repair or replace any such Existing Furniture, or to insure any of such Existing Furniture. Subtenant is authorized to remove any Existing Furniture at its sole discretion, at Subtenant's sole expense, and without any additional or future obligations to Tenant regarding the removed Existing Furniture.

24. **Holdover.** If Subtenant holds over or continues to occupy the Subleased Premises after the expiration or termination of this Sublease, Subtenant shall be responsible for any and all costs incurred by Tenant for such holdover and pay 150% of the Base Rent and Additional Rent in effect for the month prior to such holdover.

ACCORDINGLY, the parties have executed this Sublease as of the date first set forth above.

SIGNATURE PAGE FOLLOWS:

TENANT:

By: _____
Name: _____
Title: _____

SUBTENANT:

By: _____
Name: _____
Title: _____

LANDLORD:

By: _____
Name: _____
Title: _____

Exhibit A

Subleased Premises

Approximately [ENTER SQUARE FOOTAGE] Rentable Square Feet located at [ENTER ADDRESS]

Exhibit B

Primary Lease

EXHIBIT L

SUBLEASE AGREEMENT

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EXHIBIT M

STATE EFFECTIVE DATES PAGE

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Hawaii	June 14, 2024
Illinois	Pending
Indiana	April 24, 2024
Maryland	May 22, 2024
Michigan	April 22, 2024
Minnesota	Pending
New York	Pending
North Dakota	June 5, 2024
Rhode Island	May 20, 2024
South Dakota	April 25, 2024
Virginia	Pending
Washington	Pending
Wisconsin	April 24, 2024

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

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EXHIBIT N

RECEIPTS (OUR COPY)

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Confie Franchise Services, LLC ("**CFS**") offers you a franchise, it must provide this Disclosure Document to you 14 days before you sign a binding agreement with, or make a payment to, CFS or one of its affiliates in connection with the proposed franchise sale. Iowa requires that CFS provide you with this Disclosure Document at the earlier of the first personal meeting or 14 calendar days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale. Michigan requires that CFS provide you with this Disclosure Document ten (10) business days before you sign a binding agreement with, or make payment to, CFS or one of its affiliates in connection with the proposed sale. New York requires that CFS provide you with this Disclosure Document at the earlier of the first personal meeting or ten (10) business days before you sign a binding agreement with, or make payment to, CFS or one of its affiliates in connection with the proposed sale.

If CFS does not deliver this disclosure statement on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit H.

Issuance Date: April 22, 2024

Date, sign and return this Original Receipt to Confie Franchise Services, LLC, 7711 Center Avenue, Suite 200, Huntington Beach, California 92647, Attn: Alex Trachtman or contact@freewayfranchise.com.

This franchise is being offered by the following sellers at the principal business address and phone number listed below (check all that have been involved in the sales process):

Sellers at Confie Franchise Services, LLC 7711 Center Avenue, Suite 200, Huntington Beach, California 92647, (800) 741-5769:			
□ Alex Trachtman	□ Jose Merille	□ Felipe Martinez	□ Rosemary Anderson
□ Rick Carter			

I have received a Disclosure Document with an Issuance Date of April 22, 2024. This FDD included the following Exhibits:

Exhibit A	Financial Statements	Exhibit H	List of State Administrators and Agents for Service of Process
Exhibit B	Franchise Agreement		
Exhibit C	Sample Release Agreement	Exhibit I	Development Agreement
Exhibit D	Table of Contents of Confidential Operations Manual	Exhibit J	Affidavit Regarding Existing Contractual Obligations
Exhibit E-1	List of Franchised Brokerages	Exhibit K	Bill of Sale
Exhibit E-2	Franchisees that Left the System	Exhibit L	Sublease Agreement
Exhibit F	National Account Participation Agreement	Exhibit M	State Effective Dates Page
		Exhibit N	Receipts
Exhibit G	State Specific Addenda		

Name of Prospective Franchisee, individually and as an officer of: _____

_____ Date: _____

Signature of Prospective Franchise

© 2024 Confie Franchise Services, LLC

RECEIPTS (YOUR COPY)

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Confie Franchise Services, LLC ("**CFS**") offers you a franchise, it must provide this Disclosure Document to you 14 days before you sign a binding agreement with, or make a payment to, CFS or one of its affiliates in connection with the proposed franchise sale. Iowa requires that CFS provide you with this Disclosure Document at the earlier of the first personal meeting or 14 calendar days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale. Michigan requires that CFS provide you with this Disclosure Document ten (10) business days before you sign a binding agreement with, or make payment to, CFS or one of its affiliates in connection with the proposed sale. New York requires that CFS provide you with this Disclosure Document at the earlier of the first personal meeting or ten (10) business days before you sign a binding agreement with, or make payment to, CFS or one of its affiliates in connection with the proposed sale.

If CFS does not deliver this disclosure statement on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit H.

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This franchise is being offered by the following sellers at the principal business address and phone number listed below (check all that have been involved in the sales process):

Sellers at Confie Franchise Services, LLC 7711 Center Avenue, Suite 200, Huntington Beach, California 92647, (800) 741-5769:			
□ Alex Trachtman	□ Jose Merille	□ Felipe Martinez	□ Rosemary Anderson
□ Rick Carter			

I have received a Disclosure Document with an Issuance Date of April 22, 2024. This FDD included the following Exhibits:

Exhibit A	Financial Statements	Exhibit H	List of State Administrators and Agents for Service of Process
Exhibit B	Franchise Agreement		
Exhibit C	Sample Release Agreement	Exhibit I	Development Agreement
Exhibit D	Table of Contents of Confidential Operations Manual	Exhibit J	Affidavit Regarding Existing Contractual Obligations
Exhibit E-1	List of Franchised Brokerages	Exhibit K	Bill of Sale
Exhibit E-2	Franchisees that Left the System	Exhibit L	Sublease Agreement
Exhibit F	National Account Participation Agreement	Exhibit M	State Effective Dates Page
Exhibit G	State Specific Addenda	Exhibit N	Receipts

Name of Prospective Franchisee, individually and as an officer of: _____

_____ Date: _____

Signature of Prospective Franchisee

Keep this copy of the receipt for your records.

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