FRANCHISE DISCLOSURE DOCUMENT

PROMINENT FRANCHISE, LLC
Delaware limited liability company
1201 N. Orange Street
Wilmington, Delaware
(302) 351 – 3368
email@prominentagency.com
www.prominentagency.com

The franchisee will operate an insurance business under the "Prominent Insurance" trademarks.

The total investment necessary to begin operation of a Prominent Insurance franchise ranges from $83,000 - $114,500. This includes $40,000 that must be paid to the franchisor.

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

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

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

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

Issuance Date: August 16, 2022

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit E.
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 C 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 Prominent 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 franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be Prominent Insurance franchisee?	Item 20 or Exhibit E lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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 the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit A.

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-state dispute resolution.** The franchise agreement requires you to resolve disputes with us by mediation and litigation only in Delaware. Out-of-state mediation and litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate and litigate with us in Delaware than in your own state.

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

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

PROMINENT FRANCHISE, LLC
Franchise Disclosure Document

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LIST OF EXHIBITS

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

To simplify the language in this disclosure document, the terms "Franchisor", or "we" or "us" means Prominent Franchise, LLC, the Franchisor. The terms "we", "us" and "Franchisor" do not include you, the "Franchisee". We refer to the purchaser(s) of a Prominent Insurance franchise, as "you" or "Franchisee", whether an individual, a partnership, corporation, or limited liability company. If you are a corporation, partnership or other entity, our Franchise Agreement also will apply to your owners, officers and directors. If you are married and your spouse is not a partner in the franchise business, certain provisions of our Franchise Agreement will also apply to that spouse.

We were formed as a limited liability company in the State of Delaware on May 26, 2022. Our principal business address is 1201 N. Orange Street, Ste 700, Wilmington, Delaware 19801, and our telephone number is (302) 351 - 3368. We do business under our company name, "Prominent Insurance" and its associated design (the "Marks"). Our parent, Prominent Insurance Services, Inc., has registered, or has filed for registration, our primary service marks on the Principal Register of the United States Patent and Trademark Office. We do not own or operate any businesses of the type you will be operating. We have not offered franchises in any other line of business. We only offer franchises which operate under the " Prominent Insurance" Marks. We began offering franchises on the Issuance Date of this Disclosure Document.

The principal business addresses of our agents for service of process are shown on Exhibit A.

Our Parents, Predecessors and Affiliates

We have no predecessor company.

We have a parent company, Prominent Insurance Services, Inc., a Delaware corporation with a principal place of business at 1201 N. Orange Street, Ste 700, Wilmington, Delaware 19801. Prominent Insurance Services, Inc., was formed on March 25, 2011, and is the owner of our Marks and has exclusively licensed use of the Marks to us. Prominent Insurance Services, Inc., has not offered franchises in this or in any other lines of business previously. Prominent Insurance Services, Inc. owns and operates our company outlets in Delaware and Pennsylvania.

The Franchise Offered:

We offer franchises for the right to operate an insurance agency under the Prominent Insurance Marks and using our distinctive operating procedures and standards in a designated area (the "Franchised Business"). The Franchised Business will provide insurance services for both residential and commercial purposes. The distinguishing characteristics of the Franchised Business include, but are not limited to, our distinctive and uniform trade dress standards, operations procedures, service methods, and methods for management, training, and marketing, all of which may be changed, improved or further developed by us at any time (the "System").

Market and Competition:

The market for your Franchised Business consists of personal and commercial insurance agencies. The market for our services is not seasonal but does have peak periods. The market may also be affected by economic conditions and the amount of insurance sales activity in your designated territory.

The personal and commercial insurance agency is well established. You will compete with other insurance agencies, including national, regional and local companies, offering services similar to those offered by your Franchised Business.

Industry Specific Regulations:

Some states may have other licensing, certification or registration requirements applicable to some or all of the services you will be providing through your Franchised Business. You may be required to pay a fee to the state agency or association responsible for enforcing these requirements. Some states may require a minimum level of education or related work experience to obtain licenses.

You must comply with all local, state and federal laws and regulations that apply to the operation of your Franchised Business, including, among others, business operations, insurance, discrimination, and employment laws. Your advertising of the Franchised Business may be regulated by the Federal Trade Commission. There may be federal, state and local laws which affect your Franchised Business in addition to those listed here. You will be responsible for investigating and complying with any such laws in your designated territory. You should consider both their effect on your business and the cost of compliance. You should thoroughly investigate all of these laws and requirements before purchasing a Prominent Insurance franchise.

ITEM 2: BUSINESS EXPERIENCE

Jason Rodriguez: CEO

Employer	Start/End Date	Title	Location
Prominent Franchise	2022 – Present	CEO	Wilmington, DE
Prominent Insurance	2010 – Present	CEO	Wilmington, DE

Jeffrey Benson: COO

Employer	Start/End Date	Title	Location
Prominent Franchise	2022 – Present	COO	Wilmington, DE
Prominent Insurance	2018 – Present	COO	Wilmington, DE

University of Maryland Faculty Physicians Inc.	2021 – Present	Associate Director	Baltimore, MD
Delaware State University	2020 – 2021	Director of Black Male Experience	Dover, DE
Children & Families First	2019 - 2021	Community Outreach Coordinator	Seaford, DE
One Direction Insurance	2016 – 2018	Owner	Seaford, DE

Boynton R. Weekes: President of Franchise Development

Employer	Start/End Date	Title	Location
Prominent Franchise	2022 – Present	President of Franchise Development	Wilmington, DE
Frannet	2016 - Present	Franchise Consultant	Metuchen, NJ

Maya Dwanah: Vice President of Franchise Development

Employer	Start/End Date	Title	Location
Prominent Franchise	2022 – Present	Vice President of Franchise Development	Wilmington, DE
Chubb International	2019 – Present	Supervisor Senior IT Internal Auditor	Philadelphia, PA
KPMG Advisory	2016 – 2019	IT Audit Consultant	Philadelphia, PA

ITEM 3: LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4: BANKRUPTCY

No bankruptcies are required to be disclosed in this Item.

ITEM 5: INITIAL FEES

We will charge you an initial franchise fee ("Initial Franchise Fee") when you sign the Franchise Agreement. The Initial Franchise Fee is Forty Thousand Dollars ($40,000.00). This payment is fully earned by us and due in lump sum when you sign the Franchise Agreement. The Initial Franchise Fee is not refundable under any circumstance.

From time to time, we may offer special incentive programs as part of our franchise development activities. We reserve the right to offer, modify or withdraw any incentive program without notice to you. We currently offer a ten percent (10%) discount from the Initial Franchise Fee for honorably discharged veterans of the United States Military.

ITEM 6: OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	The greater of: 30% of Gross Revenue or the Minimum Royalty Fee.	See footnote 1.	Payable to us. See footnote 1.
Required Minimum Expenditure for Local Marketing and Advertising	1% of Gross Revenue	As incurred.	Payable to third-party suppliers. All advertising must be approved by us. See footnote 2.
Brand Development Fund Contribution	2% of Gross Revenue	Same time and manner as Royalty Fee	Payable directly to the Brand Development Fund. See footnote 3.
Advertising Cooperative	Currently $0. Fees for the cooperative will not to exceed one-half of the Local Advertising requirement or your pro-rata share of actual cooperative advertising costs, whichever is greater.	As determined by cooperative.	No cooperatives have been established as of the date of this Disclosure Document. You are required to join an advertising cooperative if one is formed. Cooperatives will be comprised of all franchised Prominent Insurance outlets in a designated geographic area, or we may establish a national cooperative comprised of all franchised Prominent Insurance outlets. Our affiliate-owned outlets may participate in an advertising cooperative, in our sole discretion.

Type of Fee	Amount	Due Date	Remarks
Technology Fee	Up to $200/month, subject to increase to no more than your pro rata share of our actual costs to provide you with required technology.	Monthly	The Technology Fee is payable to us. See footnote 4.
Late Charge	$75	As incurred	If you fail to pay us the Royalty Fee, Brand Development Fund Fee, or if you fail to submit your Gross Revenue report when due, we may charge you $75 for each late submission in addition to interest charges explained below.
Interest Charge	1.5% per month from due date or maximum allowed by law, whichever is lower	As incurred	If you fail to pay us any amount when due, we may charge you interest on the unpaid balance until the payment is received.
Non-sufficient Funds Fee	$50	As incurred	If your check is returned or an electronic funds transfer from your bank account is denied for insufficient funds, for each occurrence we may charge you a Non-sufficient Funds Fee.
Successor Agreement Fee	25% of the then current Initial Franchise Fee	Before signing successor agreement	Payable to us. See Item 17.
Transfer Fee	$10,000	Upon approval of the transfer	Payable to us. See Item 17
Interim Management Fee	Our then-current fee, which is currently $500 per day, during the term of interim management, plus all travel related and other expenses.	As incurred.	We may impose this fee (in addition to all regularly occurring fees such as the Royalty Fee and Brand Development Fund Contributions), payable to us, if we provide interim management of your Franchised Business due to lack of manager, default, death or disability.

Type of Fee	Amount	Due Date	Remarks
Initial Training	No charge for initial training of up to two (2) people. The fee for additional trainees, is up to $400 per person per day. You pay all travel and other related expenses incurred by all trainees.	As incurred.	Initial training takes place online or at Franchisors headquarters in Philadelphia, PA. You must pay the incidental costs of attendance, which include but are not limited to, airfare, transportation, hotel and food costs. Incidental costs are payable to third-party suppliers. Fees for additional trainees are payable to us.
Additional Training	A reasonable fee for all System training programs. You pay all travel and other related expenses incurred by you and your personnel to attend training. Currently $400 per person per day.	As incurred.	See footnote 5.
Remedial Training Fee	Our then-current trainer per diem rate plus expenses. Our current per diem rate is $400 per day, plus travel and other expenses.	As incurred.	We may impose this fee, payable to us, if you request additional training in your territory from time-to-time, or if you are operating below our standards and we require you to have additional training. You must also pay all costs of our trainer, which include but are not limited to, airfare, transportation, hotel and meals.
Examination of Books and Records	Cost of examination plus related expenses.	As incurred.	We have the right under the Franchise Agreement to examine your books, records and tax returns. If an examination reveals that you have understated any Gross Revenue report, you must pay to us the cost of the audit and all travel and related expenses, in addition to repaying monies owed and interest on the monies owed.

Type of Fee	Amount	Due Date	Remarks
Evaluation Fee	Actual Costs and Expenses incurred.	As incurred.	Payable to us. See footnote 6.
Inspection Reimbursement	Actual Cost	As incurred.	You must reimburse us for our inspection costs if our inspection finds that you are using a product or service that does not conform to our system standards.
Customer Dispute Resolution Fee	Amount we refund to a customer on your behalf.	As incurred	You must pay us this fee if we refund any amounts to your customer.
Quality Review Services	Varies	As incurred	Payable to third-party providers. See footnote 7.
Indemnification	Amount of loss or damages plus costs	As incurred.	See footnote 8.
Damages, Costs and Expenses for Non-compliance	Actual damages, costs and expenses	As incurred.	See footnote 9.
Insurance Reimbursement	Amount paid by us for your insurance obligations, plus a ten percent (10%) administrative fee and other actual expenses	As incurred	You must reimburse us for any insurance costs and other fees we incur due to your failure to meet the insurance obligations required by the Franchise Agreement.
Taxes	Amount of taxes	When incurred.	You must reimburse us for any taxes that we must pay to any taxing authority on account of either the operation of your Franchised Business or payments that you make to us, including, but not limited to any sales taxes or income taxes imposed by any authority.

All fees and expenses described in this Item 6 are nonrefundable and are uniformly imposed. Except as otherwise indicated in the preceding chart, we impose all fees and expenses listed and you must pay them to us.

[1] We will receive all Commissions (defined below) from insurance carriers. We will receive all Premiums, Policy Fees and Agency Fees (as each of those terms are defined below) on your behalf. In the event that any Premiums, Policy Fees, or Agency Fees are received directly by you, these funds must be forwarded to us within 24 hours of receipt. Beginning on the first day of the first month after you open your Franchised Business, we will remit to you Net Revenues on a monthly basis. The following terms have the following meanings:

"**Agency Fees**" means fees that are charged by you for issuing a new policy pursuant to the Manual.

"**Commission**" means the fees paid in cash to us, by insurance carriers as a percentage of the Premiums generated by insurance policies sold by the Franchised Business, on all new and renewal policies.

"**Gross Revenues**" means the amount of Commissions and Agency Fees received, net of reversals of Commissions for policy cancellations or policy changes and net of Agency Fee refunds, for insurance services provided by the Franchised Business; Gross Revenues does not include any Premiums or Policy Fees collected by the Franchised Business on behalf of any insurance carrier.

"**Minimum Royalty**" means a minimum monthly Royalty Fee payment, beginning six months after the Opening Date, in the following amounts:

Number of Months following Opening Date	**Amount of Monthly Minimum Royalty**
6 to 18	$500
19 – Remainder of Term and any Successor Term	$750

"**Month**" means a calendar month or such other four to five week period that we may designate (provided that there will not be more than 13 "Months" during any year).

"**Net Revenues**" means Gross Revenues net of all amounts due to us under the Franchise Agreement, including Royalty Fees, Marketing Contributions (if applicable), Technology Fees, and payments due to us under the Promissory Note (if applicable).

"**Premiums**" means fees that are paid to the insurance carrier for insurance coverage.

"**Policy Fees**" means fees to be paid to the insurance carrier for the issuance of a policy.

The "**Royalty Fee**" will be the following amounts: ***(a)*** the greater of (i) 30% of Gross Revenues on insurance policies in their initial term, or (ii) the Minimum Royalty (defined below); and ***(b)*** 30% of Gross Revenues on policies in their renewal terms and policies written for existing customers on the same risk profile within a one-year period of the cancellation of their existing policy (also known as "**re-writes**").

[2] You must spend a minimum of one percent (1%) of your Gross Revenue per month on local advertising and marketing activities. Upon our request, you must furnish us with a quarterly report and documentation of local advertising expenditures during the previous calendar quarter. See Item 11 for more information.

[3] You must pay directly to our Brand Fund a Brand Fund Contribution of two percent (2%) of Gross Revenue generated by your Franchised Business. Payments are due at the same and in the same manner as the Royalty Fee. You may be required to set up authorization at your bank to allow the Brand Fund to electronically transfer funds from your bank account to the Brand Fund's bank account. Interest and late fees will apply to any late payments or electronic funds transfer requests denied due to insufficient funds. If you do not report your revenues for the month, then we will collect 120% of the last Brand Fund collected and settle the balance the next period in which you report revenue.

[4] We reserve the right to impose a fee for new or improved technology for the benefit of the System and the Franchised Business, including but not limited to, assigned phone numbers and email addresses, a franchise portal, benchmarking platform or other operations or communications systems. The cost assumes a two person office. You are required to pay regular fees for access, support and updates to our approved software. These fees are subject to change by the software providers. We have the right to substitute or add different approved technologies, which you must use.

[5] We may offer mandatory and/or optional additional training programs from time to time. If we require it, you must participate in additional training, including attendance at a national business meeting or annual convention, for up to five (5) days per year, at a location we designate. We reserve the right to impose a reasonable fee for all additional training programs, including the national business meeting or annual convention. You are responsible for any and all incidental expenses incurred by you and your personnel in connection with additional training or attendance at Franchisor's national business meeting or annual convention, including, without limitation, costs of travel, lodging, meals and wages.

[6] If you wish to purchase, lease or use any, equipment, supplies, services or other items unapproved or from an unapproved supplier, you must request our prior written approval. As a condition to our approval, we may require inspection of the proposed supplier's facilities and evaluation and testing of the proposed item or service.

[7] We may establish quality assurance programs conducted by third-party providers, such as, by way of example only, customer satisfaction surveys and periodic quality audits, to monitor the operations of your Franchised Business. If we require it, you must subscribe and pay the fees for any such program.

[8] You must indemnify and hold us, our parent and affiliates, and all of our respective officers, directors, agents and employees harmless from and against any and all claims, losses, costs,

expenses, liability and damages arising directly or indirectly from, as a result of, or in connection with your business operations under the Franchise Agreement, as well as the costs, including attorneys' fees, of defending against them.

[9] If you breach the Franchise Agreement, you must reimburse us any costs we incur to cure your default. You must also pay us all damages, costs and expenses, including reasonable attorneys' fees, we incur in obtaining any remedy, injunctive or other relief to enforce the provisions of the Franchise Agreement.

ITEM 7: ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee[1]	$40,000	Lump sum payment in cash or available funds	Upon signing the Franchise Agreement.	Us
Your Training Expenses[2]	$1,000 - $2,500	As required for transportation, lodging & meals	As required by suppliers of transportation, lodging & meals.	Suppliers of transportation, lodging & meals.
Premises lease deposit[3]	$0 - $3,000	As required by Landlord	As required by landlord	Landlord
Leasehold Improvements, Construction and/or Remodeling[4]	$0 - $10,000	As required by supplier, contractor or landlord	Before opening, as required by supplier.	Suppliers, contractor and/or Landlord
Office Furniture, Fixtures, Equipment and Supplies[5]	$0 - $12,000	As required by supplier	Before opening	Suppliers
Exterior Signage[6]	$2,500 - $5,000	As incurred	Before opening	Suppliers
Licenses and Permits[7]	$1,000	As required by government agencies	Before opening, as required by government agencies	Government Agencies
Computer Systems[8]	$3,500	As required by suppliers	Before opening	Suppliers
Professional Fees[9]	$500 - $3,500	As required by providers	As incurred	Attorney, Accountant, Other Professional Service Providers
Grand Opening Advertising[10]	$2,500	As required by supplier	As required by supplier	Suppliers

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Insurance[11]	$2,000 - $5,000	As required by insurer	Before opening	Insurer or Us
Operating Expenses / Additional Funds – 3 months[12]	$30,000	As incurred	In according with agreed-upon terms	Employees, suppliers, etc.
TOTAL	$83,000 - $114,500			

[1] Please see Item 5 for information on incentive programs that may offer a discount on the Initial Franchise Fee.

[2] The cost of the Initial Management Training Program for two people is included in the Initial Franchise Fee. Your costs will depend on the number of people attending training, their point of origin, method of travel, class of accommodation and living expenses. The duration of the training program is up to four (4) weeks. This estimate does not include employee wages.

[3] The low end of this estimate includes the Franchised Business operated from a home office. The high end of this estimate, estimates the cost of a two (2) month deposit at a professional space such as WeWork or Regis.

[4] This estimate is for the costs for improvements to your Franchised Business location without a tenant improvement allowance from the landlord. We have based our estimates on the historical experience of our affiliates. The low end of this estimate is for a home office. These estimates are applicable to a site which has been obtained in the “vanilla box” stage, which refers to an interior condition with existing heating/cooling with delivery systems, electrical switches and outlets, a finished ceiling, walls that are prepped for painting and a concrete slab floor.

[5] You are permitted to operate from an office in your home. Your home office will require a desk, chair, filing and storage cabinetry and sufficient lighting. You may already have necessary furniture and fixtures, or you may need to purchase items. The cost of furniture and fixtures will vary depending on your suppliers and design preferences. You will need miscellaneous office supplies and consumables.

[6] This estimate is for the cost to produce and mount storefront signage on the exterior of the premises.

[7] You are responsible for applying for, obtaining and maintaining all required permits and licenses necessary to operate your Franchised Business. This estimate includes the cost of local business licenses that typically remain in effect for 1 year. This estimate further includes the initial cost of licenses, certifications and/or permits that may be required by you or your employees to provide services offered by the Franchise. The costs of permits and licenses will vary by location.

[8] We require you to purchase computer systems and software meeting our minimum specifications for use in your Franchised Business. This estimate includes the cost of a laptop, an iPad, multi-function printer/scanner/fax, voice over IP phone, and purchase,

installation and access to the software we require. You must also have Internet and other telecommunications equipment and services in accordance with our standards to permit electronic transmission of reports and revenue and customer information. We reserve the right to change your requirements for computer hardware and software at any time.

[9] You may incur professional fees depending on the scope of work performed, which may include, legal and accounting fees to review franchise documents and costs of forming a separate legal entity. This list is not exhaustive. This amount will vary greatly depending on your specific needs and location. We strongly recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity, this disclosure document and the Franchise Agreement. It is also advisable to consult these professionals to review any other contracts that you will enter into as part of starting your Franchised Business.

[10] During the sixty (60) days following the opening of your Franchised Business, you will conduct an initial launch marketing campaign that includes (i) making cold calls upon potential referral sources, (ii) establishing a social media presence, and (iii) adding your work product to a designated webpage, all in accordance with our standards.

[11] Before you open for business, you must purchase and maintain at your sole cost and expense the insurance coverage that we specify. Insurance costs and requirements may vary widely in different localities. The estimate is for the first three (3) months of liability insurance coverage. We reserve the right to require additional types of insurance and coverage as provided in the Franchise Agreement.

[12] This is an estimate of the amount of additional operating capital that you may need to operate your Franchised Business during the first three (3) months after commencing operations. We cannot guarantee that you will not incur additional expenses in starting the business that may exceed this estimate. This estimate includes such items as initial payroll, taxes, bank charges, miscellaneous supplies and equipment, initial staff recruiting expenses, additional marketing costs and other miscellaneous items. These estimates do not include any compensation to you nor do they include debt service. These items are by no means all-inclusive of the extent of possible expenses.

We relied upon the experience of our affiliate-owned Prominent Insurance outlets to compile these estimates. You should review these figures carefully with a business advisor before making any decision to invest in the franchise. These figures are estimates and we cannot guarantee that you will not have additional expenses starting your Franchised Business. Your additional costs will depend on factors such as how closely you follow our methods and procedures; your management skill, experience, and business acumen; local economic conditions; the local market for our service; competition; and the sales level reached during your initial period. We estimate that a franchisee can expect to put additional cash into the business during at least the first three to six months, and sometimes longer. Notwithstanding, we cannot estimate or guarantee when, or whether, any individual franchisee will achieve positive cash flow or profits.

We do not offer direct or indirect financing to franchisees for any other items included in this section.

All fees and payments are non-refundable, unless otherwise stated or permitted by payee.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We have identified various suppliers, distributors and manufacturers of equipment, inventory, supplies and services that your Franchised Business must use or provide which meets our standards and requirements. You must purchase all equipment, inventory, supplies and services from our designated suppliers and contractors or in accordance with our specifications. We maintain written lists of approved items of equipment, inventory, supplies and services (by brand name and/or by standards and specifications) and a list of designated suppliers and contractors for those items. We will update these lists periodically and issue the updated lists to all franchisees.

None of our officers owns an interest in any supplier.

Before you open for business, you must purchase and maintain at your sole cost and expense the insurance coverage that we specify. The minimum insurance required is comprehensive general liability insurance, including coverage for errors and omissions and personal and advertising injury, in the amount of one million dollars ($1,000,000) per occurrence and two million dollars ($2,000,000) in the aggregate; Cyber insurance in the amount of two hundred and fifty thousand ($250,000) dollars per occurrence; property and casualty insurance in an amount of fifty thousand dollars ($50,000) or such higher amount to cover the full replacement value of your equipment, furniture, fixtures, and inventory; business interruption insurance in an amount no less than the greater of (i) One Hundred Thousand Dollars ($100,000.00) or (ii) an amount necessary to satisfy your obligations under the franchise agreement for a minimum period of six (6) months; and employment insurance, including third-party coverage of at least ten thousand dollars ($10,000) or greater if required by state law for worker's compensation coverage, and employee practices/ abuse and dishonesty; electronic equipment and data damage or loss of at least Ten Thousand Dollars ($10,000); and identify theft coverage of at least Two Thousand Five Hundred Dollars ($2,500) each for loss and for expenses. Each policy must be written by a responsible carrier or carriers acceptable to us and must name us, and our respective officers, directors, partners, agents and employees as additional insured parties, and contain a waiver of the insurance company's rights of subrogation against us.

We approve suppliers after careful review of the quality of the products and services they provide to us and our franchisees. If you would like us to consider another item or supplier, you must make such request in writing to us and have the supplier give us samples of its product or service and such other information that we may require. If the item and/or supplier meets our specifications, as we determine in our sole discretion, we will approve it as an additional item or supplier. We will notify you whether we approve or disapprove of the proposed item or supplier within 30 days after we receive all required information to evaluate the product or service. We reserve the right to revoke approval of any item or supplier that does not continue to meet our then-current standards. Our criteria for approving items and suppliers are not available to you. If you request that we approve a proposed item or supplier, we may charge you an evaluation fee of our actual costs and expenses.

In the fiscal year ending June 30, 2022, we did not receive any revenue from required purchases by franchisees.

We currently do not receive any revenue, rebates, discounts or other material consideration from any suppliers based on your required purchases of products, supplies or equipment;

however, we may do so in the future, and any rebates or discounts we receive may be kept by us in our sole discretion.

We estimate that your purchase or lease of products, supplies and services from approved suppliers (or those which meet our specifications) will represent approximately between 20% and 30% of your costs to establish your Franchised Business and approximately 20% of your costs for ongoing operation.

Currently, there are no purchasing or distribution cooperatives. However, we can require that you make your purchases through a cooperative if one is formed.

Although we do not do so currently, we may in the future negotiate purchase arrangements, including price terms, with designated and approved suppliers on behalf of all franchisees.

We provide no material benefits (such as the grant of additional franchises) based on your use of designated sources; however, failure to use approved items or designated suppliers and contractors may be a default under the Franchise Agreement. Additionally, when there is any default under the Franchise Agreement, we reserve the right, in addition to other remedies available under the Franchise Agreement, to direct suppliers to withhold furnishing products and services to you.

ITEM 9: <u>FRANCHISEE'S OBLIGATIONS</u>

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 or Article in Franchise Agreement	Item in Franchise Disclosure Document
a. Site Selection and Acquisition/Lease	8.1	11, 12
b. Pre-Opening Purchase/Leases	8.2, 12.3.1	7, 11
c. Site Development & other Pre-Opening Requirements	8.1, 8.2, 12.1.1	11
d. Initial and Ongoing Training	Article 7	11
e. Opening	8.2	11
f. Fees	5.2.6, Article 6, 7.4, 7.5, 12.3.7, 12.8, 12.9,13.2, 13.3.1,15.6, 16.4, 18.1.4, 18.1.5, 19.1.5 20.8	5, 6, 7
g. Compliance with Standards and Policies/Operating Manual	Article 9, 11.4, Article 12, 19.1.1	8, 11

Obligation	Section or Article in Franchise Agreement	Item in Franchise Disclosure Document
h. Trademarks and Proprietary Information	9.3, Article 14, 19.2, 19.3, 19.4	13, 14
i. Restrictions on Products/Services Offered	12.8	8
j. Warranty and Customer Service Requirements	12.6	Not Applicable
k. Territorial Development and Sales Quotas	13.2	12
l. Ongoing Product/Service Purchases	Not Applicable	8
m. Maintenance, Appearance and Remodeling Requirements	Article 9, 12.1.7	Item 11
n. Insurance	Article 15	7
o. Advertising	Article 13	6, 11
p. Indemnification	12.4, 12.5,15.6, 16.3.6, 21.1	14
q. Owner's Participation, Management, Staffing	11.1, 11.3, 12.1.3, 12.1.4	11, 15
r. Records/Reports	12.2	6
s. Inspections and Audits	12.1.5, 12.2.4, 12.9	6, 11
t. Transfer	Article 16	17
u. Renewal	Article 5	17
v. Post-Termination Obligations	Article 18	17
w. Non-Competition Covenants	19.5	17
x. Dispute Resolution	Article 20	17
y. Guaranty (Spouse)	11.3, Attachment 8	15

ITEM 10: **FINANCING**

We do not offer direct or indirect financing. We do not guarantee any note, lease, or obligation on your behalf.

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

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

1. Pre-Opening Obligations

Before you open your Franchised Business, we will:

a. designate the boundaries of your territory (Franchise Agreement, Section 8.1).

b. provide the Prominent Insurance Operations Manual and other manuals and training aids we designate for use in the operation of your Prominent Insurance, as they may be revised from time to time (Franchise Agreement, Section 10.2).

c. provide a written list of equipment, signage, supplies and products that will be required to open the Franchised Business. (Franchise Agreement, Section 10.3).

d. provide you with initial training. We will determine, in our sole discretion, whether you satisfactorily complete the initial training (Franchise Agreement, Section 7.1).

e. provide you with samples or digital artwork of advertising and promotional materials for your initial marketing activities (Franchise Agreement, Section 10.4).

2. Time to Open

We estimate the typical length of time between the signing of the Franchise Agreement and the time you open your Franchised Business is ninety (90) days. Before you may open, you must (i) complete our Initial Management Training Program, (ii) hire and train your staff, if required, (iii) acquire all equipment, computer systems, software, and applications we require, and (iv) obtain required licenses to operate the Franchised Business. Factors that may affect this time period include your ability to acquire license and permits and completion of required training. If you have not opened your Franchised Business within ninety (90) days after you sign the Franchise Agreement, you must obtain our consent to extend the time to open, which we may or may not grant, at our discretion. Failure to open your Franchised Business within the original time as extended, is a default of the Franchise Agreement. (Franchise Agreement, Sections 8.2).

3. Obligations After Opening

During the operation of your franchise, we will:

a. offer from time to time, in our discretion, mandatory or optional additional training programs. If we require it, you must attend mandatory additional training and/or attend an annual business meeting or franchisee conference for up to five (5) days each year at a location we designate. Failure to attend mandatory additional training or an annual business meeting or conference is a default of the Franchise Agreement. We reserve the right to impose a reasonable fee for tuition and/or attendance for all additional training programs, including the annual business meeting or conference. You must also pay your transportation, lodging, meals and other expenses to attend any mandatory training program. If you fail to attend any mandatory training program, you are required to obtain the training at a location we designate, at your sole cost, which includes tuition at the then-current rate, plus all of your travel costs and our trainer's travel costs. (Franchise Agreement, Section 7.3).

b. upon your request, or as we determine to be appropriate, provide remedial in-territory training and assistance. For any in-territory training, you must reimburse all costs for the services of our trainer, including but not limited to the trainer's then-current per diem fee and all travel-related expenses, such as transportation, meals and lodging (Franchise Agreement, Section 7.4).

c. upon your request, provide individualized assistance to you within reasonable limits by telephone, video conference, electronic mail or postage service, subject at all times to availability of our personnel and in reasonable limits (Franchise Agreement, Section 7.5).

d. from time to time, as may become available, provide you with samples or digital artwork of advertising and promotional materials (Franchise Agreement, Section 10.4).

e. maintain the Prominent Insurance website with a link to your Franchised Business contact information and completed work. (Franchise Agreement, Section 12.3.6).

f. provide you with any written specifications for required equipment, products and services and provide you with updated lists of any approved suppliers of these items (Franchise Agreement, Section 10.5).

g. subject to applicable law, recommend maximum prices for the services and products offered by your Franchised Business. You may provide your Franchised Business services and products at any price that you determine within our parameters. Our suggested prices are not a representation, warranty or guarantee that such prices will enhance your sales or profit (Franchise Agreement, Section 12.7).

h. approve or disapprove of all advertising, direct mail, and other promotional material and campaigns you propose in writing to us. We will respond within ten (10) business days, either accepting or rejecting the proposed material and/or campaign; however, if we do not respond within ten (10) business days, the proposed material and/or campaign is deemed "disapproved". (Franchise Agreement, Section 13.6); and

i. approve your office location, if you choose to relocate to commercial premises, which approval is in our sole discretion (Franchise Agreement, Section 10.1).

4. <u>Advertising</u>

Local Advertising (Franchise Agreement, Sections 13.2, 13.5 and 13.6)

We require you to spend at least Two Thousand Five Hundred Thousand Dollars ($2,500.00) to conduct an initial marketing campaign during the sixty (60) surrounding the opening of your Franchised Business. Your initial campaign will include (i) making cold calls upon potential referral sources, (ii) establishing a social media presence in accordance with our standards, and (iii) adding your work product to a designated webpage. Thereafter, you are required to spend a minimum of 1% of Gross Revenue per month on local advertising and marketing. We may increase your minimum local advertising expenditure, in our reasonable discretion. Upon our request, you must furnish us with a quarterly report and documentation of local advertising expenditures during the previous calendar quarter. We reserve the right to collect some or all of your grand opening funds and/or your Local Advertising expenditure and implement grand opening campaign activities and/or Local Advertising on your behalf

You may develop advertising materials for your own use at your own cost, and you may use marketing materials that we may offer to you from time to time. You may not use any advertising or marketing materials, including press releases, unless they have been approved in advance in writing by us, which approval may be withheld in our discretion. We will respond to your request for approval within ten (10) business days; however, if we do not respond within ten (10) business days, the proposed advertising or marketing material is deemed "disapproved".

We do not provide for placement of local advertising on your behalf, and we have no obligation to spend any amount on advertising in your area or territory. You are responsible for local advertising placement. You must list the Franchised Business in local business directories, including, but not limited to, listings on Internet search engines. If feasible, you may do cooperative advertising with other Prominent Insurance franchisees in your area, with our prior written approval. You may not maintain any business profile on Facebook, Instagram, Twitter, LinkedIn, YouTube or any other social media and/or networking site without our prior written approval.

System-wide Brand Fund (Franchise Agreement, Section 13.3)

You are required to contribute to the Brand Development Fund two percent (2%) of Gross Revenue per month. Each Prominent Insurance outlet operated by our affiliate or us may contribute to the Brand Fund, in our discretion, but has no obligation to do so.

The Brand Development Fund is administered by our accounting and marketing personnel. We may use Brand Development Fund contributions to pay any and all costs for the development, production and placement of advertising, marketing, promotional and public relations materials and programs. We may also use Brand Development Fund contributions to pay any and all costs of marketing seminars and training programs, market research, services of advertising and/or public relations agencies, and website development and maintenance. We may further use Brand Development Fund contributions to pay our costs (including personnel and other administrative costs) for advertising that is administered by us or prepared by us, as well as for administration and direction of the Brand Development Fund.

The Brand Development Fund will not be used to defray any of our other general operating expenses. Brand Development Fund contributions will not be used to solicit new franchise sales; provided however, we reserve the right to include "Franchises Available" or similar language and contact information in advertising produced with Brand Development Fund contributions.

The Brand Development Fund collects and expends the Brand Development Fund contributions for the benefit of the System as a whole. We reserve the right to use the Brand

Development Fund contributions to place advertising in national, regional or local media (including broadcast, print, or other media) and to conduct marketing campaigns through any channel, in our discretion, including but not limited to, Internet and direct-mail campaigns. We have no obligation, however, to place advertising or conduct marketing campaigns in any particular area, including the Territory where your Franchised Business is located.

The Brand Fund and its earnings shall not otherwise inure to our benefit except that any resulting technology and intellectual property shall be deemed our property.

We have no obligation to make expenditures that are equivalent or proportionate to your Brand Development Fund contribution or to ensure that you benefit directly or pro rata from the production or placement of advertising from the Brand Development Fund.

The Brand Development Fund is not audited. An annual unaudited financial statement of the Brand Development Fund is available to any franchisee upon written request.

If we spend more or less than the total of all contributions to the Brand Development Fund in any fiscal year, we may carry forward any surplus or deficit to the next fiscal year.

No Brand Development Fund contributions were required, made or expended in our most recently concluded fiscal year, which ended on June 30, 2022. Although the Brand Development Fund is intended to be of perpetual duration, we may terminate it at any time and for any reason or no reason. We will not terminate the Brand Development Fund, however, until all monies in the Brand Development Fund have been spent for advertising or promotional purposes or returned to contributors, without interest, on the basis of their respective contributions.

Regional Advertising (Franchise Agreement, Section 13.4)

Currently, our System has no regional advertising fund or cooperative. However, we may decide to establish a regional fund or cooperative in the future and your participation may be mandatory, in our sole discretion. A regional cooperative will be comprised of all franchised Prominent Insurance outlets in a designated geographic area. Our affiliate-owned outlets may participate in a regional cooperative, in our sole discretion. Each Prominent Insurance outlet will have one vote in the cooperative. We will determine in advance how each cooperative will be organized and governed. We have the right to form, dissolve, merge or change the structure of the cooperatives. If a cooperative is established during the term of your Franchise Agreement, you must sign all documents we request and become a member of the cooperative according to the terms of the documents. Currently, there are no governing documents available for your review.

If we establish a regional advertising fund or cooperative, you must contribute amounts we require. Your contributions to a regional advertising fund or cooperative will be in addition to your required contributions to the Brand Fund; however, contributions made by you to a regional advertising fund or cooperative will be credited against up to one-half of your required expenditures for local advertising. Fees for the cooperative will not to exceed one-half of the Local Advertising requirement or your pro-rata share of actual cooperative advertising costs, whichever is greater.

Advertising Council (Franchise Agreement, Section 9.5)

We do not have an advertising council composed of franchisees that advises us on advertising policies. The Franchise Agreement gives us the right, in our discretion, to create a franchisee advisory council to communicate ideas, including proposed advertising policies. If created, we will determine in advance how franchisees are selected to the council, which may include factors such as a franchisee's level of success, superior performance and profitability. We reserve the right to change or dissolve the council at any time.

5. Computer Systems (Franchise Agreement, Section 12.3)

You are required to have an internet-capable laptop computer and an iPad that can operate the latest versions of software and computer platforms we require. You will also need a multi-color, laser printer/scanner/fax. You are required to use Microsoft Outlook for your general office tasks and email, QuickBooks online for bookkeeping, report generation and billing. Hawksoft AMS is required to manage your book of business. PL Rater is the required insurance carrier rater. You must purchase the required computer hardware and software, at your expense. The cost of purchasing the required hardware and software is approximately $3,500. The current software access fees are approximately $200 per month, subject to increase and is included in the Technology Fee. This $200 per month fee assumes a two person workspace, additional employee may increase the month cost of software subscriptions.

There are no contractual limitations on the frequency and cost of upgrades and/or updates to the above-described systems. We may in the future modify or establish other service performance or revenue reporting systems, as we deem appropriate, for the accurate and expeditious reporting of Gross Revenue and delivery of our products and services. You must fully cooperate in implementing any such modifications at your expense.

We have no obligation to maintain, repair, update or upgrade your computer hardware and software. At your cost, you must provide on-going maintenance and repairs to your computer hardware and software. You must upgrade your computer hardware and software as necessary to operate the most current version of our System requirements. We cannot estimate the cost of maintaining, updating and upgrading your computer hardware and software because it will depend on the make and model of your computer, repair history, usage, local cost of computer maintenance services in your area and technological advances that we cannot predict.

We reserve the right to have remote and independent access to all information generated by and stored in your computer system, including your revenue information and customer data. There are no contractual limitations on our right to have full access to this information. At our option, we may retrieve, download, analyze and store such information and data at any time. Upon our request, you must sign any documents we require to allow us to independently and electronically access and retrieve the information stored in your computer system. We own all client data stored in your computer system.

6. Table of Contents of Operations Manual

The Table of Contents of our Operations Manual, current as of the date of this Disclosure Document is attached as Exhibit D. The Operations Manual has a total of 102 pages.

7. Training (Franchise Agreement, Article 7)

You (if the franchisee is an individual) or all of your owners (if the franchisee is a business entity) and your general manager must complete our four (4) - week Initial Management Training Program, to our satisfaction, before opening your Franchised Business. We will train you online.

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
System Training	10		Philadelphia, PA or Online
Insurance Carrier Training	10		Philadelphia, PA or Online
Sales Development	20		Philadelphia, PA or Online
Procedures manual training	2		Philadelphia, PA or Online
Advertising and Marketing		3	Philadelphia, PA or Online
Insurance Professional Training-	40		Philadelphia, PA or Online
TOTAL	82	3	

We periodically conduct our Initial Management Training Program throughout the year, as needed.

Our Founder and CEO, Jason Rodriguez oversees the training program. Jason has been in the insurance business since 2010 and is the founder of the Prominent Insurance brand. Jason is involved in all aspects of the Prominent Insurance brand and has owned and operated managed Prominent Insurance since 2010. Additionally, Jason is actively involved with the day to day operations of the affiliate owned locations. We reserve the right to make changes in our training staff as we deem necessary and advisable without prior notice.

Our training materials consist of videos, reference books, worksheets and forms and/or our Operations Manual. You will receive both classroom instruction online and hands-on training. You may not commence operation of the Franchised Business unless and until we determine that you have successfully completed the Initial Management Training Program.

The cost of our instructors, training materials and up to four (4) weeks of online or on-site training for up to two (2) people is included in the Initial Franchise Fee. You must pay for all of travel and personal expenses, including, but not limited to, all costs for your transportation and most meals for yourself and your personnel. Our current fee to provide initial training to any additional trainees who attend training with you is $400 per person per day.

If you do not complete our Initial Management Training Program to our satisfaction, we reserve the right to terminate the Franchise Agreement.

We may conduct mandatory or optional additional training programs, including an annual conference or national business meeting. If we require it, you must attend mandatory training programs and an annual conference or national business meeting for up to five (5) days each year, at a location we designate. Failure to attend mandatory training, including an annual conference or business meeting, is a default under the Franchise Agreement. We reserve the right to impose a reasonable fee for tuition and/or attendance for all additional training programs, including the annual business meeting or conference. You must also pay your transportation, lodging, meals and other expenses to attend any mandatory training program. If you fail to attend any mandatory training program, you are required to obtain the training at a location we designate, at your sole cost, which includes tuition at the then-current rate, plus all of your travel costs and our trainer's travel costs.

ITEM 12: <u>TERRITORY</u>

Under the Franchise Agreement, you have the right to establish and operate one (1) Prominent Insurance outlet within a territory that will be defined after the location of your Prominent Insurance outlet is identified and approved by us (the "Territory"). You are required to find and obtain possession of a specific location for your Franchised Business that meets our site selection criteria and our approval. Your Territory is located in all or a portion of a listed town, city, or county, and is identified by a group of contiguous zip codes. The Territory is determined on an individual basis taking into account minimum numbers of households, average home prices and household incomes. The minimum Territory that may be granted is a two (2) mile radius surrounding your approved location. Your Territory will be defined and attached to your Franchise Agreement as Attachment 3. If you do not yet have a location at the signing of the Franchise Agreement, you will receive a non-exclusive site search area list as Attachment 3.

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.

During the term of your Franchise Agreement, and provided that you are not in default of your Franchise Agreement, we will not open another Prominent Insurance outlet or grant the right to anyone else to open a Prominent Insurance outlet within the Territory. However, notwithstanding this limited protection right we grant to you, we reserve all rights to sell our products and services under the Mark in the Territory through alternative distribution channels, as discussed below.

We do not grant exclusive geographical territories to franchisees. The business is conducted largely via telephone and the Internet so there is limited, if any, impact on your business from nearby franchisees. With our prior written approval, owners of single site locations are permitted to relocate anywhere in the United States.

The Franchise Agreement entitles you to operate from an office in your home for the first year of operation. Within eight (8) months of the Opening Date, you must have an approved office location. Within one year of signing the Franchise Agreement you must operate from your approved office location. The office location is subject to our reasonable approval, which will be based on the size of the office and the nature, location and quality of the building in which you want to locate.

The Franchise Agreement entitles you to operate from an office in your home. You may not change the location of your Franchised Business office, except in accordance with the requirements of Section 8.3 of the Franchise Agreement. You may only relocate the Franchised Business office with our consent. We consider the general location, neighborhood and demographic characteristics of the area when approving a site. You are required to remove all identifying signs and property from the original office location.

We reserve all rights not expressly granted in the Franchise Agreement. For example, we or our affiliates may own, operate, or authorize others to own or operate Prominent Insurance outlets and may operate other kinds of businesses. Although we do not currently do so and have no plans to do so, we and our affiliates may own, acquire, conduct, or authorize others to conduct, any form of business at any location selling any type of product or service not offered under the Marks, including a product or service similar to those you will sell at your Franchised Business. We reserve the right to merge with, acquire, or be acquired by, an existing competitive or non-competitive franchise network, chain, or other business; however, we will not convert any acquired business in your Territory to a franchise using our primary trademarks during the Term of your Franchise Agreement.

We reserve the rights to offer (i) other services and products not offered under the Marks, (ii) other insurance concepts or products under the Marks or other trademarks, and (iii) products or services through other channels of distribution in the Territory including, but not limited to, co-branding with other insurance agencies, and products offered through retail stores, the Internet or direct marketing ("Alternate Channels of Distribution"). You will receive no compensation for our sales through Alternative Distribution Channels in the Market Area.

ITEM 13: <u>TRADEMARKS</u>

Prominent Insurance Services, Inc. ("Licensor") is the owner of the Marks and has granted us the exclusive right to use the Marks and license to others the right to use the Marks in the operation of a Prominent Insurance outlet in accordance with the System. The Franchise Agreement will license to you the right to operate your Franchised Business under the Prominent Insurance Marks, as described below (the "Principal Marks").

Mark	Serial Number	Filling Date	Register
PROMINENT INSURANCE	97360602	April 13, 2022	Principal

PROMINENT	97360582	April 13, 2022	Principal

We do not have a federal registration for our principal trademark. Therefore, our trademark does not have many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

You must notify us immediately when you learn about an infringement of or challenge to your use of the Principal Marks or other Marks. Licensor and we will take any action we think appropriate and, if you have given us timely notice and are in full compliance with the Franchise Agreement, we will indemnify you for all expenses and damages arising from any claim challenging your authorized use of the Principal Marks or other Marks. Licensor and we have the right to control any administrative proceedings or litigation involving the Principal Marks or other Mark licensed by us to you. You must cooperate fully with Licensor and us in defending and/or settling the litigation.

We reserve the right to substitute different Marks if we can no longer use the current Marks, or if we determine that substitution of different Marks will be beneficial to the System. In such event, we may require you, at your expense, to modify or stop using any Mark, including the Principal Marks, or to use one or more additional or substitute Marks.

You must not directly or indirectly contest Licensor's right, or our right, to the Principal Marks or other Marks.

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeals Board, the Trademark Administration of any state, or any court relating to the Marks. There is no pending infringement, opposition or cancellation. There is no pending material federal or state court litigation involving the Principal Marks or other Marks.

There are no currently effective agreements that significantly limit Licensor's or our rights to use or license the use of the Principal Marks or other Marks in a manner material to the franchise.

As of the date of this Disclosure Document, we know of no superior prior rights or infringing uses that could materially affect your use of the Principal Mark.

ITEM 14: PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We hold no patents and have no pending patent applications that are material to the franchise. We have registered no copyright with the United States Copyright Office. However, we claim copyrights on certain forms, advertisements, promotional materials and other written materials. We also claim copyrights and other proprietary rights in our Operations Manual and the contents of our website.

There are no current material determinations of, or proceedings pending in, the United States Patent and Trademark Office, the U.S. Copyright Office, or any court regarding any of our copyrights discussed above.

There are no agreements currently in effect that limit your right to use any of our copyrights. As of the date of this Disclosure Document, we are unaware of any infringing uses of or superior previous rights to any of our copyrights that could materially affect your use of them.

You must notify us immediately when you learn about an infringement of or challenge to your use of our copyrights. We will take any action we think appropriate and, if you have given us timely notice and are in full compliance with the Franchise Agreement, we will indemnify you for all expenses and damages arising from any claim challenging your authorized use of our copyrights. We have the right to control any administrative proceedings or litigation involving our copyrights licensed by us to you. You must cooperate fully with us in defending and/or settling the litigation.

If you develop any new concept, process, product, service, or improvement ("Improvement") in the operation or promotion of the Franchised Business, you are required promptly notify us and provide us with all requested information relate to the Improvement and sign all documents necessary for us to obtain full proprietary rights to the Improvement. We have no obligation to compensate you for the Improvement or for any cost you incur to sign over your rights to the Improvement to us.

During the term of the Franchise Agreement, you may have access to and become acquainted with our trade secrets, including, but not limited to, methods, processes, **customer lists, vendor partnerships and/or relationships, sales and technical information, costs, product prices and names, software tools and applications, website and/or email design,** products, services, equipment, technologies and procedures relating to the operation of your Franchised Business; systems of operation, services, programs, products, procedures, policies, standards, techniques, requirements and specifications which are part of the System; the Operations Manual; methods of advertising and promotion; instructional materials; **marketing plans, business methods, research, development or know-how, any other information which we may or may not specifically designate as "confidential" or "proprietary", and the components of our System whether or not such information is protected or protectable by patent, copyright, trade secret or other proprietary rights (collectively called the "Confidential Information"). You agree that you will take all reasonable measures to maintain the confidentiality of all Confidential Information in your possession or control and that all such Confidential Information and trade secrets shall remain our exclusive property.** You may never during the Initial Term, any Renewal Term, or after the Franchise Agreement expires or is terminated reveal any of our confidential information to another person or use it for any other person or business. You may not copy any of our Confidential Information or give it to a third party except as we authorize in writing to you prior to any dissemination. Any and all of your personnel who have access to our Confidential Information must sign our Confidentiality/Non-Competition Agreement (Franchise Agreement, Attachment 9).

You must promptly tell us when you learn about unauthorized use of any Confidential Information. We are not obligated to take any action, but will respond to this information as we think appropriate. We will indemnify you for losses brought by a third party concerning your use, in strict compliance with the Franchise Agreement, of the Confidential Information.

We reserve the right to modify or discontinue using the subject matter covered by a patent or copyright. In such event, we may require you, at your expense, to modify or discontinue using the subject matter in the operation of your Franchised Business.

ITEM 15: OBLIGATIONS OF THE FRANCHISEE TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

The Franchise Agreement requires that you personally supervise and manage the day-to-day operation of your Franchised Business. You may not appoint a non-owner manager of your Franchised Business, unless you receive our prior written approval. Upon approval, your manager must successfully complete our Initial Business Training Program and all other training courses we require. Your manager must devote full time to the job and cannot have an interest or business relationship with any of our competitors. If the franchisee is a business entity, your manager is not required to have an equity interest in the franchisee entity but must otherwise meet our approval.

Your manager and all other personnel who will have access to our proprietary and Confidential Information and training must sign our Non-Disclosure/Non-Competition Agreement, which is attached to our Franchise Agreement as Attachment 9. If your Franchised Business is owned by an entity, all owners of the entity must personally sign the Franchise Agreement as a Principal. If you are a married individual, your spouse must sign our Guaranty, which is attached to our Franchise Agreement as Attachment 7.

ITEM 16: RESTRICTION ON WHAT FRANCHISEE MAY SELL

You may only offer and sell the products and services that are part of the System, and the services and products which we incorporate into the System in the future. You may only offer products and services that we have previously approved and for which you are qualified to provide.

You may not use our Marks for any other business, and you may not conduct any other business at or through your Franchised Business operations or office. You cannot engage in any other business that competes with your Franchised Business, with us or our affiliates, or with Prominent Insurance outlets owned by other franchisees, whether such business is inside or outside of the Territory.

We may add to, delete from or modify the products and services that you can and must offer. You must abide by any additions, deletions and modifications. There are no other limits on our rights to make these changes.

You may only sell products and services in the manner we prescribe. You may only solicit sales from customers in your Protected Area. Your local advertising must target customers in your Protected Area, although the reach of your local advertising may extend beyond your Protected Area.

ITEM 17: RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

	Provision	Section in Franchise Agreement	Summary
a.	Length of the franchise term	Art. 4	Term is ten (10) years
b.	Renewal or extension of the Term	Art. 5	If you are in good standing as defined below, you can sign a successor agreement for an additional term of 10 years, unless we have determined, in our sole discretion, to withdraw from the geographical area where your Franchise is located.
c.	Requirements for franchisee to renew or extend	Sections 5.1 and 5.2	Be in full compliance, have no more than three (3) events of default during current term, provide written notice to us at least ten months before the end of the term, execute a new franchise agreement, pay us the Successor Agreement fee of 25% of the then current Initial Franchise Fee, repair, upgrade or replace the equipment and other Franchised Business assets to meet then-current specifications, execute a general release, comply with then-current qualifications and training requirements, including completion of additional training, subject to state law. You may be asked to sign a new Franchise Agreement with materially different terms and conditions than your original Franchise Agreement.
d.	Termination by franchisee	Not Applicable	You may seek termination upon any grounds permitted by law.
e.	Termination by franchisor without cause	Section 16.7	The Franchise Agreement will terminate upon your death or permanent disability, and the Franchise must be transferred within 6 months to a replacement franchisee that we approve.
f.	Termination by franchisor with cause	Article 17	We may terminate only if you default, subject to state law. The Franchise Agreement describes defaults throughout. Please read it carefully.
g.	“Cause” defined – curable defaults	Section 17.3	You have 5 days to cure non-payments and any other defaults (except for non-curable defaults listed in the Franchise Agreement and described in h. immediately below).

	Provision	Section in Franchise Agreement	Summary
h.	"Cause" defined - non-curable defaults	Sections 17.1 and 17.2	The Franchise Agreement will terminate automatically, without notice for the following defaults: insolvency; bankruptcy; written admission of inability to pay debts; receivership; levy; composition with creditors; unsatisfied final judgment for more than 30 days; or foreclosure proceeding that is not disclosed within 30 days. We may terminate the Franchise Agreement upon notice to you if you: do not obtain required licenses and permits and/or open the Franchised Business within required time frames; falsify any report to us; fail to operate for a period of five (5) consecutive days or more; fail to comply with applicable laws; understate Gross Revenue two (2) or more times; fail to comply with insurance and indemnification requirements; attempt a transfer in violation of the Franchise Agreement; fail, or your legal representative fails to transfer as required upon your death or permanent disability; misrepresent or omit a material fact in applying for the Franchise; are convicted or plead no contest to a felony or crime that could damage the goodwill or reputation of the Marks or the System; receive an adverse judgment in any proceeding involving allegations of fraud, racketeering or improper trade practices or similar claim that could damage the goodwill or reputation of the Marks or the System; conceal revenues or maintain false books; create a threat or danger to public health or safety; refuse an inspection or audit by us; use the Marks, copyrighted material or Confidential Information in an unauthorized manner; make an unauthorized disclosure of Confidential Information; fail to comply with non-competition covenants; default in the performance of your obligations three (3) or more times during the term or receive two (2) or more default notices in any 12-month period; default under any other agreement with us or our affiliate; have insufficient funds to honor a check or EFT two (2) or more times within any twelve (12)-month period; fails to meet Minimum Performance Standards; or terminate the Franchise Agreement without cause.

	Provision	Section in Franchise Agreement	Summary
i.	Franchisee's obligations on termination/ non-renewal	Article 18	Upon termination, you must: cease operations; cease to identify yourself as a Prominent Insurance franchisee; cease to use the Marks; cancel any assumed name registration that contains any Mark; pay us and our affiliates all sums owing; pay us any damages, costs or expenses we incur in obtaining any remedy for any violation of the Franchise Agreement by you, including, but not limited to attorneys' fees; deliver to us all Confidential Information, the Operations Manual and all records and files related to your Franchised Business; comply with the non-disclosure and non-competition covenants; sell to us, at our option, all fixtures, equipment, inventory and supplies of your Franchised Business; and assign, at our option, your telephone numbers, directory and internet listings, and social media and software accounts.
j.	Assignment of contract by franchisor	Section 16.1.1	No restrictions on our right to assign.
k.	"Transfer" by franchisee defined	Section 16.3	Any assignment, sale, transfer, gift, devise or encumbrance of any interest in the Franchise Agreement, the Franchised Business, any assets of the Franchised Business, or in the Franchisee (if the Franchisee is a business entity).
l.	Franchisor approval of transfer by franchisee	Section 16.3	No transfer is allowed without our consent, which we will not unreasonably withhold.
m.	Conditions for franchisor approval of a transfer	Section 16.3 and 16.4	Conditions include: our decision not to exercise our right of first refusal; transferee meets our then-current standards for qualifying franchisees; transferee signs our then-current form of Franchise Agreement, which may have materially different terms from your Franchise Agreement; transferee successfully completes our Initial Management Training Program; you have paid us and third-party creditors all amounts owed; you and the transferee sign a General Release in the form of Attachment 5 to the Franchise Agreement; you shall subordinate any claims you have against the transferee to us; you will indemnify us for a period of 3 years following the transfer; our approval of the material terms and conditions of the transfer; and payment of a transfer fee of $10,000.

	Provision	Section in Franchise Agreement	Summary
n.	Franchisor's right of first refusal to acquire franchisee's business	Section 16.6	You must promptly notify us of any written offer to purchase your Franchise. We have 30 days to exercise our first right to buy it on the same terms and conditions, provided that (a) we may substitute cash for any other consideration (b).we may pay the entire purchase price at closing, (c) our credit is deemed as good as the proposed purchaser, (d) we have at least 60 days to close and (e) you shall give us all customary seller's representations and warranties.
o.	Franchisor's option to purchase franchisee's business	Section 18.2	Upon termination of the Franchise Agreement, we have the option to purchase your equipment, signs, advertising materials, supplies and inventory at your cost or fair market value, whichever is less.
p.	Death or disability of franchisee	Sections 16.3, 16.4 and 16.7	The Franchise Agreement will terminate upon your death or permanent disability, and the Franchise must be transferred within 6 months to a replacement franchisee that we approve.
q.	Non-competition covenants during the term of the franchise	Section 19.5.1	You may not: divert, or attempt to divert, customers or referral sources of any Prominent Insurance outlet (including yours) to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing business; do any act that could damage the goodwill of the Marks or System, or disrupt or jeopardize our business or that of our franchisees. Subject to state law.
r.	Non-competition covenants after the franchise is terminated or expires	Section 19.5.2	For 24 months after the termination of the Franchise Agreement, you may not: divert, or attempt to divert, customers or referral sources of any Prominent Insurance business (including yours) to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing business within 50 miles of your former Prominent Insurance Territory or any other Prominent Insurance office location; do any act that could damage the goodwill of the Marks or System, or disrupt or jeopardize our business or that of our franchisees. Subject to state law.
s.	Modification of the agreement	Sections 9.4, 14.6, 19.1.4 and 21.4	No oral modifications generally, but we may change the Operations Manual and System standards at any time. You may be required to implement these changes at your own costs. We have the right to modify our Marks at any time upon written notice to you.

	Provision	Section in Franchise Agreement	Summary
t.	Integration/merger clause	Section 21.4	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law.) Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable. Notwithstanding the foregoing, nothing in any Franchise Agreement is intended to disclaim the express representations made in this Franchise Disclosure Document.
u.	Dispute resolution by arbitration or mediation	Sections 20.1 and 20.2	At our option, claims that are not resolved internally may be submitted to non-binding mediation at our headquarters, subject to state law.
v.	Choice of forum	Section 20.3	Litigation takes place in Delaware, subject to applicable state law.
w.	Choice of law	Section 20.3	Delaware law applies, subject to applicable state law.

See the state addenda to this Franchise Disclosure Document and the Franchise Agreement for special state disclosures.

ITEM 18: PUBLIC FIGURES

We do not currently use any public figures to promote our franchise.

ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS

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

The reasonable basis for inclusion of this Financial Performance Representation is the Representative Affiliate-Owned Outlet is similar to the Franchise being offered under this Disclosure Document in terms of operations, computer system, and service offerings. The operational characteristics that make the Representative Affiliate-Owned Outlet different are that it does not pay any Royalty Fees or Brand Fund Contributions to us. The below figures are combined gross revenue figures from our affiliate locations that are located in Philadelphia, PA and Wilmington, Delaware covering the years 2019, 2020, and 2021.

Gross Revenues For 3 Years

Year	Gross Revenue
2019	$261,222
2020	$195,883

2021	$186,089

Premium Per Producer 3 Years

Year	Gross Revenue
2019	$2,176,850
2020	$1,632,365
2021	$1,550,747

Notes:

1. These results are unaudited.

2. As noted in Item 6, “Gross Revenue” means the amount of Commissions and Agency Fees, net of reversals of Commissions for policy cancellations or policy changes and net of Agency Fee refunds, for insurance services provided by the Franchised Business. Gross Revenue does not include any Premiums or Policy Fees collected by the Franchised Business on behalf of any insurance carrier. The Gross Revenue noted in this Item 19 are the total Gross Revenues paid, on a cash basis, by our carriers to us and recognized during the fiscal years (January 1, 2019 to December 31, 2021).

3. As a Franchisee you will face a Royalty Fee of 30% of Gross Revenue or the required minimum royalty fee and a Brand Fund Contribution Fee of 2% of Gross Revenue.

Some outlets have sold this amount. Your individual results may differ. There is no assurance that you’ll sell as much.

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

Apart from the above, we do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Jason Rodriguez, Prominent Franchise, LLC, 1201 N. Orange Street, Ste 700, Wilmington, Delaware 19801, (302) 351 – 3368, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

System-wide Outlet Summary
For Years 2019 to 2021

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2019	0	0	0
	2020	0	0	0
	2021	0	0	0
Company – Owned*	2019	1	1	0
	2020	1	2	+1
	2021	2	2	0
Total Outlets	2019	2	2	0
	2020	2	2	0
	2021	2	2	0

Table No. 2

Transfers of Outlets From Franchisees to New Owners (Other than the Franchisor)
For Years 2019 to 2021

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Delaware	2019	0
	2020	0
	2021	0
Total	2019	0
	2020	0
	2021	0

Table No. 3

Status of Franchised Outlets
For Years 2019 to 2021

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations - Other Reasons	Column 9 Outlets at End of the Year
Delaware	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Total	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0

Table No. 4

Status of Company Owned* Outlets
For Years 2019 to 2021

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisees	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisees	Column 8 Outlets at End of the Year
Delaware	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
Pennsylvania	2019	0	0	0	0	0	0
	2020	0	1	0	0	0	1
	2021	1	0	0	0	0	1
Total	2019	1	0	0	0	0	2
	2020	1	1	0	0	0	2
	2021	2	0	0	0	0	2

Table No. 5

Projected Openings as of June 30, 2022

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company Owned Outlets in the Next Fiscal Year
Delaware	0	1	0
Pennsylvania	0	2	0
Total	0	3	0

* Our company-owned outlet is operated by our affiliate.

Exhibit E lists the location of each Prominent Insurance franchisee in our System.

During our last fiscal year, no franchisee has had an outlet terminated, canceled, not renewed, or has otherwise voluntarily or involuntarily ceased to do business under the franchise agreement or has not communicated with us within 10 weeks of the date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

There are no trademark-specific franchisee organizations associated with the franchise system being offered in this Franchise Disclosure Document.

ITEM 21: FINANCIAL STATEMENTS

Prominent Franchise, LLC was formed on May 26, 2022. Because we have not been in business for three (3) years, we are not able to include the three (3) prior years of audited financial statements normally required by this Item 21. Our unaudited opening balance sheet, dated as of July 11, 2022, are included in Exhibit D

Our fiscal year end is June 30.

ITEM 22: CONTRACTS

Copies of all proposed agreements regarding the franchise offering are included in Exhibit B. These include our Franchise Agreement and all attachments to it (Marks, Territory Description, Minimum Sales Requirement, General Release, Statement of Ownership Interests in Franchisee, Guaranty, Internet, Social Media, Software, and Telephone Account Agreement, and Confidentiality and Non-Compete Agreement).

ITEM 23: RECEIPT

A receipt in duplicate is attached to this Disclosure Document as Exhibit G. You should sign both copies of the receipt. Keep one copy for your own records and return the other signed copy to Jason Rodriguez, Prominent Franchise, LLC 1201 N. Orange Street, Ste 700, Wilmington, Delaware 19801.

EXHIBIT A

AGENCIES/AGENTS FOR SERVICE OF PROCESS

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

State	State Agency	Agent for Service of Process
CALIFORNIA	Commissioner of the Department of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 Toll-free (866-275-2677)	Commissioner of the Department of Financial Protection and Innovation
CONNECTICUT	State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230	Banking Commissioner
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau

State	State Agency	Agent for Service of Process
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce
NEW YORK	Office of the New York State Attorney General Investor Protection Bureau, Franchise Section 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8211 Phone (212) 416-6042 Fax	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 11231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard, 5th Floor Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
OREGON	Department of Consumer and Business Services Division of Finance and Corporate Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Director of the Department of Consumer and Business Services
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of Insurance-Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

EXHIBIT B

FRANCHISE AGREEMENT

PROMINENT FRANCHISE, LLC
FRANCHISE AGREEMENT

TABLE OF CONTENTS

List of Attachments:

THIS FRANCHISE AGREEMENT (this "Agreement") is being entered into this day of ________________________, (the "Effective Date") by and between Prominent Franchise, LLC, a Delaware limited liability company with its principal place of business at 1201 N. Orange Street, Ste 700, Wilmington, Delaware 19801 (herein "Franchisor") and ____________________ ______, a(n) _________________________, with its principal place of business located at______ _______________________________ and ___________________________'s principals ______ _______________, an individual residing at _______________________________ and ________ __________________, an individual residing at ____ ("Principal(s)"). _________________________ and Principal(s) shall be collectively referred to in this Agreement as the "Franchisee".

RECITATIONS

Through the expenditure of considerable time, effort and money, Franchisor has developed and established an insurance agency, using Franchisor's format, trade dress, methods of marketing and operation, training and assistance, Franchisor's confidential operations manual of business practices and policies (taken together herein the "System").

The System is identified by certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including but not limited to the service mark Prominent Insurance, as set forth in Attachment 2, and such other trade names, service marks, and trademarks as are now designated and may hereafter be designated or substituted by Franchisor for use in connection with the System (the "Marks").

Franchisor continues to develop, use, and control the use of such Marks in order to identify for the public the source of services and products marketed under the Marks and the System and to represent the System's high standards of quality, appearance, and service.

Franchisee understands and acknowledges the importance of Franchisor's high and uniform standards of quality, service, and appearance, and the necessity of operating the business franchised hereunder in conformity with Franchisor's standards and specifications.

NOW, THEREFORE, the parties, in consideration of the promises, undertakings and commitments of each party to the other set forth herein, and intending to be legally bound hereby, mutually agree as follows:

1. **RECITATIONS.** The Recitations set out above form part of this Agreement.

2. **GRANT OF FRANCHISE.** Franchisor hereby grants to Franchisee and Franchisee accepts, upon the terms and conditions contained in this Agreement, the license to operate a Prominent Insurance franchise that is a full service insurance agency (the "Franchise" or "Franchised Business"), using only the Marks licensed hereunder, in strict conformity with the System, which may be changed, improved and further developed by Franchisor from time to time. This grant applies only within a territory that is designated in Attachment 3 attached hereto and incorporated herein (the "Territory").

3. SOLICITATION AND SALES RESTRICTIONS

3.1 Territory. This Agreement grants Franchisee the right to operate the Franchised Business at a single location within the Territory. This territory shall define the area where Franchisee shall establish their office. Except as otherwise specified in this Agreement, Franchisor reserves the right to open, operate or franchise Prominent Insurance franchises in, around, bordering and adjacent to the Territory. Franchisee will be selling its services from an office located within the territory and will provide services to customers nationwide. Franchisee is prohibited from selling and soliciting customers through alternative distribution channels as more fully specified herein.

3.2 Reservation of Rights. Franchisee understands and agrees that all rights to any businesses, other than as specified in this Agreement, are fully reserved to Franchisor within or outside of the Territory. By way of example only, Franchisor reserves the rights to offer (i) other products or services not offered under the Marks, (ii) other insurance service concepts under the Marks or other trademarks, and (iii) products or services through other channels of distribution in the Territory including, but not limited to, co-branding with accounting or consulting businesses, and products offered through retail stores, the Internet or direct marketing ("Alternate Channels of Distribution"). Franchisee will receive no compensation for Franchisor's sales through Alternate Distribution Channels made within the Territory. Franchisee agrees that such implementation of Franchisor's rights pursuant to this Section 3.2 is deemed not to impair or injure Franchisee's rights pursuant to Section 2 hereof.

4. **TERM.** Unless terminated earlier in accordance with the terms set forth in this Agreement, this Agreement and the Franchise granted hereunder shall commence upon the Effective Date set forth above and terminate on the date that is ten (10) years following the Opening Date, as defined in Section 8 hereof (the "Term").

5. **SUCCESSOR OPTIONS.** Subject to the terms and conditions of this Agreement, Franchisee shall have the right, following the expiration of the Term hereof, to enter into a new franchise agreement and other agreements then customarily employed by Franchisor and in the form then generally being offered to prospective franchisees in the state in which the Territory is located (the "Successor Franchise Agreement") for one (1) additional term of ten (10) years. The term of such Successor Franchise Agreement shall commence upon the date of expiration of the immediately preceding term. Franchisee shall be charged a successor agreement fee equal to Twenty Five Percent (25%) of the then current Initial Franchise Fee ("Successor Agreement Fee"). In the event Franchisee is not in full compliance with Section 5.2 below at the time Franchisee notifies Franchisor of Franchisee's desire to enter into a successor agreement, it shall be in Franchisor's sole and absolute discretion whether to permit the successor agreement.

5.1 Form and Manner of Successor Agreement. If Franchisee desires to exercise Franchisee's option to enter into a Successor Franchise Agreement, it shall be done in the following manner:

5.1.1 Not less than nine (9) months prior to the expiration of the Term of this Agreement, Franchisee shall request from Franchisor in writing, a copy of Franchisor's then current Disclosure Document (including Franchisor's then current franchise agreement).

5.1.2 Franchisee must execute and return to Franchisor all required documents, including any and all ancillary documents, within sixty (60) days after receipt by Franchisee of a copy of Franchisor's then current Disclosure Document.

5.1.3 The Successor Franchise Agreement shall supersede this Agreement in all respects, and Franchisee understands and acknowledges that the terms of such new agreement may differ from the terms of this Agreement, including, without limitation, higher or lower royalty and other fees.

5.1.4 If Franchisee fails to perform any of the acts, or deliver any of the notices required pursuant to this Section 5.1 in a timely fashion, such failure shall be deemed an election by Franchisee not to exercise Franchisee's option to enter into the Successor Franchise Agreement, and such failure shall cause Franchisee's right and option to automatically lapse and expire, without further notice by Franchisor.

5.1.5 Franchisee acknowledges that the initial Term of this Agreement provides Franchisee more than a sufficient opportunity to recoup Franchisee's investment in the Franchise, as well as a reasonable return on such investment.

5.2 Conditions of Successor Agreement. Franchisee's right to enter into a Successor Franchise Agreement is conditioned upon the following:

5.2.1 Franchisee shall be in full compliance with this Agreement and shall have materially performed Franchisee's obligations under this Agreement, Franchisor's operations manual ("Manual") and under all other agreements that may be in effect between Franchisee and Franchisor, including but not limited to all monetary obligations.

5.2.2 Franchisee shall not have committed three (3) or more events constituting default during the Term of this Agreement, whether or not such defaults were cured.

5.2.3 Franchisee will have completed any required additional training to Franchisor's reasonable satisfaction.

5.2.4 Franchisee performs such repairs, upgrades and replacements as Franchisor may require to cause the Franchised Business equipment, computer system, vehicle(s) and other assets to conform to the then-current specifications for franchised businesses on the renewal date.

5.2.5 Franchisee shall execute a general release of all claims Franchisee may have against Prominent Franchise, LLC, its parent, subsidiaries and affiliates, its officers, directors, shareholders, agents, and employees, whether in their corporate and/or individual capacities, in the form attached hereto as Attachment 5. This release will include all claims arising under any federal, state, or local law, rule, or ordinance.

5.2.6 Franchisee shall pay the required Successor Agreement Fee and sign the Successor Franchise Agreement.

5.3 Notice Required by Law. If applicable law requires Franchisor to give notice to Franchisee prior to the expiration of the Term, this Agreement shall remain in effect on a month-to-month basis until Franchisor has given the notice required by such applicable law. If Franchisor is not offering new Prominent Insurance franchises, is in the process of revising, amending or renewing Franchisor's form of franchise agreement or disclosure document, or Franchisor is not lawfully able to offer Franchisee the then-current form of Successor Franchise Agreement at the time Franchisee advises Franchisor pursuant to Paragraph 5.2 hereof that Franchisee desires to renew, Franchisor may, in Franchisor's sole discretion, (i) offer to renew this Agreement upon the same terms set forth herein for the appropriate successor term or (ii) offer to extend the Term hereof on a month-to-month basis following the expiration of the Term for as long as Franchisor deems necessary or appropriate so that Franchisor may lawfully offer the then current form of Successor Franchise Agreement. Any timeframes specified in this Paragraph 5 shall be inclusive of any state mandated notice periods.

5.4 Additional Reservation of Rights. Notwithstanding anything herein to the contrary, Franchisor reserves the right not to enter into a successor franchise agreement for this Franchise as a result of a decision to withdraw from the Territory in which Franchisee's Franchised Business is located.

6. FEES

6.1 Initial Franchise and Royalty Fees. As part of the consideration for the right to operate the Franchise granted herein, Franchisee shall pay to Franchisor the following fees:

6.1.1 Initial Franchise Fee. Franchisee acknowledges and agrees that the grant of this Franchise and the rights and obligations of the parties under this Agreement constitute the sole and only consideration for the initial franchise fee of Forty Thousand Dollars ($40,000.00) (the "Initial Fee"). **The Initial Fee is fully earned at the time this Franchise Agreement is signed and is not refundable under any circumstances.** Franchisee shall pay the full amount of the Initial Fee to Franchisor upon Franchisee's execution of this Agreement.

6.1.2 Royalty Fee. We will receive all Commissions (defined below) from insurance carriers. We will receive all Premiums (defined below), Policy Fees (defined below) and Agency Fees on your behalf. If the event that any Premiums, Policy Fees, or Agency Fees are received directly by you, these funds must be forwarded to us within twenty-four (24) hours of receipt. We will retain Agency Fees and will forward Premiums and Policy Fees to the insurance carriers. Beginning on the first day of the first month that you, your Agency Principal, your Manager, or any of your employees (including producers) begin(s) the initial training program prior to opening your Franchised Business (the "Commencement Date"), we will remit to you Net Revenues on a monthly basis. As used in this Agreement:

(i) the term "Agency Fees" will mean fees that are charged by you for issuing a new policy pursuant to the Manual.

(ii) the term "Commission" will mean the fees paid to us, by insurance carriers as a percentage of the Premiums generated by insurance policies sold by the Franchised Business, on all new and renewal policies.

(iii) the term "Gross Revenues" means the amount of Commissions and Agency Fees received, net of reversals of Commissions for policy cancellations or policy changes and net of Agency Fee refunds, for insurance services provided by the Franchised Business; Gross Revenues will not include any Premiums or Policy Fees collected by the Franchised Business on behalf of any insurance carrier.

(iv) The term "Minimum Royalty" means a minimum monthly Royalty Fee payment, beginning six (6) months after the Commencement Date, in the following amounts:

Number of Months following Opening Date	**Amount of Monthly Minimum Royalty**
6 to 18	$500
19 – Remainder of Term and any Successor Term	$750

(v) The term "Month" means a calendar month or such other four (4) to five (5) week period that we may designate (provided that there will not be more than 13 "Months" during any year); and

(vi) The term "Net Revenues" means Gross Revenues net of all amounts due to us under this Agreement, including, without limitation, Royalty Fees, Marketing Contributions (if applicable), and Technology Fees.

(vii) The term "Premiums" will mean fees that are paid to the insurance carrier for insurance coverage.

(viii) The term "Policy Fees" will mean fees to be paid to the insurance carrier for the issuance of a policy.

(ix) The "Royalty Fee" is an amount charged in consideration of you and your Managers' and Producers' use of our business processes, ongoing carrier relationships, trade secrets, know-how, trade names, trademarks, service marks, logos, emblems, trade dress, intellectual property, and back office support functions. The Royalty Fee will be the following amounts: (a) the greater of (i) thirty percent (30%) of Gross Revenues on insurance policies in their initial term, or (ii) the Minimum Royalty (defined above); and (b) thirty percent (30%) of Gross Revenues on policies in their renewal terms and policies written for existing customers on the same risk profile within a one-year period of the cancellation of their existing policy (also known as "re-writes").

6.1.3 Gross Revenue Reports. Once a Month, the insurance carriers will send a commission report and Commissions earned by you, to us. On the 25th day of each Month, unless this Agreement has been terminated for any reason, we will pay to you the Net Revenues for all policies identified in a commission detail report that we receive from the insurance carrier. If the Agreement has been terminated, then you are no longer entitled to the Net Revenues regardless of when the Commissions were earned. Please note that we expect each insurance carrier to submit commission detail reports on a Monthly basis for all policies written during the preceding Month by no later than the 20th day of the subsequent Month. But, if a carrier does not provide us with a commission detail report (and the applicable Commission) by the 20th day of the Month, or if a policy is not identified in the commission detail report we receive, you will not receive the Gross Revenues for those policies until the insurance carrier.

(i) You agree to deliver to us all of the reports, statements, and/or other information that is required under Section 12 below, at the time and in the format that we reasonably request.

(ii) You agree to establish an arrangement for electronic funds transfer to us, or electronic deposit to us of any payments required under this Agreement. Among other things, to implement this point, you agree to sign and return to us our current form of "ACH - Authorization Agreement for Prearranged Payments (Direct Debits)," a copy of which is attached to this Agreement as Attachment 5 and you agree to; **(a)** comply with the payment and reporting procedures that we may specify in the Manual or otherwise in writing; and **(b)** maintain an adequate balance in your bank account at all times to pay by electronic means the charges that you owe under this Agreement. If we elect to use ACH withdrawal to sweep payment of fees, then you will not be required to submit a separate payment to us unless you do not maintain sufficient funds to pay the full amount due.

(iii) You agree that you will not, for any reason, delay or withhold the payment of any amount due to us under this Agreement; put into escrow any payment due to us; set- off payments due to us against any claims or alleged claims that you may allege against us, the Brand Fund, a Regional Fund, affiliates, suppliers, or others. We reserve the right to apply any monies received from you, or from insurance carriers on your behalf, to any of your obligations as we determine and to withhold payment of any monies if this Agreement has been terminated for any reason. You acknowledge and agree that we have the right to set-off as part of Net Revenues any amounts you owe to us.

6.1.4 Method of Payment. Franchisee shall, together with the submission of the Gross Revenue Report, pay Franchisor the Royalty Fee and the Brand Development Fund Contribution, as defined and more particularly described in Article 13, then due. Franchisee must execute documents, including but not limited to, the Authorization set forth in Attachment 5, that allow Franchisor to automatically take the Royalty Fee and Brand Development Fund Contribution due as well as other sums due Franchisor, from business bank accounts via electronic funds transfers or Automated Clearing House ("ACH") payments. Franchisee's failure to allow electronic funds transfers or ACH payments on an ongoing basis is a material breach of this Agreement. If Franchisee fails to timely report Gross Revenue, then, in addition to a late fee and interest pursuant to Sections 6.2 and 6.3 hereof, Franchisor shall collect one hundred twenty percent (120%) of the last Royalty Fee payable. Franchisor shall reconcile amounts when Gross Revenues are reported.

6.2 Late Fee. If the Royalty Fee, Brand Development Fund Contribution, other fee due and payable to Franchisor or any Gross Revenue Reports are not received by Franchisor as required by this Agreement, Franchisee shall pay to Franchisor, in addition to the overdue amount, a late fee of Seventy-Five Dollars ($75.00). This late fee is reasonably related to Franchisor's costs resulting from the delay in payment and/or receipt of any report, is not a penalty, and is in addition to any other remedy available to Franchisor under this Agreement for Franchisee's failure to pay the Royalty Fee, the Brand Development Fund Contribution, and/or submit Gross Revenue Reports in accordance with the terms of this Agreement.

6.3 Interest. Any and all amounts that shall become due and owing from Franchisee to Franchisor under the terms hereof shall bear interest from the date due until paid at the rate of 18% per annum or at the highest rate permitted by law, whichever is lower.

6.4 Non-Sufficient Funds Fee. In the event any of Franchisee's checks are returned, or an electronic funds transfer from Franchisee's bank account is denied, for insufficient funds, Franchisee shall pay Franchisor, in addition to the amount due, a non-sufficient funds fee of Fifty Dollars ($50.00) per occurrence. This non-sufficient funds fee is reasonably related to Franchisor's costs resulting from the delayed and declined payment, is not a penalty, and is in addition to any other remedy available to Franchisor under this Agreement.

6.5 Technology Fee. Franchisor reserves the right to impose a technology fee, in an amount that Franchisor reasonably determines, for new or improved technology adopted, developed or otherwise required by Franchisor for the benefit of the System and Franchised Business, including but not limited to, assigned phone numbers and email addresses required for use in the Franchised Business, a franchise portal, benchmarking platform or other operations or communications systems ("Technology Fee"). In Franchisor's sole discretion, Franchisor may (i) increase the amount of the technology fees or (ii) replace the technology with different technology, developed by Franchisor or a third-party, and Franchisee shall pay the then-current fees for the replacement technology and for continuous access thereto. Payment of the Technology Fee will be made in the manner and frequency as reasonably determined by Franchisor.

6.7 Taxes. If any sales, excise, use or privilege tax is imposed or levied by any government or governmental agency on Franchisor for any Royalty Fee, Brand Development Fund Contribution or other fees due and payable to Franchisor under this Agreement, Franchisee shall pay Franchisor a sum equal to the amount of such tax.

7. TRAINING

7.1 Initial Management Training Program. Franchisee shall attend and complete to Franchisor's sole and absolute satisfaction, Franchisor's initial management training program ("Initial Management Training Program") prior to the opening of the Franchised Business. The Initial Management Training Program consists of a three (3)-day course conducted at Franchisor's headquarters in Philadelphia, Pennsylvania or online via video conference. Franchisor reserves the right to designate an alternate location for the Initial Management Training Program. Franchisee must at all times during the term of this Agreement have a principal who has successfully completed the Initial Management Training Program to Franchisor's sole and complete satisfaction. No charge shall be made for up to two (2) individuals to take the Initial Management Training Program prior to opening the Franchised Business ("Initial Trainees"). Notwithstanding the foregoing, Franchisee shall be required to pay all of the expenses of the Initial Trainees, including, without limitation, costs of travel, most meals and wages.

7.2 Satisfactory Completion. Franchisor shall determine, in Franchisor's sole discretion, whether the Initial Trainees have satisfactorily completed the Initial Management Training Program. If the Initial Management Training Program is not satisfactorily completed by the Initial Trainees, or if Franchisor, in Franchisor's reasonable business judgment based upon the performance of the Initial Trainees, determines that the Initial Management Training Program cannot be satisfactorily completed by Franchisee or a Principal, Franchisor may terminate this Agreement.

7.3 Additional Training. Franchisor may offer mandatory and/or optional additional training programs from time to time. If required by Franchisor, Franchisee, or Franchisee's Principal(s), shall participate in on-going training and/or a national business meeting or annual convention, for up to five (5) days per year. Franchisor reserves the right to impose a reasonable fee for all additional training programs. Franchisee shall be responsible for any and all incidental expenses incurred by Franchisee or Franchisee's personnel in connection with additional training or attendance at Franchisor's national business meeting or annual convention, including, without limitation, costs of travel, lodging, meals and wages. Franchisee's failure to attend and/or complete mandatory additional training or failure to attend Franchisor's national business meeting or annual convention is a default of this Agreement. Franchisee or Franchisee's principal(s) shall be required to obtain any missed mandatory additional training at a location Franchisor designates. Franchisee shall pay all costs and expenses for such additional missed training, including but not limited to, tuition at the then-current rate and any and all transportation, meals and lodging of Franchisee, Franchisee's principal(s) and Franchisor's training personnel. Franchisee shall pay to Franchisor any incurred expenses by Franchisor's training personnel within ten (10) days of Franchisor's billing thereof to Franchisee.

7.4 In-Territory Remedial Training. Upon Franchisee's reasonable request or as Franchisor shall deem appropriate, Franchisor shall, during the term hereof, subject to the availability of personnel, provide Franchisee with additional trained representatives who shall provide phone or screen-share remedial training and assistance to Franchisee's personnel. For any additional on-site training and assistance within the Territory, Franchisee shall pay the per diem fee then being charged to franchisees under the System for the services of such trained representatives, plus their costs of travel, lodging, and meals.

7.5 Counseling and Assistance. In addition to visits by Franchisor's field representatives, as Franchisor deems appropriate, Franchisor shall, within reasonable limits and subject to the availability of Franchisor's personnel, upon Franchisee's request and at no charge, unless such assistance is provided in Territory pursuant to Section 7.4, furnish consultation and assistance to Franchisee, either in person or by telephone, video conference, electronic mail or postal service, as determined by Franchisor, in Franchisor's sole discretion, with respect to the operation of the Franchised Business, including consultation and advice regarding employee training, marketing, operation issues, bookkeeping and System improvements.

8. FRANCHISED BUSINESS SITE REQUIREMENTS

8.1 Franchisee shall commence operation of the Franchised Business from a home-based office. Franchisee shall be required to obtain a commercial office with in the first year of the Term, such office location is subject to Franchisor's approval, and in accordance with Section 8.3 hereof. Franchisee assumes all cost, liability, expense and responsibility for equipping and outfitting the Franchised Business office as outlined in the Manual.

8.2 Time to Open. Franchisee acknowledges that time is of the essence in this Agreement. Upon Franchisee's compliance with the conditions stated below, Franchisee shall open the Franchised Business, which shall be defined herein as the "Opening Date". Prior to the Opening Date, Franchisee shall (i) satisfactorily complete Franchisor's Initial Management Training Program, as further set forth in Article 7, (ii) hire and train staff, if required, (iii) obtain all required licenses to operate the Franchised Business, and (iv) obtain all equipment Franchisor requires, including but not limited to, computer systems, software, and applications in accordance with Franchisor's standards. If Franchisee fails to comply with any of such obligations, Franchisor shall have the right to prohibit Franchisee from opening for business. Franchisee's failure to open the Franchised Business and commence business (i) in accordance with the foregoing and (ii) within ninety (90) days following the date of this Agreement, unless otherwise extended by Franchisor, shall be deemed a material event of default under this Agreement.

8.3 No Relocation. Franchisee's rights to operate the Franchised Business shall be limited to the Territory set forth in Attachment 3, and no other. Franchisee shall not relocate the office of the Franchised Business to commercial premises at any time without Franchisor's written approval, which approval shall be granted only in the sole and complete discretion of Franchisor, and if permitted, shall be at Franchisee's sole expense. In the event such permission is granted, (i) Franchisee shall remove any signs or other property from the original Franchised Business office which identified the original

Franchise Business office as part of the System and (ii) the parties shall amend Attachment 3 to reflect the address of the new Franchised Business office location.

9. MAINTENANCE AND IMPROVEMENT OF THE FRANCHISED BUSINESS AND SYSTEM

9.1 Maintenance of Franchised Business Assets. Franchisee shall maintain the Franchised Business office location, all required Franchised Business equipment, Franchisee's vehicle, the Computer System, and all hardware, software and related accessories to the standards of quality, repair and condition required by Franchisor, which standards are specified in the Manual and other written directives, standards and specifications. Franchisee, at Franchisee's expense, shall make such alterations, repairs, refurbishing and replacements as may be required to comply with Franchisor's standards, including, without limitation, periodic repairs or replacement of worn or impaired equipment, vehicles and computer hardware, software and accessories, as Franchisor may direct.

9.2 Equipment and Technology Updates. Franchisee shall make any and all upgrades to equipment, including but not limited to, the Computer System, telecommunications hardware and software, payment processing systems, and any technology used in conjunction therewith, as Franchisor requires in its sole and absolute discretion.

9.3 System Services. From time to time, Franchisor, in Franchisor's sole discretion, may modify or add to the insurance services offered by the Prominent Insurance System. Upon written notice by Franchisor, Franchisee shall incorporate all modifications and additions to the services offered by Franchised Business, and Franchisee shall (i) purchase, or otherwise obtain access to, all necessary equipment, software, applications and/or supplies to perform such modified or additional services and (ii) attend any additional training, in accordance with Section 7.4 hereof, as Franchisor may direct.

9.4 Trade Dress Modifications.

9.4.1 Franchisee is aware that to maintain and improve the image and reputation of the System, Franchisor, in its sole and absolute discretion, may change and modify identifying elements of the System, including but not limited to, the adoption and use of new or modified color schemes, tag lines, logos or marks (collectively, "Trade Dress Modifications").

9.4.2 Franchisee shall, at Franchisee's sole expense, modify identifying elements of the Franchised Business, as required by Franchisor to conform to Trade Dress Modifications. Franchisee, upon notice by Franchisor and in accordance with Section 14.6 hereof, shall immediately discontinue the use of any Mark that is no longer desirable or available to Franchisor and substitute a different Mark or Marks as Franchisor directs.

9.4.3 Franchisee will accept, use and display any such Trade Dress Modifications as if they were a part of this Franchise Agreement at the time of execution hereof.

9.5 No Liability/Waiver of Claims. Franchisor shall not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any of the additions or modifications, including Trade Dress Modifications, required by this Article 9. Franchisee hereby covenants not to commence or join in any litigation or other proceeding against Franchisor or any third party, complaining of any such or seeking expenses, losses or damages caused thereby. Further, Franchisee expressly waives any claims, demands or damages arising from or related to the additions and modifications contemplated by this Article 9, including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

9.6 Franchisee Advisory Council. Franchisor reserves the right to create (and if created, the right to change or dissolve) a franchisee advisory council as a formal means for System franchisees to communicate ideas. In the event a franchisee advisory council is created, Franchisor may invite Franchisee to participate in council-related activities and meetings, which invitation may be based on a franchisee's level of success, superior performance and profitability.

10 FRANCHISOR'S OBLIGATIONS

Franchisor and/or its designated representative will provide the services described below:

10.1 Territory and Site Determination. Designate the boundaries of Franchisee's Territory, by description and/or mapped boundaries, and set forth same in Attachment 3 attached hereto and incorporated herein. Franchisor shall also approve a commercial site of the Franchised Business office location in accordance with Section 8.3, if applicable.

10.2 Manual. Provide Franchisee access to the Confidential Operations Manual and such other manuals and written materials as Franchisor may hereafter develop for use by franchisees, as the same may be revised by Franchisor from time to time. Such documents may be provided electronically or via the Internet, at Franchisor's sole and absolute discretion.

10.3 Pre-Opening Requirements. Provide Franchisee with the initial equipment package set forth in Section 6.1.2, the initial marketing materials set forth in Section 6.1.3, and a written list of other equipment, signage, supplies and products that will be required and/or recommended to open the Franchised Business for business.

10.4 Advertising Materials. Provide samples or digital artwork of certain advertising and promotional materials and information developed by Franchisor from time to time for use by Franchisee in marketing and conducting local advertising for the Franchised Business.

10.5 List of Suppliers. Make available from time to time, and amend as deemed appropriate by Franchisor, a list of approved and/or recommended suppliers of products and services for System franchisees.

10.6 Training. The training programs specified in Article 7 herein.

10.7 On-Going Assistance. Post-opening assistance in accordance with the provisions of Article 7.

10.8 Brand Development Fund. Administer a Brand Development Fund in accordance with Section 13.3.

11 FRANCHISEE'S REPRESENTATIONS, WARRANTIES AND COVENANTS

11.1 Best Efforts. Franchisee, including each of Franchisee's Principals, covenants and agrees that he or she shall make all commercially reasonable efforts to operate the Franchised Business so as to achieve optimum sales.

11.2 Corporate Representations. If Franchisee is a corporation, partnership, limited liability company, or other legal entity, Franchisee and each Principal represent, warrant and covenant that:

11.2.1 Franchisee is duly organized and validly existing under the state law of its formation;

11.2.2 Franchisee is duly qualified and is authorized to do business in the jurisdiction of the Franchised Business location and the Territory;

11.2.3 Franchisee's organizational documents shall at all times provide that the activities of Franchisee are confined exclusively to the operation of the Franchise granted herein, unless otherwise consented to in writing by Franchisor, which consent may be withheld by Franchisor in Franchisor's sole discretion;

11.2.4 The execution of this Agreement and the consummation of the transactions contemplated hereby are within Franchisee's power and have been duly authorized by Franchisee;

11.2.5 Any financial statements and tax returns provided to Franchisor shall be certified as true, complete, and correct and shall have been prepared in conformity with generally accepted accounting principles applicable to the respective periods involved and, except as expressly described in the applicable notes, applied on a consistent basis. No material liabilities, adverse claims, commitments, or obligations of any nature exist as of the date of the statements or returns, whether accrued, unliquidated, absolute, contingent, or otherwise, that are not reflected as liabilities; and

11.3 Guaranty. If any Franchisee or Principal is a married individual and the Franchisee's or Principal's spouse has not executed this Agreement, such Franchisee or Principal shall cause his or her spouse to personally execute and bind himself or herself to the terms of a Guaranty, in the form attached as Attachment 7 hereof.

11.4 Personal Supervision.

11.4.1 Franchisee shall personally supervise the operation of the Franchised Business and may not appoint a manager, unless Franchisee receives Franchisor's prior written consent. Franchisee accepts full responsibility for, and shall be fully liable to, Franchisor for the acts and omissions of any and all agents, employees or third persons working for or with Franchisee. Franchisee shall ensure that its agents, employees, and all third-party business affiliates observe and adhere to all applicable terms, conditions and restrictions contained in this Agreement and in the Manual; including but not limited to quality and service standards, confidentiality, works made for hire, non-compete and the agreement to return all Franchisor proprietary and confidential information. Any breach of a term or condition contained in this Agreement by an agent, employee or third party working for Franchisee shall be deemed to be the same as a direct breach by Franchisee and its Principals; and Franchisor shall have all the same rights and remedies as if the breach occurred through the direct acts or omissions of the Franchisee and/or its named Principals. Franchisee's agents, employees and third-party business affiliates shall further:

(i) Meet all Franchisor's standards and criteria for such individual(s), as set forth in the Manual.

(ii) Execute a confidentiality and non-compete agreement in a form substantially similar to Attachment 9.

(iii) Satisfy the training requirements set forth in Article 7, including completion of the Initial Management Training Program, if required by Franchisor. Franchisee shall pay Franchisor the then-current fee for attendance at the Initial Management Training Program and shall pay all other costs of to attend training, including transportation, lodging, and meals.

11.4.2 Franchisee shall promptly notify Franchisor when any employee, agent or third-party affiliate previously granted access to Franchisor's proprietary or confidential information ceases to be employed or affiliated with Franchisee, so that any and all access rights to Franchisor proprietary or confidential information may be terminated and all such materials returned to Franchisor. Any failure by Franchisee to comply with the requirements of this Section shall be deemed a material event of default under this Agreement.

11.5 Legal Compliance. Franchisee shall comply with all federal, state and local laws, rules and regulations and shall timely obtain any and all permits, certificates or licenses necessary for the full and proper conduct of the Franchised Business. Such laws, rules and regulations shall include, without limitation, licenses to do business, fictitious name registrations, sales and other tax permits, any permits, certificates or licenses required by any industry regulatory agency or association and any other requirement, rule, law or regulation of any federal, state or local jurisdiction.

11.6 Claims and Potential Claims. Franchisee shall notify Franchisor in writing within three (3) days of any incident or injury that could lead to, or the actual commencement of any action, suit or proceeding and of the issuance of any order, writ, injunction, award or decree of any court, agency, or other governmental instrumentality, which in any way relating to or affecting the operation or financial condition of the Franchised Business. Any and all media inquiries concerning the Franchised Business, including, but not limited to, the business operation and incidents and occurrences related to a customer or employee, shall be referred to Franchisor. Neither Franchisee, Franchisee's employees nor anyone on Franchisee's behalf may comment to any broadcast medium, except as directed by Franchisor.

11.7 Assignment of Numbers and Listings. Franchisee shall execute such forms and documents included in Attachment 8 to appoint Franchisor its true and lawful attorney-in-fact, with full power and authority, for the sole purpose of assigning to Franchisor, Franchisee's telephone numbers, listings, and passwords and administrator rights for all email, software, social media, or other such accounts used or created by Franchisee in order to operate the Franchised Business. Upon the expiration or termination of this Agreement, Franchisor may exercise its authority, pursuant to such documents, to obtain any and all of Franchisee's rights to the telephone numbers of the Franchised Business and all related telephone directory listings and other business listings, and all Internet listings, domain names, Internet advertising, websites, listings with search engines, electronic mail addresses, social media, or any other similar listing or usages related to the Franchised Business.

11.8 Access to Tax Filings. Upon execution of this Agreement, and at any time thereafter upon Franchisor's request, Franchisee shall execute such forms and documents as Franchisor deems necessary, to appoint Franchisor its true and lawful attorney-in-fact with full power and authority, for the sole purpose of obtaining any and all returns and reports filed by Franchisee with any state or federal taxing authority.

11.9 Continuing Obligation. Franchisee and each Principal acknowledge and agree that the representations, warranties, and covenants set forth in this Article 11 are continuing obligations of Franchisee and each Principal, as applicable, and that any failure to comply with such representations, warranties and covenants shall constitute a material event of default under this Agreement. Franchisee and each Principal shall cooperate with Franchisor in any efforts made by Franchisor to verify compliance with such representations, warranties and covenants.

12 FRANCHISEE'S OPERATIONS

12.1 Operation of Franchised Business. In order to maintain the highest degree of quality and service on a uniform System-wide basis, Franchisee shall operate the Franchised Business in conformity with the methods, standards and specifications prescribed by Franchisor. Franchisee agrees to comply with the Manual, as it is modified from time to time, and all directives, rules and procedures specified by Franchisor, and will, among other things:

12.1.1 Procure the necessary licenses or permits to allow the operation of the Franchised Business and otherwise comply with all applicable governmental laws, ordinances, rules, and regulations;

12.1.2 Conduct sales and service of customers using Franchisor's format, methods, forms, reports and software and otherwise in accordance with Franchisor's standards and specifications;

12.1.3 Employ sufficient employees as prescribed by Franchisor to operate the Franchised Business at its maximum capacity and efficiency as required by Franchisor;

12.1.4 Employ only qualified individuals, in accordance with Section 12.5 below, who are trained and licensed as required by Franchisor and who will at all times conduct themselves in a competent and courteous manner in accordance with this Agreement and the image and reputation of the System. Franchisee shall require Franchisee's employees to wear clothing conforming to Franchisor's specifications as to style, color, and design as Franchisor may from time to time reasonably designate so as to maintain the goodwill and reputation of Franchisor, the System and the Marks. Franchisee acknowledges and agrees that poorly trained employees, sloppy or unclean appearances and incompetent or discourteous service are extremely damaging to the goodwill of the System and the Marks and are a material default of this Agreement;

12.1.5 Permit Franchisor or its agents, to inspect the Franchised Business and any services, products, or equipment, through service call attendance or otherwise, to determine whether they meet Franchisor's then-current standards, specifications, and requirements. In addition to any other remedies Franchisor may have, Franchisee shall reimburse Franchisor for Franchisor's inspection costs of any product or service that does not conform to the System standards and specifications;

12.1.6 Prominently display identifying elements of the System of such nature, form, color, number, location, and size, and containing such material, as Franchisor may from time to time reasonably direct or approve in writing; and to refrain from using any sign, advertising media, or identifying element of any kind to which Franchisor reasonably objects, including signs and advertising media which have been outdated. Upon giving Franchisee notice of its objection to same or upon termination hereof, Franchisor may at any time enter upon the Franchised Business office location or elsewhere and remove any objectionable or non-approved sign, advertising media or identifying element and keep or destroy same without paying therefor or without being deemed guilty of trespass or any other tort;

12.1.7 Conduct all advertising programs in a manner consistent with Franchisor's standards and specifications, in a manner satisfactory to Franchisor and that will not detract from the reputation of the System or the Marks;

12.2. Bookkeeping and Reports.

12.2.1. Franchisee agrees to keep and maintain complete and accurate books and records of its transactions and business operations using the accounting procedures specified by Franchisor. Franchisee agrees to purchase the computer systems specified in Section 12.3 to maintain the records and accounts of the Franchisee to the standards of the Franchisor. Franchisee acknowledges and agrees that the financial performance of Franchisee's Franchised Business may be published in franchise disclosure document(s) issued by Franchisor following the Effective Date hereof.

12.2.2. Within thirty (30) days after the close of each calendar quarter and within ninety (90) days after the close of each fiscal year, Franchisee will furnish Franchisor a full and complete written statement of income and expense and a profit and loss statement for the operation of the Franchised Business during said period, together with a balance sheet for the Franchised Business, all of which shall be prepared in accordance with generally accepted accounting principles and practice. Franchisee's annual statements and balance sheets shall be prepared by an independent certified public accountant and certified to be correct.

12.2.3. The financial statements required hereunder shall be in such form and contain such information as Franchisor may from time to time reasonably designate.

12.2.4. Franchisor reserves the right to require Franchisee to engage the services of a third-party accounting services firm, designated and approved by Franchisor, in the event that (i) Franchisee fails to keep books and records in accordance with Franchisor's standards or (ii) Franchisor, in its sole discretion, determines that use of a third-party accounting services firm by all System franchisees is beneficial to the System.

12.2.5. Franchisor shall have the right at all reasonable times to examine, at its expense, Franchisee's books, records, and tax returns. If Franchisor's examination finds any underpayment owed in any Gross Revenue Report, Franchisee shall reimburse Franchisor for the cost of such examination and pay the Franchisor the amounts due together with interest thereon at the rate provided herein. Such understatement may be considered a material default hereunder. Two (2) such understatements during the Term of this Agreement may, at the option of Franchisor, be considered an incurable default and thereby subject to termination as provided herein.

12.3 Computer Systems.

12.3.1. Franchisee, at Franchisee's sole expense, shall install and maintain the Computer System and other computer hardware and software Franchisor requires for the operation of the Franchised Business and shall follow the procedures related thereto that Franchisor specifies in the Manual or otherwise in writing.

12.3.2. Franchisor may require Franchisee, at Franchisee's sole expense, to install and maintain systems and web-based payment processing and bookkeeping accounts that permit Franchisor to independently and electronically access and retrieve any information stored in Franchisee's Computer System and accounts, including, without limitation, information concerning Gross Revenue. Upon Franchisor's request, Franchisee shall execute such documents as Franchisor deems necessary to permit Franchisor to independently and electronically access and retrieve all information stored on Franchisee's Computer System, other systems and web-based payment processing and bookkeeping accounts.

12.3.3 Any and all customer data collected or provided by Franchisee, retrieved from Franchisee's Computer System, or otherwise collected from Franchisee by Franchisor or provided to Franchisor, is and will be owned exclusively by Franchisor and will be considered to be Franchisor's proprietary and Confidential Information. Franchisor has the right to use such data in any manner without compensation to Franchisee. Franchisor licenses to Franchisee the use of such data solely for the purpose of operating the Franchised Business; provided that, this license shall automatically and irrevocably terminate, without any additional action or notice required by Franchisor, upon the expiration or earlier termination of this Agreement.

12.3.4. Franchisor may require Franchisee, at Franchisee's sole expense, to enter into software license agreements in the form that Franchisor requires for software Franchisor develops or acquires for use in the System.

12.3.5. Franchisee shall have and maintain adequate hardware and software in order to access the Internet at the speed required by Franchisor from time to time. Franchisee shall use the electronic mail account provided by Franchisor. Franchisee shall promptly read and respond to all electronic mail related to the Franchised Business no less often than on a daily basis and shall accept and acknowledge receipt of all electronic mail sent by Franchisor. Franchisee shall not establish any website or other listing on the Internet except as provided and specifically permitted herein.

12.3.6. Franchisor has established a website that provides information about the System and the services and products offered by the Prominent Insurance System (the "Website"). Franchisor has sole discretion and control over the Website. Franchisor shall include a listing on its Website of Franchisee's contact information and permit Franchisee to upload previous completed work. Franchisee has no ownership or other proprietary rights to Franchisor's Website and Franchisee will lose all rights to such listing of Franchisee's contact information upon expiration or termination of this Agreement for any reason.

12.3.7. In addition to Franchisee's obligations pursuant to Section 6.6 hereof, Franchisee shall pay all other fees, whether to Franchisor or to third party vendor(s), and expenses for technology required by this Agreement, including but not limited to, the costs of computer hardware and software, regularly recurring fees for software and Internet access, license fees, help desk fees, licensing or user-based fees.

12.3.8 Franchisee is solely responsible for maintaining the security and integrity of the computer and payment processing systems used in the Franchised Business and the customer and other data stored therein. Franchisee, at Franchisee's sole cost and expense, shall implement all computer hardware, software and Internet security procedures, including required updates or upgrades thereto, that are reasonably necessary to protect Franchisee's computer and payment processing systems and the data stored therein from viruses, malware, privacy breaches or other unauthorized access.

12.4 Safety and Security. Franchisee is solely responsible for the safe and secure operation of the Franchised Business and the services provided thereby for Franchisee, Franchisee's personnel, customers, agents and the general public. All matters of safety and security are within Franchisee's discretion and control, and Franchisee's indemnification obligations set forth in Section 15.6 hereof shall apply to any claims made against Franchisor regarding safety or security.

12.5 Employee Background Check. Franchisee shall conduct a background review of every prospective employee's criminal history and any other histories (such as motor vehicle and/or credit histories) that are required by state and local laws, regulations, and ordinances and/or that Franchisee determines to be necessary and appropriate, prior to hiring. Franchisee shall not hire any prospective employee for any position involving entrance on or into private property if such prospective employee's background review indicates, in Franchisee's sole discretion, a propensity for violence, dishonesty, negligent, reckless, or careless behavior, or a conviction for any crime reasonably related to the prospective employee's employment. Notwithstanding the foregoing, all matters of employment and the safety of Franchisee's customers and their clients are within Franchisee's discretion and control. Franchisor shall not be liable to Franchisee, any employee or prospective employee of Franchisee, or any third party for any act or omission of Franchisee or any employee or agent of Franchisee, and Franchisee's indemnification obligations set forth in Section 15.6 hereof shall apply to any claims, demands or actions against Franchisor arising from any act or omission of Franchisee or any employee or agent of Franchisee (including, without limitation, refusal to hire or discrimination claims or claims asserted by third parties for torts allegedly committed by any employee or agent of Franchisee).

12.6 Customer Dispute Resolution. Franchisee acknowledges Franchisor's philosophy that exceeding customers' expectations is essential to Franchisee's success as well as the reputation and success of the System and other Prominent Insurance franchisees and that all System franchisees shall endeavor to go above and beyond expectations and generosity in all customer dealings. Accordingly, Franchisee agrees to: (i) use its best efforts to ensure the complete satisfaction of each of Franchisee's customers; (ii) apply the highest standards of customer service and use good faith in all dealings with customers, potential customers, referral sources, suppliers and creditors; (iii) respond to customer complaints in a courteous, prompt, and professional manner; (iv) use its best efforts to promptly and fairly resolve customer disputes; and (v) within twenty-four (24) hours of receiving a request from Franchisor, provide Franchisor a written summary of the dispute. If Franchisee fails to resolve a dispute with a customer, for any reason whatsoever, Franchisor, in its sole discretion and for the sole purpose of protecting the goodwill and reputation of the System and the Marks, may (but shall not be obligated to) investigate the matter and take such action as Franchisor may deem necessary or appropriate to resolve the dispute fairly and promptly, including, but not limited to, the issuance of a refund on Franchisee's behalf. Within ten (10) days after receiving notice thereof, Franchisee shall reimburse Franchisor for any amounts refunded to a customer on Franchisee's behalf. **Franchisee hereby authorizes Franchisor to take payment of refunded amounts, at Franchisor's option, through electronic funds transfer or ACH payment.** Nothing contained in this Section or any other provision of this Agreement shall be construed to impose liability upon Franchisor to any third party for any action by or obligation of Franchisee.

12.7 Prices. Subject to applicable law, Franchisor may recommend or set maximum prices for services and products offer by Franchisee. Franchisee shall have the right to sell its services and products at any price within Franchisor's parameters. Franchisee acknowledges that Franchisor has made no guarantee or warranty that offering services or products at any particular price will enhance Franchisee's sales or profits.

12.8 Unapproved Item/Suppliers. If Franchisee desires to purchase, lease or use any unapproved equipment, product, or service or to purchase, lease or use any equipment, product or service from an unapproved supplier, Franchisee shall submit to Franchisor a written request for such approval prior to using such product, service or supplier. Franchisee shall not purchase or lease any item or use any supplier until and unless such item or supplier has been approved in writing by Franchisor. Franchisor shall have the right to require that its representatives be permitted to inspect the supplier's facilities and to test or otherwise evaluate samples from the supplier. Franchisor reserves the right to charge Franchisee an evaluation fee of One Hundred Dollars ($100.00) to offset Franchisor's cost and time for evaluation, inspection and testing. Franchisor shall notify Franchisee whether Franchisor approves or disapproves of the proposed item or supplier within sixty (60) days after Franchisor receives all required information to evaluate the product, service, or supplier. Franchisor reserves the right, at its option, to re-inspect from time to time the facilities and products of any such approved supplier and to revoke its approval upon the supplier's failure to continue to meet any of Franchisor's then-current criteria. Nothing in the foregoing shall be construed to require Franchisor to approve any particular item or supplier.

12.9 External Quality Assurance Services. Franchisor reserves the right to establish quality assurance programs conducted by third-party providers, including, but not limited to, customer surveys and periodic quality assurance audits ("Quality Review Services"). Upon Franchisor's request and at Franchisee's sole cost and expense, Franchisee shall subscribe, to any such third-party provider for Quality Review Services to monitor the operations of the Franchised Business as directed by Franchisor.

12.10 Variations in Standards. Notwithstanding anything to the contrary contained in this Agreement and this Section 12 in particular, Franchisee acknowledges and agrees that because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, at its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary performance standards for some franchisees based upon the peculiarities and characteristics of the particular circumstance, business potential, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of such particular franchise business. Franchisor has full rights to vary standard specifications and practices for any other franchisee at any time without giving Franchisee comparable rights. Franchisee shall not be entitled to require Franchisor to disclose or grant to Franchisee a like or similar variation.

13. ADVERTISING, PROMOTIONS AND RELATED FEES

13.1 Advertising Programs. Franchisor may from time to time develop and administer advertising and sales promotion programs designed to promote and enhance the collective success of all Franchised Businesses operating under the System. Franchisee shall participate in all such advertising and sales promotion programs in accordance with the terms and conditions established by Franchisor from time to time for each program. In all aspects of these programs, including, without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies, the standards and specifications established by Franchisor, as modified from time to time, shall be final and binding upon Franchisee.

13.2 Local Advertising.

13.2.1 In addition to the ongoing advertising contributions set forth herein, and following the expenditures set forth in Section 13.2.3 below, Franchisee shall spend monthly, throughout the term of this Agreement, not less than one percent (1%) of Gross Revenue per month, on advertising for the Franchised Business in the Territory ("Local Advertising"). Franchisor may require Franchisee to allocate to an advertising cooperative, as described in Section 13.4, up to one-half of Franchisee's required Local Advertising expenditures. Such allocation will be in partial satisfaction of Franchisee's obligations pursuant to this Section 13.2.1. Franchisor reserves the right to collect some or all of Franchisee's Local Advertising expenditure and implement Local Advertising on Franchisee's behalf.

13.2.2 Within ten (10) business days of Franchisor's request, Franchisee shall provide a quarterly expenditure report accurately reflecting Franchisee's Local Advertising expenditures for the preceding quarterly period. The following costs and expenditures incurred by Franchisee shall ***not*** be included in Franchisee's expenditures on Local Advertising for purposes of this Section, unless approved in advance by Franchisor in writing: (i) incentive programs for employees or agents of Franchisee; (ii) research expenditures; and (iii) salaries and expenses of any of Franchisee's personnel to attend advertising meetings, workshops or other marketing activities; (v) charitable, political or other contributions or donations.

13.2.3 In addition to the requirements of Section 13.2.1, Franchisee shall spend at least Two Thousand Five Hundred Dollars ($2,500.00) on Local Advertising and grand opening promotional activities within the Territory during the sixty (60) days surrounding the opening of the Franchised Business to promote the opening of the Franchised Business. Franchisee shall conduct Franchisee's grand opening campaign in accordance with plans approved by Franchisor pursuant to Section 13.3. Franchisor reserves the right to collect some or all of Franchisee's grand opening funds and implement grand opening campaign activities on Franchisee's behalf.

13.3 Brand Development Fund.

13.3.1 Franchisor shall establish a national fund on behalf of the System for national advertising, marketing, and brand development (the "Brand Development Fund"). Franchisee is required to contribute two percent (2%) of Gross Revenue per month, subject to increase in Franchisor's reasonable discretion, to the Brand Development Fund ("Brand Development Fund Contribution"). Payments will be made in the same manner and time as the Royalty Fees.

13.3.2. Franchisor shall direct the Brand Development Fund and shall have sole discretion to approve or disapprove the creative concepts, materials and media used in such programs and the placement and allocation thereof. Franchisee agrees and acknowledges that the Brand Development Fund is intended to maximize general public recognition and acceptance of the Marks and enhance the collective success of all Franchised Businesses operating under the System.

13.3.3. Franchisor will contribute to the Brand Development Fund on the same basis as Franchisee with respect to Prominent Insurance outlets operated by Franchisor or Franchisor's affiliates.

13.3.4. Franchisor may use the Brand Development Fund to satisfy any and all costs of developing, preparing, producing, directing, administering, conducting, maintaining and disseminating advertising, marketing, promotional and public relations materials, programs, campaigns, sales and marketing seminars and training programs of every kind and nature, through media now existing or hereafter developed (including, without limitation, the cost of television, radio, magazine, social media, newspaper and electronic advertising campaigns; direct mail and outdoor billboard advertising; public relations activities; conducting marketing research, employing advertising agencies to assist therein; developing, enhancing and maintaining the Website; and personnel and other departmental costs for advertising that Franchisor internally administers or prepares).

13.3.5. The Brand Development Fund will not be used to defray any of Franchisor's general operating expenses, except for reasonable administrative costs and overhead that Franchisor may incur in activities related to the administration and direction of the Brand Development Fund and such costs and expenses pursuant Section 13.3.4. Franchisor further reserves the right to include "Franchises Available" or similar language and contact information in advertising produced with Brand Development Fund contributions. The Brand Development Fund and its earnings shall not otherwise inure to Franchisor's benefit except that any resulting technology and intellectual property shall be deemed the property of Franchisor.

13.3.6. Franchisor will prepare an unaudited annual statement of the Brand Development Fund's operations and will make it available to Franchisee upon request. In administering the Brand Development Fund, Franchisor undertakes no obligation to make expenditures for Franchisee that are equivalent or proportionate to Franchisee's contribution or to ensure that any particular franchisee benefits directly or pro rata from the production or placement of advertising.

13.3.7. Although the Brand Development Fund is intended to be of perpetual duration, Franchisor may terminate it at any time and for any reason or no reason. Franchisor will not terminate the Brand Development Fund, however, until all monies in the Brand Development Fund have been spent for advertising or promotional purposes or returned to contributors, without interest, on the basis of their respective contributions.

13.4 Regional Advertising. Franchisor reserves the right to establish, in Franchisor's sole discretion, a regional advertising cooperative. If a regional cooperative is established during the term of this Agreement, Franchisee agrees to sign all documents Franchisor requests to become a member of the cooperative according to the terms of the documents. If Franchisor establishes a regional cooperative, then, in addition to required Brand Development Fund Contributions, Franchisee agrees to contribute up to one-half of Franchisee's Local Advertising requirement to the cooperative; provided, however, if a vote of the cooperative members increases the required cooperative contribution, Franchisee shall contribute such increased amount.

13.5 Directory Listings. At Franchisee's sole cost and expense, Franchisee must list the Franchised Business in local business directories, including, but not limited to, listings on Internet search engines. If feasible, and with Franchisor's prior written approval, Franchisee may do cooperative listings with other System franchisees. Notwithstanding the foregoing, Franchisee may not maintain any business profile on Facebook, Twitter, Instagram, LinkedIn, YouTube or any other social media and/or networking site without Franchisor's prior written approval and in strict accordance with Franchisor's requirements.

13.6 Approval of Advertising. All advertising and promotion by Franchisee, in any medium, shall be conducted in a professional manner and shall conform to the standards and requirements of Franchisor as set forth in the Manual or otherwise. Franchisee shall submit to Franchisor for its approval samples of all advertising, press releases, promotional plans and materials and public relations programs that Franchisee desires to use, including, without limitation, any materials in digital, electronic, or computerized form, or in any form of media now or hereafter developed that have not been either provided or previously approved by Franchisor. Franchisor shall approve or disapprove such plans and materials within ten (10) business days of Franchisor's receipt thereof. If Franchisor fails to respond to Franchisee's submission within ten (10) business days, such plans and materials shall be deemed "disapproved". Franchisee shall not use such unapproved plans or materials until they have been approved by Franchisor in writing and shall promptly discontinue use of any advertising or promotional plans or materials, whether or not previously approved, upon notice from Franchisor. Any advertising, marketing or sales concepts, programs or materials proposed or developed by Franchisee for the Prominent Insurance brand and approved by Franchisor may be used by other System franchisees without any compensation to Franchisee.

14. INTELLECTUAL PROPERTY

14.1 Ownership.

14.1.1. Franchisee expressly understands and acknowledges that Prominent Insurance Services, Inc., or its successor, ("Licensor") is the record owner of the Marks. Franchisor holds the exclusive right to license the Marks to franchisees of the System for use pursuant to the System. Franchisee further expressly understands and acknowledges that Franchisor and/or Licensor claims copyrights on certain material used in the System, including but not limited to its website, documents, advertisements, promotional materials, and the Manual, whether or not Franchisor has filed for copyrights thereto with the U.S. Copyright Office. The Marks and copyrights, along with Franchisor's trade secrets, service marks, trade dress and proprietary systems are hereafter collectively referred to as the "Intellectual Property".

14.1.2. As between Franchisor and Franchisee, Licensor and Franchisor are the owner of all right, title and interest in and to the Intellectual Property and the goodwill associated with and symbolized by them.

14.2 No Interference. Neither Franchisee nor any Principal shall take any action that would prejudice or interfere with the validity of Franchisor's or Licensor's rights with respect to the Intellectual Property. Nothing in this Agreement shall give the Franchisee any right, title, or interest in or to any of the Intellectual Property or any of Franchisor's or Licensor's service marks, trademarks, trade names, trade dress, logos, copyrights or proprietary materials, except the right to use the Intellectual Property and the System in accordance with the terms and conditions of this Agreement for the operation of a Franchised Business and only at or from the Franchised Business office location or in approved advertising related to the Franchised Business.

14.3 Goodwill. Franchisee understands and agrees that any and all goodwill arising from Franchisee's use of the Intellectual Property and the System shall inure solely and exclusively to the benefit of Franchisor and Licensor, and upon expiration or termination of this Agreement and the license herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the Intellectual Property.

14.4 Validity. Franchisee shall not contest the validity of, or Franchisor's or Licensor's interest in, the Intellectual Property or assist others to contest the validity of, or Franchisor's or Licensor's interest in, the Intellectual Property.

14.5 Infringement. Franchisee acknowledges that any unauthorized use of the Intellectual Property shall constitute an infringement of Franchisor's or Licensor's rights in the Intellectual Property and a material event of default hereunder. Franchisee shall provide Franchisor or Licensor with all assignments, affidavits, documents, information and assistance Franchisor or Licensor reasonably requests to fully vest in Franchisor or Licensor all such rights, title and interest in and to the Intellectual Property, including all such items as are reasonably requested by Franchisor or Licensor to register, maintain and enforce such rights in the Intellectual Property.

14.6 Substitution. Franchisor reserves the right to substitute different Marks for use in identifying the System and the Franchised Business, if it in its sole discretion, determines that substitution of different Marks will be beneficial to the System. Franchisor will not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any additions, modifications, substitutions or discontinuation of the Marks. Franchisee covenants not to commence or join in any litigation or other proceeding against Franchisor for any of these expenses, losses or damages.

14.7 Franchisee's Use of the Intellectual Property. With respect to Franchisee's use of the Intellectual Property pursuant to this Agreement, Franchisee further agrees that:

14.7.1 Unless otherwise authorized or required by Franchisor, Franchisee shall advertise the Franchised Business only under the Marks "Prominent Insurance" and design. Franchisee shall not use the Marks, or any portions, variations, or derivatives thereof, as part of its corporate or other legal name. All fictitious names used by Franchisee shall bear the designation "a franchisee of Prominent Franchise, LLC".

14.7.2. Franchisee shall identify itself as the owner of the Franchised Business and as an independent Prominent Insurance franchisee in conjunction with any use of the Intellectual Property, including, but not limited to, uses on invoices, order forms, receipts, and contracts, as well as the display of a notice in such content and form and at such conspicuous location upon the office and vehicle(s), as directed by Franchisor, used in the Franchised Business, as Franchisor may designate in writing.

14.7.3. Franchisee shall not use the Intellectual Property to incur any obligation or indebtedness on behalf of Franchisor.

14.7.4. Any item offered by Franchisee that contains the Marks, must be approved by Franchisor in writing prior to being distributed or sold by Franchisee and such approval may be granted or denied in Franchisor's sole and absolute discretion.

14.8 Claims. Franchisee shall notify Franchisor immediately via both email and telephone, of any apparent infringement of or challenge to Franchisee's use of any Intellectual Property and of any claim by any person of any rights in any Intellectual Property. Franchisee shall not communicate with any person other than Franchisor or any designated affiliate thereof, their counsel and Franchisee's counsel in connection with any such infringement, challenge, or claim. Franchisor shall have complete discretion to take such action as it deems appropriate in connection with the foregoing, and the right to control exclusively, or to delegate control to any of its affiliates of, any settlement, litigation or other proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any Intellectual Property. Franchisee agrees to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in the opinion of Franchisor, reasonably be necessary or advisable to protect and maintain the interests of Franchisor or any other person or entity in any litigation or other proceeding or to otherwise protect and maintain the interests of Franchisor or any other interested party in the Intellectual Property. Franchisor will indemnify and defend Franchisee against and reimburse Franchisee for actual damages (including settlement amounts) for which Franchisee is held liable in any proceeding arising out of Franchisee's use of any of the Intellectual Property that infringes on the rights of any other party, provided that the conduct of Franchisee with respect to such proceeding and use of the Intellectual Property is in full compliance with the terms of this Agreement.

14.9 Franchisor may use and grant franchises and licenses to others to use the Intellectual Property and the System and to establish, develop and franchise other systems, different from the System licensed to Franchisee herein, without offering or providing Franchisee any rights in, to or under such other systems and Franchisor may modify or change, in whole or in part, any aspect of the Intellectual Property or the System, so long as Franchisee's rights thereto are in no way materially harmed thereby.

14.10 Franchisee shall not register or attempt to register the Intellectual Property in Franchisee's name or that of any other person, firm, entity, or corporation.

15. INSURANCE AND INDEMNIFICATION

15.1 Procurement. Franchisee shall procure, prior to the commencement of any operations under this Agreement, and thereafter maintain in full force and effect during the term of this Agreement at Franchisee's sole cost and expense and to Franchisor's sole satisfaction, insurance policies protecting Franchisee and Franchisor, and naming Franchisor, its officers, directors, partners, owners, employees and affiliates as additional insureds as their interests may appear, in the following minimum limits (except as additional coverage and higher policy limits may reasonably be specified from time to time in the Manual or otherwise in writing):

15.1.1. Liability. Comprehensive general liability insurance, including errors and omissions coverage, personal and advertising injury coverage in the form of a general liability rider or as a separate policy, in the amount of at least One Million Dollars ($1,000,000.00) per occurrence and Two Million Dollars ($2,000,000.00) in the aggregate;

15.1.2. Employment. Worker's compensation coverage in the limits required by state law, employment practices/abuse, and employee dishonesty insurance with third-party coverage in the amount of at least Ten Thousand Dollars ($10,000.00), shall be carried on all of Franchisee’s employees, as well as such other insurance as may be required by statute or rule of the state in which the Franchised Business is located and operated;

15.1.3. Property. Fire, vandalism and extended coverage insurance with primary and excess limits of not less than Fifty Thousand Dollars ($50,000.00) or such higher amount to cover the full replacement value of the equipment, computer systems, vehicles and other personal property of the Franchised Business;

15.1.4. Business. Business interruption insurance in an amount no less than the greater of (i) One Hundred Thousand Dollars ($100,000.00) or (ii) an amount necessary to satisfy Franchisee’s obligations under this Agreement for a minimum period of six (6) months;

15.1.6 Electronic Data Processing. Coverage for damage or loss of electronic and computer equipment, media and data in an amount of not less than Ten Thousand Dollars ($10,000.00); and

15.1.7 Identity Theft, Forgery or Alteration. Coverage for identify forgery, alteration or theft in an amount of at least Two Thousand Five Hundred Dollars ($2,500.00) per loss and Two Thousand Five Hundred Dollars ($2,500.00) for expenses.

15.2 Evidence of Insurance. Franchisee shall deliver to, and maintain at all times with Franchisor, current Certificates of Insurance evidencing the existence and continuation of the required coverages. In addition, if requested by Franchisor, Franchisee shall deliver to Franchisor a copy of the insurance policy or policies required hereunder.

15.3 Failure to Procure. If, for any reason, Franchisee should fail to procure or maintain the insurance required by this Agreement as revised from time to time for all franchisees by the Manual or otherwise in writing, Franchisor shall have the right and authority (without, however, any obligation) to immediately procure such insurance and to charge Franchisee for the cost thereof together with an administrative fee of ten percent (10%) for Franchisor’s expenses in so acting, including all attorneys' fees. Franchisee shall pay Franchisor immediately upon notice by Franchisor to Franchisee that Franchisor has undertaken such action and the cost thereof.

15.4 Increase in Coverage. The levels and types of insurance stated herein are minimum requirements. Franchisor reserves the right to raise the required minimum requirements for any type of insurance or add additional types of insurance requirements as Franchisor deems reasonably prudent to require. Within thirty (30) days of any such required new limits or types of coverage, Franchisee must submit proof to Franchisor of Franchisee's coverage pursuant to Franchisor's requirements.

15.5 Additional Insured. All required insurance policies shall name Franchisor, Licensor and their affiliates and their members, officers, agents and employees as additional insureds as their interests may appear. All public liability policies shall contain a provision that the additional insureds, although named as insureds, shall nevertheless be entitled to recover under such policies on any loss caused by Franchisee or Franchisee's servants, agents or employees.

15.6 Indemnification. TO THE FULLEST EXTENT PERMITTED BY LAW, FRANCHISEE AGREES TO EXONERATE AND INDEMNIFY AND HOLD HARMLESS PROMINENT FRANCHISE, LLC, PROMINENT INSURANCE SSERVICES, INC, AND ANY OF THESE COMPANIES' PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES AS WELL AS THEIR DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES (COLLECTIVELY REFERRED TO AS THE "PROMINENT INSURANCE INDEMNITEES"), FROM ALL CLAIMS BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATED TO THE OPERATION, CONDITION, OR ANY PART OF FRANCHISEE'S PROMINENT INSURANCE FRANCHISE, THE FRANCHISED BUSINESS, THE PRODUCTS, THE PREMISES, OR ANY ASPECT OF THE REAL ESTATE CONNECTED TO FRANCHISEE'S FRANCHISED BUSINESS, WHETHER CAUSED BY FRANCHISEE, FRANCHISEE'S AGENTS OR EMPLOYEES, OR ARISING FROM FRANCHISEE'S ADVERTISING OR BUSINESS PRACTICES. FRANCHISEE AGREES TO PAY FOR ALL THE PROMINENT INSURANCE INDEMNITEES' LOSSES, EXPENSES (INCLUDING, BUT NOT LIMITED TO ATTORNEYS' FEES) OR CONCURRENT OR CONTRIBUTING LIABILITY INCURRED IN CONNECTION WITH ANY ACTION, SUIT, PROCEEDING, INQUIRY (REGARDLESS OF WHETHER THE SAME IS REDUCED TO JUDGMENT OR DETERMINATION), OR ANY SETTLEMENT THEREOF FOR THE INDEMNIFICATION GRANTED BY FRANCHISEE HEREUNDER. THE PROMINENT INSURANCE INDEMNITEES SHALL HAVE THE RIGHT TO SELECT AND APPOINT INDEPENDENT COUNSEL TO REPRESENT ANY OF THE PROMINENT INSURANCE INDEMNITEES IN ANY ACTION OR PROCEEDING COVERED BY THIS INDEMNITY. FRANCHISEE AGREES THAT TO HOLD THE PROMINENT INSURANCE INDEMNITEES HARMLESS, FRANCHISEE WILL

REIMBURSE THE PROMINENT INSURANCE INDEMNITEES AS THE COSTS AND EXPENSES ARE INCURRED BY THE PROMINENT INSURANCE INDEMNITEES.

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16. TRANSFERS

16.1 Transfers by Franchisor.

16.1.1 Franchisor shall have the right to assign this Agreement, and all of Franchisor's rights and privileges hereunder, to any person, firm, corporation or other entity, without Franchisee's permission or prior knowledge, provided that, with respect to any assignment resulting in the subsequent performance by the assignee of Franchisor's obligations, the assignee shall expressly assume and agree to perform Franchisor's obligations hereunder. Specifically, and without limitation to the foregoing, Franchisee expressly affirms and agrees that Franchisor may: (i) sell Franchisor's assets and Franchisor's rights to the Marks and the System outright to a third party; (ii) engage in a public or private placement of some or all of Franchisor's securities; (iii) merge, acquire other corporations, or be acquired by another corporation, including competitors; (iv) undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring; and (v) with regard to any or all of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or relating to the loss of association with or identification of Franchisor. Nothing contained in this Agreement shall require Franchisor to remain in the business franchised herein or to offer the same products and services, whether or not bearing the Marks, in the event that Franchisor exercises its prerogative hereunder to assign Franchisor's rights in this Agreement.

16.1.2 Franchisee agrees that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities operating under the Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of the facilities (which Franchisee acknowledges may be within the Territory, proximate thereto, or proximate to any of Franchisee's locations).

16.1.3 If Franchisor assigns its rights in this Agreement, nothing herein shall be deemed to require Franchisor to remain in the insurance business or to offer or sell any products or services to Franchisee.

16.2 Restrictions on Transfers by Franchisee. Franchisee's rights and duties under this Agreement are personal to Franchisee as it is organized and with the Principal(s) of the business as they exist on the date of execution of this Agreement, and Franchisor has made this Agreement with Franchisee in reliance on Franchisor's perceptions of the individual and collective character, skill, aptitude, attitude, business ability, and financial capacity of Franchisee. Thus, no transfer, as hereafter defined, may be made without Franchisor's prior written approval. Franchisor may void any transfer made without such approval.

16.3 Transfers by Franchisee. Franchisee shall not directly or indirectly sell, assign, transfer, give, devise, convey or encumber this Agreement or any right or interest herein or hereunder (a "Transfer"), the Franchise, the Franchised Business, or any assets thereof (except in the ordinary course of business) or suffer or permit any such assignment, transfer, or encumbrance to occur by operation of law unless it first obtains the written consent of Franchisor. A transfer of any stock in the Franchisee if it is a corporation or a transfer of any ownership rights in Franchisee if it is a partnership, a limited liability company or limited partnership shall be considered a Transfer restricted hereunder. If Franchisee has complied fully with this Agreement and subject to Franchisor's Right of First Refusal set forth in Section 16.6, Franchisor will not unreasonably withhold its consent of a Transfer that meets the following requirements:

16.3.1 The proposed transferee and all its principals must have the demeanor and be individuals of good character and otherwise meet Franchisor's then-applicable standards for franchisees.

16.3.2 The transferee must have sufficient business experience, aptitude and financial resources to operate the Franchised Business and to comply with this Agreement;

16.3.3 The transferee has agreed to complete Franchisor's Initial Management Training Program to Franchisor's satisfaction;

16.3.4 Franchisee has paid all amounts owed to Franchisor and third-party creditors;

16.3.5 The transferee has executed Franchisor's then-standard form of Franchise Agreement, which may have terms and conditions different from this Agreement, except that the transferee shall not be required to pay the Initial Franchise Fee;

16.3.6 Franchisee and the transferee and each of Franchisee's and the transferee's Principals shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's officers, directors, shareholders, members and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules and ordinances. Franchisee will agree to subordinate any claims Franchisee may have against the transferee to Franchisor, and indemnify Franchisor against any claims by the transferee relating to misrepresentations in the transfer process, specifically excluding those representations made by Franchisor in the Franchise Disclosure Document given to the transferee;

16.3.7 Franchisor has granted written approval of the material terms and conditions of the Transfer, including, without limitation, that the price and terms of payment will not adversely affect the Franchised Business's operation. However, Franchisor's approval of a Transfer is not in any way a representation or warranty of the transferee's success or the soundness of transferee's decision to purchase the Franchise on such terms and conditions. Franchisee shall provide Franchisor all proposed transfer documents for Franchisor's review at least thirty (30) days prior to a closing of the proposed Transfer; and

16.3.8 If Franchisee or any Principal finances any part of the sale price of the Transfer, Franchisee or its Principal have agreed that all obligations of the transferee under any notes, agreements or security interests to Franchisee or its Principal will be subordinate to the transferee's obligations to Franchisor.

16.4 Transfer Fee. As a condition to any Transfer, Franchisee shall pay Franchisor a transfer fee equal to Ten Thousand Dollars ($10,000).

16.5 Entity Formation Documents. The By-Laws of a corporation or Operating Agreement of a limited liability company of a Franchisee that is an entity must state that (i) the issuance and assignment of any interest in Franchisee are restricted by this Article 16; (ii) Franchisee may conduct no business except the operation of a Franchised Business pursuant to the terms of this Agreement; (iii) transfers of interests in Franchisee are subject to the terms of this Agreement governing transfers; and (iv) stock or member certificates will contain a legend so indicating.

16.6 Franchisor 's Right of First Refusal.

16.6.1 If Franchisee wishes to transfer all or part of its interest in the Franchised Business or this Agreement or if a Principal wishes to transfer any ownership interest in Franchisee, pursuant to any bona fide offer to purchase such interest, then Franchisee or such Principal shall promptly notify Franchisor in writing of each such offer, and shall provide such information and documentation relating to the offer as Franchisor may require.

16.6.2 Franchisor has the right, exercisable by written notice to Franchisee within thirty (30) days after receipt of written notification and copies of all documentation required by Franchisor describing such offer, to buy the interest in this Agreement and the Franchised Business or the Principal's interest in Franchisee for the price and on the terms and conditions contained in the offer, subject to Section 16.6.3.

16.6.3 Franchisee further agrees, in the event Franchisor exercises its right of first refusal, notwithstanding anything to the contrary contained in the offer, that (i) Franchisor may substitute cash for any other form of consideration contained in the offer; (ii) at Franchisor 's option, Franchisor may pay the entire purchase price at closing; (iii) Franchisor 's credit will be deemed equal to the credit of any proposed transferee; (vi) Franchisor will have at least sixty (60) days to close the purchase; and (v) Franchisor will be entitled to receive from the Franchisee all customary representations and warranties given by a seller of the assets of a business or equity interest in an entity, as applicable.

16.6.4 If Franchisor does not exercise its right to buy within thirty (30) days, Franchisee may thereafter transfer the interest to the transferee on terms no more favorable than those disclosed to Franchisor, provided that such transfer is subject to Franchisor's prior written approval pursuant to Section 16.3 hereof. However, if (i) the sale to the transferee is not completed within one hundred twenty (120) days after the offer is given to Franchisor or (ii) there is any material change in the terms of the offer, the offer will again be subject to Franchisor's right of first refusal.

16.7 Death or Permanent Disability. . The grant of rights under this Agreement is personal to Franchisee, and on the death or permanent disability of Franchisee or any of Franchisee's Principals, the executor, administrator, conservator or other personal representative of Franchisee or Principal, as the case may be, shall be required to transfer Franchisee's or Principal's interest in this Agreement within six (6) months from the date of death or permanent disability to a third party approved by Franchisor. Failure to transfer in accordance with the forgoing will constitute a material default and the Franchise granted by this Agreement will terminate. A transfer under this Section 16.7, including without limitation, transfer by devise or inheritance, is subject to the conditions for Transfers in this Article 16 and unless transferred by gift, devise or inheritance, subject to the terms of Section 16.6 above. For purposes of this Agreement, the term "permanent disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent such person from providing continuous and material supervision of the operation of Franchisee's Franchised Business during the six (6)-month period from its onset.

Immediately after the death or permanent disability of such person, or while the Franchise is owned by an executor, administrator, guardian, personal representative or trustee of that person, the Franchised Business shall be supervised by an interim successor manager satisfactory to Franchisor, or Franchisor, in its sole discretion, may provide interim management for a fee equal to the then-current interim management support fee, plus any and all costs of travel, lodging, meals and other expenses reasonably incurred by Franchisor, pending transfer of the Franchise to the deceased or disabled individual's lawful heirs or successors.

16.8 Effect of Consent to Transfer. Franchisor's consent to a Transfer will not waive any claims Franchisor may have against the Franchisee or any Franchisee's Principals nor waive its right to demand that the transferee comply strictly with this Agreement.

16.9 Security Interests to Lender. If Franchisee is in full compliance with this Agreement, Franchisee may pledge or give a security interest in Franchisee's interest in the Assets and the Franchised Business to a lender of the funds needed by Franchisee for Franchisee's initial investment, provided that the security interest is subordinate to Franchisee's obligations to Franchisor, that a foreclosure on such a pledge or security interest and/or any Transfer resulting from such a foreclosure shall be subject to all provisions of this Agreement, and that Franchisee obtains from the lender a written acknowledgement to Franchisor of these restrictions. Notwithstanding the foregoing, in the event Franchisee obtains financing whereby funding is provided with the assistance of the United States Small Business Administration ("SBA Financing"), Franchisee shall be permitted to grant the lender of such SBA Financing a senior lien on any collateral Franchisee uses to secure the SBA Financing, and Franchisor agrees to (i) subordinate its interest in any lien on Franchisee's collateral to that of the lender of the SBA Financing and (ii) waive the requirement of the written acknowledgement referenced in this Section.

17. DEFAULTS

17.1 Default and Automatic Termination. Franchisee shall be deemed to be in material default under this Agreement, and all rights granted herein shall automatically terminate without notice to Franchisee, if Franchisee or Principal shall become insolvent or makes a general assignment for the benefit of creditors; or if Franchisee or Principal files a voluntary petition under any section or chapter of federal bankruptcy law or under any similar law or statute of the United States or any state thereof, or admits in writing an inability to pay debts when due; or if Franchisee or Principal is adjudicated a bankrupt or insolvent in proceedings filed against Franchisee or Principal under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state; or if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or Principal or other custodian for Franchisee's business or assets is filed and consented to by Franchisee or Principal; or if a receiver or other custodian (permanent or temporary) of Franchisee's or Principal's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee or Principal; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); or if Franchisee is dissolved; or if execution is levied against Franchisee's or Principal's business or property; or if suit to foreclose any lien or mortgage against the Franchised Business premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days.

17.2 Defaults with No Opportunity to Cure. Franchisee shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon notice to Franchisee, if Franchisee, or any Principal, as the case may be:

17.2.1 fails to obtain all required licenses and permits before opening or to open the Franchised Business within the time and in the manner specified in Article 8.

17.2.2 falsifies any report required to be furnished Franchisor hereunder;

17.2.3 ceases to operate the Franchised Business for a period of five (5) days or more;

17.2.4 fails to comply with any federal, state or local law, rule or regulation, applicable to the operation of the Franchised Business, including, but not limited to, the failure to pay taxes;

17.2.5 understates Gross Revenue on two (2) occasions or more, whether or not cured on any or all of those occasions;

17.2.6 fails to comply with the covenants in Article 15;

17.2.7 permits a Transfer in violation of the provisions of Article 16 of this Agreement;

17.2.8 fails, or Franchisee's legal representative fails, to transfer the interests in this Franchise Agreement and the Franchised Business upon death or permanent disability of Franchisee or any Principal of Franchisee as required by Section 16.7.

17.2.9 has misrepresented or omitted material facts in applying for the Franchise;

17.2.10 is convicted of, or pleads no contest to, a felony or to a crime that could damage the goodwill associated with the Marks or does anything to harm the reputation of the System or the goodwill associated with the Marks;

17.2.11 receives an adverse judgment or a consent decree in any case or proceeding involving allegations of fraud, racketeering, unfair or improper trade practices or similar claim which is likely to have an adverse effect on the System, or the Marks, the goodwill associated therewith or Franchisor's interest therein, in Franchisor's sole opinion;

17.2.12 conceals revenues, knowingly maintains false books or records, or knowingly submits any false reports;

17.2.13 creates a threat or danger to public health or safety from operation of the Franchised Business;

17.2.14 refuses to permit Franchisor to inspect or audit Franchisee's books or records;

17.2.15 makes any unauthorized use of the Marks or copyrighted material or any unauthorized use or disclosure of Confidential Information (as defined in Section 19.2);

17.2.16 fails to comply with the non-competition covenants in Section 19.5;

17.2.17 defaults in the performance of Franchisee's obligations under this Agreement three (3) or more times during the term of this Agreement or has been given at least two (2) notices of default in any consecutive twelve (12)–month period, whether or not the defaults have been corrected;

17.2.18 has insufficient funds to honor a check or electronic funds transfer two (2) or more times within any consecutive twelve (12)-month period;

17.2.19 defaults, or an affiliate of Franchisee defaults, under any other agreement, including any other franchise agreement, with Franchisor or any of its affiliates, or suppliers and does not cure such default within the time period provided in such other agreement;

17.2.20 fails to meet Minimum Performance Standards; or

17.2.21 terminates this Agreement without cause.

17.3 Curable Defaults. Franchisee shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, if Franchisee fails to cure the default within the time period set forth in this Section 17.3, effective immediately upon notice to Franchisee, if Franchisee, or any Principal, as the case may be:

17.3.1 fails to pay when due any amounts due to Franchisor under this Agreement or any related agreement and does not correct the failure within five (5) days after written notice; provided, however, Franchisor has no obligation to give written notice of a late payment more than two (2) times in any twelve (12)–month period, and the third such late payment in any twelve (12)–month period shall be a non-curable default under Sections 17.2.17 and/or 17.2.18;

17.3.2 fails to perform any non-monetary obligation imposed by this Agreement (excepting those defaults of obligations set forth in Sections 17.1 and 17.2 for which there is no opportunity to cure) and such default shall continue for five (5) days after Franchisor has given written notice of such default, or if the default cannot be reasonably corrected within said five (5)-day period, then if it is not corrected within such additional time as may be reasonably required assuming Franchisee proceeds diligently to cure; provided, however, Franchisor has no obligation to give written notice of a non-monetary default more than two (2) times in any twelve (12)–month period, and the third such default, whether monetary or non-monetary, in any twelve (12) – month period shall be a non-curable default under Section 17.2.17.

17.4 Franchisor's Cure of Franchisee's Defaults. In the event of a default by Franchisee, in addition to Franchisor's right to terminate the Franchise Agreement, and not in lieu thereof, Franchisor may, but has no obligation to:

17.4.1 effect a cure on Franchisee's behalf and at Franchisee's expense, and Franchisee shall immediately pay Franchisor the costs incurred by Franchisor upon demand; or

17.4.2 exercise complete authority with respect to the operation of the Franchise Business until such time as Franchisor determines that the default of Franchisee has been cured and that Franchisee is complying with the requirements of this Agreement. Franchisee specifically agrees that a designated representative of Franchisor may take over, control and operate the Franchised Business. In addition to all other fees payable under this Agreement, Franchisee shall pay Franchisor a fee for interim management equal to the then-current interim management support fee, plus any and all costs of travel, lodging, meals and other expenses reasonably incurred by Franchisor, until the default has been cured and Franchisee is complying with the terms of this Agreement.

17.5 Notice to Suppliers. In the event of a default by Franchisee, in addition to Franchisor's right to terminate the Franchise Agreement, and not in lieu thereof, Franchisor reserves the right with five (5) days' prior written notice to Franchisee, to direct suppliers to stop furnishing any and all products and services, including, but not limited to products and services sold under Franchisor's discounted pricing schedules, until such time as Franchisee's default is cured. In no event shall Franchisee have recourse against Franchisor for loss of revenue, customer goodwill, profits or other business arising from Franchisor's actions and the actions of suppliers.

17.6 Reimbursement of Costs. Franchisee shall reimburse Franchisor all costs and expenses, including but not limited to attorney's fees, incurred by Franchisor as a result of Franchisee's default, including costs in connection with collection of any amounts owed to Franchisor and/or enforcement of Franchisor's rights under this Agreement.

18. POST-TERMINATION

18.1 Franchisee's Obligations. Upon termination or expiration of this Agreement, all rights and licenses granted hereunder to Franchisee shall immediately terminate and Franchisee and each Principal shall:

18.1.1 immediately cease to operate the Franchised Business, and shall not thereafter, directly or indirectly identify himself, herself or itself as a current Prominent Insurance owner, franchisee or licensee;

18.1.2 immediately and permanently cease to use the Marks, any imitation of any Mark, Franchisor's copyrighted material or other intellectual property, confidential or proprietary material or indicia of the Franchised Business, or use any trade name, trade or service mark or other commercial symbol that suggests a current or past association with Franchisor, Licensor, or the System. In particular, Franchisee shall cease to use, without limitation, all signs, billboards, advertising materials, displays, stationery, forms and any other articles, which display the Marks;

18.1.3 take such action as may be necessary to cancel any assumed name or equivalent registration that contains the Mark or any other service mark or trademark of Franchisor, and Franchisee shall furnish Franchisor with evidence of compliance with this obligation which is satisfactory to Franchisor, within five (5) days after termination or expiration of this Agreement;

18.1.4 promptly pay all sums owing to Franchisor and its affiliates. Such sums shall include all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of any default by Franchisee. The payment obligation herein shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, fixtures, and inventory or other business assets owned by Franchisee at the time of default;

18.1.5 pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor in connection with obtaining any remedy available to Franchisor for any violation of this Agreement and, subsequent to the termination or expiration of this Agreement, in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement that survive its termination;

18.1.6 immediately deliver at Franchisee's sole cost and expense, to Franchisor the Manual and all records, files, instructions, correspondence, invoices, agreements, all confidential, proprietary and copyrighted material and all other materials related to operation of the Franchised Business, including but not limited to customer lists and records, (all of which are acknowledged to be Franchisor's property), delete all electronic copies and retain no copy or record of any of the foregoing, except Franchisee's copy of this Agreement and of any correspondence between the parties and any other documents that Franchisee reasonably needs for compliance with any provision of law;

18.1.7 comply with the non-disclosure and non-competition covenants contained in Article 19.

18.2. Right to Purchase.

18.2.1 Franchisor shall have the option, to be exercised within thirty (30) days after termination or expiration of this Agreement, to purchase from Franchisee any or all of the equipment (including any computer systems and vehicles), signs, fixtures, advertising materials, supplies, and inventory of Franchisee related to the operation of the Franchised Business, at Franchisee's cost or fair market value, whichever is less. Franchisor shall purchase Franchisee's assets free and clear of any liens, charges, encumbrances or security interests and Franchisor shall assume no liabilities whatsoever, unless otherwise agreed to in writing by the parties. If the parties cannot agree on the fair market value within thirty (30) days of Franchisor's exercise of its option, fair market value shall be determined by two (2) appraisers, with each party selecting one (1) appraiser, and the average of their determinations shall be binding. In the event of such appraisal, each party shall bear its own legal and other costs and shall split the appraisal fees equally. If Franchisor elects to exercise its option to purchase herein provided, it shall have the right to set off (i) all fees for any such independent appraiser due from Franchisee, (ii) all amounts due from Franchisee to Franchisor or any of its affiliates and (iii) any costs incurred in connection with any escrow arrangement (including reasonable legal fees), against any payment therefor and shall pay the remaining amount in cash. Closing of the purchase shall take place no later than thirty (30) days after determination of the fair market value.

18.2.2 With respect to the option described in Section 18.2.1, Franchisee shall deliver to Franchisor in a form satisfactory to Franchisor, such warranties, releases of lien, bills of sale, assignments and such other documents and instruments that Franchisor deems necessary in order to perfect Franchisor's title and possession in and to the assets being purchased or assigned and to meet the requirements of all tax and government authorities. If, at the time of closing, Franchisee has not obtained all of these certificates and other documents, Franchisor may, in its sole discretion, place the purchase price in escrow pending issuance of any required certificates or documents.

18.2.3 Franchisor shall be entitled to assign any and all of its option in Section 18.2.1 to any other party, without the consent of Franchisee.

18.3 Assignment of Communications. Franchisee, at the option of Franchisor, shall assign to Franchisor all rights to the telephone numbers of the Franchised Business and any related public directory listing or other business listings and execute all forms and documents required by Franchisor and any telephone company at any time, to transfer such service and numbers to Franchisor. Further, Franchisee shall assign to Franchisor any and all social media and internet listings, domain names, internet advertising, websites, listings with search engines, electronic mail addresses or any other similar listing or usage related to the Franchised Business. Notwithstanding any forms and documents that may have been executed by Franchisee under Section 11.7, Franchisee shall provide Franchisor with all passwords and administrative rights, and hereby appoints Franchisor its true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking such action as is necessary to complete such assignment. This power of attorney shall survive the expiration or termination of this Agreement. Franchisee shall thereafter use different telephone numbers, electronic mail addresses, social media accounts or other listings or usages at or in connection with any subsequent business conducted by Franchisee.

18.4 Survival. The rights and obligations of the parties contained in this Article 18 shall survive the expiration or sooner termination of this Agreement.

19. NON-DISCLOSURE AND NON-COMPETITION COVENANTS

19.1 Operations Manual.

19.1.1 Franchisor has provided to Franchisee, on loan, a current copy of the Manual. The Manual may be in hard copy or made available to Franchisee in digital, electronic, or computerized form or in some other form now existing or hereafter developed that would allow Franchisee to view the contents thereof. If the Manual (or any changes thereto) are provided in a form other than physical copy, Franchisee shall pay any and all costs to retrieve, review, use or access the Manual. To protect the reputation and goodwill of Franchisor and to maintain high standards of operation under Franchisor's Marks, Franchisee shall operate all aspects of the Franchised Business in accordance with the Manual, as they may from time to time be modified by Franchisor, other written directives that Franchisor may issue to Franchisee from time to time, whether or not such directives are included in the Manual, and any other manual and materials created or approved for use in the operation of the Franchised Business.

19.1.2 Franchisee and all Principals shall at all times treat the Manual, written directives, and other materials and any other confidential communications or materials, and the information contained therein, as confidential and shall maintain such information as trade secret and confidential in accordance with this Article and this Agreement. Franchisee and Franchisee's Principal(s) shall not divulge and make such materials available to anyone other than those of Franchisee's employees who require the information contained therein to operate the Franchised Business. Franchisee shall, prior to disclosure, fully train and inform its employees on all the restrictions, terms, and conditions under which it is permitted to use Franchisor's intellectual, proprietary, and confidential information; and shall ensure its employees' compliance with such restrictions, terms, and conditions. Franchisee, Franchisee's Principal(s), and any person working with Franchisee shall agree not, at any time to use, copy, duplicate, record or otherwise reproduce these materials, in whole or in part, or otherwise make the same available to any person other than those authorized above, without Franchisor's prior written consent.

19.1.3 The Manual, written directives, and other materials and any other confidential communications provided or approved by Franchisor shall at all times remain the sole property of Franchisor. Franchisee shall maintain the Manual and all Franchisor's confidential and proprietary materials at all times in a safe and secure location, shall take all reasonable measures to prevent unauthorized access thereto, whether any attempted unauthorized access takes the form of physical access or access via computer or telecommunications networks or otherwise, and shall report the theft or loss of the Manual, or any portion thereof, immediately to Franchisor. At a minimum, Franchisee shall, in the case of computer and telecommunications networks, use the latest available firewall, encryption and similar technology to prevent unauthorized access. Franchisee shall delete all electronic copies, and return and cease using any physical copy of the Manual and other confidential and proprietary materials to Franchisor immediately upon request or upon transfer, termination or expiration of this Agreement.

19.1.4 Franchisor may from time to time revise the contents of the Manual and other materials created or approved for use in the operation of the Franchised Business. Franchisee expressly agrees to comply with each new or changed policy, standard or directive. In the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by Franchisor shall control.

19.1.5 If Franchisee loses, misplaces, or otherwise requests a physical copy of the Manual, Franchisor, in its discretion, may provide such physical copy and Franchisee shall pay Franchisor the then-current replacement fee.

19.2 Confidential Information. Franchisee along with its Principal(s) acknowledge and accept that during the term of this Agreement, Franchisee and any Principal will have access to Franchisor's trade secrets, including, but not limited to, methods, processes, **customer lists, vendor partnerships and/or relationships, sales and technical information, costs, pricing, software tools and applications, website and/or email design,** products, services, equipment, technologies and procedures relating to the operation of the Franchised Business; the Manual; methods of advertising and promotion; instructional materials; any other information which Franchisor may or may not specifically designate as "confidential" or "proprietary"; and the components of the System, whether or not such information is protected or protectable by patent, copyright, trade secret or other proprietary rights (collectively referred to herein as the "Confidential Information"). Neither Franchisee nor any Principal shall, during the term of this Agreement and thereafter, communicate or divulge to, or use for the benefit of, any other person or entity, and, following the expiration or termination of this Agreement, shall not use for their own benefit, any Confidential Information that may be communicated to Franchisee or any Principal or of which Franchisee or any Principal may be apprised in connection with the operation of the Franchised Business under the terms of this Agreement. Franchisee and any Principal shall not divulge and make any Confidential Information available to anyone other than those of Franchisee's employees who require the Confidential Information to operate the Franchised Business and who have themselves entered into confidentiality and non-compete agreements containing the same provisions as contained in this Agreement, in accordance with Section 19.10 hereof. Franchisee and any Principal shall not at any time copy, duplicate, record or otherwise reproduce any Confidential Information, in whole or in part, or otherwise make the same available to any person other than those authorized above, without Franchisor's prior written consent. The covenant in this Section 19.2 shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon Franchisee and each Principal.

19.3 Protection of Information. Franchisee shall take all steps necessary, at Franchisee's own expense, to protect the Confidential Information and shall immediately notify Franchisor if Franchisee finds that any Confidential Information has been divulged in violation of this Agreement.

19.4 New Concepts. If Franchisee or any Principal develops any new concept, process, product, service, or improvement in the operation or promotion of the Franchised Business ("Improvements"), Franchisee is required to promptly notify Franchisor and provide Franchisor with all related information, processes, products or other improvements, and sign any and all forms, documents and/or papers necessary for Franchisor to obtain full proprietary rights to such Improvements, without compensation and without any claim of ownership or proprietary rights to such Improvements. Franchisee and any Principal acknowledge that any such Improvements will become the property of Franchisor, and Franchisor may use or disclose such information to other franchisees as it determines to be appropriate.

19.5 Noncompetition Covenants. Franchisee and each Principal specifically acknowledge that, pursuant to this Agreement, Franchisee and each Principal will receive valuable training, trade secrets and Confidential Information of the System that are beyond the present knowledge, training and experience of Franchisee, each Principal and Franchisee's employees. Franchisee and each Principal acknowledge that such specialized training, trade secrets and Confidential Information provide a competitive advantage and will be valuable to them in the development and operation of the Franchised Business, and that gaining access to such specialized training, trade secrets and Confidential Information is, therefore, a primary reason why Franchisee and each Principal are entering into this Agreement. In consideration for such specialized training, trade secrets, Confidential Information and rights, Franchisee and each Principal covenant that, except as otherwise approved in writing by Franchisor:

19.5.1 During the term of this Agreement, Franchisee and each Principal shall not, either directly or indirectly, for themselves or through, on behalf of, or in conjunction with, any person or entity (i) divert, or attempt to divert, any business, customer or referral source of the Franchised Business or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise; (ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any insurance agency similar to the System; or (iii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System or (iv) in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Franchisor or any Prominent Insurance franchisees or Franchisor-affiliated outlets.

19.5.2 Upon the expiration or earlier termination of this Agreement or upon a Transfer and continuing for twenty-four (24) months thereafter, Franchisee and Principals shall not, either directly or indirectly, for themselves or through, on behalf of or in conjunction with any person or entity (i) divert, or attempt to divert, any business, customer or referral source of the Franchised Business, Franchisor or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise; or (ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any insurance agency within fifty (50) miles of the Territory or within fifty (50) miles of any Prominent Insurance office location; or (iii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System or (iv) in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Franchisor or any Prominent Insurance franchisees.

19.6 Reasonableness of Restrictions. Franchisee and each Principal acknowledges and agrees that the covenants not to compete set forth in this Agreement are fair and reasonable and will not impose any undue hardship on Franchisee or Principal(s), since Franchisee or Principal(s), as the case may be, have other considerable skills, experience and education which afford Franchisee or Principal(s), as the case may be, the opportunity to derive income from other endeavors.

19.7 Reduction of Time or Scope. If the period of time or the geographic scope specified above, should be adjudged unreasonable in any proceeding, then the period of time will be reduced by such number of months or the geographic scope will be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time and scope as are adjudged to be reasonable. In addition, Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this

Paragraph 19 or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee agrees to forthwith comply with any covenant as so modified.

19.8 Injunction. Franchisee and each Principal acknowledges that a violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to Franchisor for which no adequate remedy at law will be available. Accordingly, Franchisee and each Principal hereby consents to the entry of an injunction prohibiting any conduct by Franchisee or any Principal in violation of the terms of the covenants not to compete set forth in this Agreement.

19.9 No Defense. Franchisee and each Principal expressly agree that the existence of any claims they may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section.

19.10 Covenants of Employees, Agents and Third Persons. Franchisee shall require and obtain execution of covenants similar to those set forth in this Section (including covenants applicable upon the termination of a person's employment with Franchisee) from all employees, contractors or third persons who will have access to Franchisor's confidential and proprietary information. Such covenants shall be substantially in the form set forth in Attachment 9 as revised and updated from time to time and contained in the Manual.

20. DISPUTE RESOLUTION

20.1 Internal Dispute Resolution. Franchisee shall first bring any claim, controversy or dispute arising out of or relating to this Agreement, the Attachments hereto or the relationship created by this Agreement to Franchisor's president and/or chief executive officer for resolution. After providing notice as set forth in Section 21.7 below, Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.

20.2 Mediation. At Franchisor's option, any claim, controversy or dispute that is not resolved pursuant to Section 20.1 hereof shall be submitted to non-binding mediation. Franchisee shall provide Franchisor with written notice of Franchisee's intent to pursue any unresolved claim, controversy or dispute, specifying in sufficient detail the nature thereof, prior to commencing any legal action. Franchisor shall have thirty (30) days following receipt of Franchisee's notice to exercise Franchisor's option to submit such claim, controversy or dispute to mediation. Mediation shall be conducted through a mediator or mediators in accordance with the American Arbitration Association Commercial Mediation Rules. Such mediation shall take place in the then-current location of Franchisor's corporate headquarters. The costs and expenses of mediation, including compensation and expenses of the mediator (and except for the attorneys' fees incurred by either party), shall be borne by the parties equally. Franchisor may specifically enforce Franchisor's rights to mediation, as set forth herein.

20.3 Arbitration.

20.3.1 Except disputes not subject to alternative dispute resolution as set forth in Section 20.4, any dispute between Franchisor and Franchisee and/or any Principal arising out of or relating to this Agreement, the Exhibits hereto or any breach thereof, including any claim that this Agreement or any of its parts, is invalid, illegal or otherwise voidable or void, which has not been resolved in accordance with Sections 20.1 or 20.2, will be resolved by submission to the American Arbitration Association or its successor organization to be settled by a single arbitrator in accordance with the Commercial Arbitration Rules then in effect for such Association or successor organization.

20.3.2 All issues relating to arbitrability or the enforcement of the agreement to arbitrate contained in this Article 20 will be governed by the Federal Arbitration Act (9 U.S.C. §1 *et seq*.) and the federal common law of arbitration. All hearings and other proceedings will take place in Delaware, or the offices of the American Arbitration Association, or, if Franchisor so elects, in the county where the principal place of business of Franchisee is then located.

20.3.3 This arbitration provision is self-executing and will remain in full force and effect after expiration or termination of this Agreement. Any arbitration will be conducted on an individual, and not a class-wide or multiple plaintiffs, basis. If either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against the party by default or otherwise, notwithstanding the failure to appear. Judgment upon an arbitration award may be entered in any court having jurisdiction and will be binding, final and not subject to appeal. No punitive or exemplary damages will be awarded against Franchisor, Franchisee, or entities related to either of them, in an arbitration proceeding or otherwise, and are hereby waived.

20.3.4 The provisions of this Section 20.3 are independent of any other covenant or provision of this Agreement; provided, however, that if a court of competent jurisdiction determines that any of the provisions are unlawful in any way, the court will modify or interpret the provisions to the minimum extent necessary to have them comply with the law.

20.3.5 In proceeding with arbitration and in making determinations hereunder, no arbitrator shall extend, modify, or suspend any terms of this Agreement or the reasonable standards of business performance and operation established by Franchisor in good faith. No notice, request or demand for arbitration shall stay, postpone, or rescind the effectiveness of any termination of this Agreement.

20.3.6 Except as expressly required by law, Franchisor, Franchisee and any Principal shall keep all aspects of any mediation and/or arbitration proceeding in confidence, and shall not disclose any information about the proceeding to any third party other than legal counsel who shall be required to maintain the confidentiality of such information.

20.4 Exceptions. Notwithstanding the requirements of Sections 20.2 or 20.3, the following claims shall not be subject to mediation or arbitration:

20.4.1 Franchisor's claims for injunctive or other extraordinary relief;

20.4.2 disputes and controversies arising from the Sherman Act, the Clayton Act or any other federal or state antitrust law;

20.4.3 disputes and controversies based upon or arising under the Lanham Act, as now or hereafter amended, relating to the ownership or validity of the Marks;

20.4.4 disputes and controversies relating to actions to obtain possession of the premises of the Franchised Business; and

20.4.5 enforcement of Franchisee's post-termination obligations, including but not limited to, Franchisee's non-competition covenants.

20.5 Governing Law and Venue. This Agreement is made in, and shall be substantially performed in, the State of Delaware. Any claims, controversies, disputes or actions arising out of this Agreement shall be governed, enforced and interpreted pursuant to the laws of the State of Delaware. Franchisee and its Principals, except where specifically prohibited by law, hereby irrevocably submit themselves to the sole and exclusive jurisdiction of the state and federal courts in Delaware. Franchisee and its Principal(s) hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision.

20.6 Mutual Benefit. Franchisee, each Principal, if any, and Franchisor acknowledge that the parties' agreement regarding applicable state law and forum set forth in Section 20.5 provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising hereunder. Each of Franchisee, Principal(s), and Franchisor further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.

20.7 Waiver of Jury Trial and Certain Damages. Franchisee and each Principal hereby waive, to the fullest extent permitted by law, any right to or claim for (i) a trial by jury in any action, proceeding or counterclaim brought by or against Franchisor, and (ii) any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against Franchisor, its affiliates, and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, arising out of any cause whatsoever. Each of Franchisee and Principal(s) agree that in the event of a dispute, Franchisee and each Principal shall be limited to the recovery of any actual damages sustained.

20.8 Injunctive Relief. Nothing herein contained (including, without limitation, Sections 20.1 through 20.5 above) shall bar Franchisor from the right to obtain immediate injunctive relief from any court of competent jurisdiction against threatened conduct by Franchisee that may cause Franchisor loss or damage, under the usual equity rules, including the applicable rules for obtaining specific performance, restraining orders, and preliminary injunctions.

20.9 Limitations of Claims. Any and all claims asserted by Franchisee arising out of or relating to this Agreement or the relationship among the parties will be barred unless a proceeding for relief is commenced within one (1) year from the date on which Franchisee knew or should have known of the facts giving rise to such claims.

20.10 Attorneys' Fees. In the event of any action in law or equity by and between Franchisor and Franchisee concerning the operation, enforcement, construction or interpretation of this Agreement, the prevailing party in such action shall be entitled to recover reasonable attorney's fees and court costs incurred.

20.11 Survival. The provisions of this Article 20 shall continue in full force and effect notwithstanding the expiration or termination of this Agreement or a transfer by Franchisee or any Principal of their respective interests in this Agreement.

21. GENERAL.

21.1 Relationship of the Parties.

21.1.1 Independent Licensee. Franchisee is and shall be an independent licensee under this Agreement, and no partnership shall exist between Franchisee and Franchisor. This Agreement does not constitute Franchisee as an agent, legal representative, or employee of Franchisor for any purpose whatsoever, and Franchisee is not granted any right or authority to assume or create any obligation for or on behalf of, or in the name of, or in any way to bind Franchisor. Franchisee agrees not to incur or contract any debt or obligation on behalf of Franchisor or commit any act, make any representation, or advertise in any manner which may adversely affect any right of Franchisor or be detrimental to Franchisor or other franchisees of Franchisor. Franchisor does not assume any liability, and will not be considered liable, for any agreements, representations, or warranties made by you which are not expressly authorized under this Agreement. Franchisor will not be obligated for any damages to any person or property which directly or indirectly arise from or relate to your operation of the Franchised Business. Pursuant to the above, Franchisee agrees to indemnify Franchisor and hold Franchisor harmless from any and all liability, loss, attorneys' fees, or damage Franchisor may suffer as a result of claims, demands, taxes, costs, or judgments against Franchisor arising out of any allegation of an agent, partner, or employment relationship.

21.1.2 No Relationship. Franchisee acknowledges and agrees that Franchisee alone exercises day-to-day control over all operations, activities, and elements of the Franchised Business, and that under no circumstance shall Franchisor do so or be deemed to do so. Franchisee further acknowledges and agrees, and will never claim otherwise, that the various restrictions, prohibitions, specifications, and procedures of the System which Franchisee is required to comply with under this Agreement, whether set forth in Franchisor's Operations Manual or otherwise, does not directly or indirectly constitute, suggest, infer or imply that Franchisor controls any aspect or element of the day-to-day operations of the Franchised Business, which Franchisee alone controls, but only constitute standards Franchisee must adhere to when exercising control of the day-to-day operations of the Franchised Business.

21.1.3 Franchisee's Employees. Franchisee acknowledges and agrees that any training Franchisor provides for Franchisee's employees is geared to impart to those employees, with Franchisee's ultimate authority, the various procedures, protocols, systems, and operations of a Prominent Insurance outlet and in no fashion reflects any employment relationship between Franchisor and such employees. If ever it is asserted that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees in any private or government investigation, action, proceeding, arbitration or other setting, Franchisee irrevocably agree to assist Franchisor in defending said allegation, appearing at any venue requested by Franchisor to testify on Franchisor's behalf participate in depositions, other appearances or preparing affidavits rejecting any assertion that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees.

21.2 Successors. This Agreement shall bind and inure to the benefit of the successors and assigns of Franchisor and shall be personally binding on and inure to the benefit of Franchisee (including the individuals executing this Agreement on behalf of the Franchisee entity) and its or their respective heirs, executors, administrators and successors or assigns; provided, however, the foregoing provision shall not be construed to allow a transfer of any interest of Franchisee or Principals in this Agreement or the Franchised Business, except in accordance with Article 16 hereof.

21.3 Invalidity of Part of Agreement. Should any provisions in this Agreement, for any reason, be declared invalid, then such provision shall be invalid only to the extent of the prohibition without in any way invalidating or altering any other provision of this Agreement.

21.4 Entire Agreement. This Agreement, including all attachments, is the entire agreement of the parties, superseding all prior written or oral agreements of the parties concerning the same subject matter, and superseding all prior written or oral representations made to Franchisee, except that nothing herein is intended to disclaim any representations made to Franchisee in

Franchisor's Franchise Disclosure Document. No agreement of any kind relating to the matters covered by this Agreement and no amendment of the provisions hereof shall be binding upon either party unless and until the same has been made in writing and executed by all interested parties.

21.5 Construction. All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context or sense of this Agreement or any provision herein may require, as if such words had been fully and properly written in the appropriate number and gender. All covenants, agreements and obligations assumed herein by Franchisee and any Principal shall be deemed to be joint and several covenants, agreements and obligations of each of the persons named as Franchisee, if more than one person is so named.

21.6 Captions. Captions and section headings are used herein for convenience only. They are not part of this Agreement and shall not be used in construing it.

21.7 Notices. Whenever notice is required or permitted to be given under the terms of this Agreement, it shall be given in writing, and be delivered personally or by certified mail or courier, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or delivery is refused. All such notices shall be addressed to the party to be notified at their respective addresses as set forth in the introductory paragraph of this Agreement, or at such other address or addresses as the parties may from time to time designate in writing.

21.8 Effect of Waivers. No waiver, delay, omission, or forbearance on the part of Franchisor to exercise any right, option, duty, or power arising from any default or breach by Franchisee shall affect or impair the rights of Franchisor with respect to any subsequent default of the same or of a different kind. Any use by Franchisee of the System or any part thereof at any place other than in the Territory shall not give Franchisee any rights not specifically granted hereunder. Failure to take action to stop such use shall not in any event be considered a waiver of the rights of Franchisor at any time to require Franchisee to restrict said use to the Territory.

21.9 Remedies Cumulative. All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies that are provided for herein or that may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between Franchisee or any of its affiliates and Franchisor or any of its affiliates. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination or exercise of Franchisor's rights pursuant to Articles 17 and 18 shall not discharge or release Franchisee or any Principal from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement.

21.10 <u>Consent to Do Business Electronically</u>. The parties to the Franchise Agreement hereby consent to do business electronically. Pursuant to the Uniform Electronic Transactions Act as adopted by the State of Delaware, the parties hereby affirm to each other that they agree with the terms of the Franchise Agreement, and by attaching their digital signature, including any DocuSign signature, to the Franchise Agreement, they are executing the document and intending to attach their digital signature to it. Furthermore, the parties acknowledge that the other parties to the Franchise Agreement can rely on a digital signature, including a DocuSign signature, as the respective party's signature.

21.11 <u>Counterparts</u>. This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument.

21.12 <u>Survival</u>. Any obligation of Franchisee or any Principal that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest of Franchisee or any Principal therein shall be deemed to survive such termination, expiration or transfer.

22. ACKNOWLEDGMENTS. Franchisee shall acknowledge the truthfulness of the statements contained in Attachment 1 hereto. Franchisee's acknowledgements are an inducement for us to enter into this Agreement. Franchisee shall immediately notify us, prior to acknowledgment, if any statement in Attachment 1 is incomplete or incorrect.

Remainder of Page Intentionally Blank

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

FRANCHISOR:

Prominent Franchise, LLC

By:______________________________________

Greg Drake, CEO
(Print Name, Title)

FRANCHISEE:

____

By:______________________________________

_______________________, _________________
(Print Name, Title)

PRINCIPAL:

____

____
(Print Name)

PRINCIPAL:

____

____
(Print Name)

ATTACHMENT 1

FRANCHISEE ACKNOWLEDGEMENT STATEMENT

Franchisee hereby acknowledges the following:

1. Franchisee has conducted an independent investigation of all aspects relating to the financial, operational and other aspects of the business of operating the Franchised Business. Franchisee further acknowledges that, except as may be set forth in Franchisor's Disclosure Document, no representations of performance (financial or otherwise) for the Franchised Business provided for in this Agreement has been made to Franchisee by Franchisor and Franchisee and any and all Principals hereby waive any claim against Franchisor for any business failure Franchisee may experience as a franchisee under this Agreement.

______
Initial

2. Franchisee has conducted an independent investigation of the business contemplated by this Agreement and understands and acknowledges that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of Franchisee and its efforts as an independent business operation.

______
Initial

3. Franchisee agrees that no claims of success or failure have been made to it or him or her prior to signing the Franchise Agreement and that it/she/he understands all the terms and conditions of the Franchise Agreement. Franchisee further acknowledges that the Franchise Agreement contains all oral and written agreements, representations, and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

______
Initial

4. Franchisee has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, sales representatives, agents, or servants, about the business contemplated by the Franchise Agreement that are contrary to the terms of the Franchise Agreement or the documents incorporated herein. Franchisee acknowledges that no representations or warranties are made or implied, except as specifically set forth in the Franchise Agreement. Franchisee represents, as an inducement to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining the Franchise Agreement.

______
Initial

5. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by the Franchise Agreement.

______ Initial

6. Franchisee acknowledges that Franchisor's approval or acceptance of Franchisee's Business location does not constitute a warranty, recommendation or endorsement of the location for the Franchised Business, nor any assurance by Franchisor that the operation of the Franchised Business at the premises will be successful or profitable.

______ Initial

7. Franchisee acknowledges that it has received the Prominent Franchise, LLC Franchise Disclosure Document with a complete copy of the Franchise Agreement and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Franchise Agreement was executed. Franchisee further acknowledges that Franchisee has read such Franchise Disclosure Document and understands its contents.

______ Initial

8. Franchisee acknowledges that it has had ample opportunity to consult with its own attorneys, accountants and other advisors and that the attorneys for Franchisor have not advised or represented Franchisee with respect to the Franchise Agreement or the relationship thereby created.

______ Initial

9. Franchisee, together with Franchisee's advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise granted by the Franchise Agreement.

______ Initial

10. Franchisee is aware of the fact that other present or future franchisees of Franchisor may operate under different forms of agreement(s), and consequently that Franchisor's obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

______ Initial

11. It is recognized by the parties that Franchisor is also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that Franchisor does not

warrant that such products will not be sold within the Franchisee's Territory by others who may have purchased such products from Franchisor.

_____
Initial

12. BY EXECUTING THE FRANCHISE AGREEMENT, FRANCHISEE AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE PROMINENT FRANCHISE, LLC, PROMINENT INSURANCE SERVICES, INC., AND ANY OF ABOVE'S PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AND THE FOREGOING ENTITIES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THE FRANCHISE AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF. THIS RELEASE SHALL NOT APPLY TO ANY CLAIMS ARISING FROM REPRESENTATIONS MADE BY FRANCHISOR IN FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT RECEIVED BY FRANCHISEE.

_____
Initial

FRANCHISEE:	PRINCIPAL:
____________________________	____________________________
By:________________________	____________________________ (Print Name)
____________,____________ (Print Name, Title)	Date: ______________________
Date:_____________________	
	PRINCIPAL:
	____________________________
	____________________________ (Print Name)
	Date: ______________________

ATTACHMENT 2

Marks

Prominent Insurance

ATTACHMENT 3

TERRITORY DESCRIPTION AND INITIAL FEE

Territory (insert map and/or define by zip codes):

Notwithstanding any change in population during the Term, the Territory shall not extend beyond the boundaries set forth above.

ATTACHMENT 4

GENERAL RELEASE

This release (the "Release") is given this day of ______________________ by ______________________ _______, a(n) ________________, with its principal place of business located at_____________________________ ______________ ("Franchisee") and ____________________'s principals _________________________, an individual residing at ____and ("Principal(s)").

Franchisee and Principal(s), on behalf of themselves and their respective officers, directors, employees, successors, assigns, heirs, personal representatives, and all other persons acting on their behalf or claiming under them (collectively, the "Franchisee Releasors"), hereby release, discharge and hold harmless Prominent Franchise, LLC ("Franchisor"), Prominent Insurance IP, LLC, Prominent Insurance Holding, LLC, Prominent Insurance & Marketing, LLC, their parent company, and affiliates, and each of their officers, directors, members, shareholders, employees, agents, attorneys, successors, and assigns (collectively, the "Franchisor Releasees") from any suits, claims, controversies, rights, promises, debts, liabilities, demands, obligations, costs, expenses, actions, and causes of action of every nature, character and description, in law or in equity, whether presently known or unknown, vested or contingent, suspected or unsuspected arising under, relating to, or in connection with the Franchise Agreement dated ___________________________ between Franchisee and Franchisor and any related agreements and the relationship created thereby, or the Franchised Business operated under the Franchise Agreement, or any claims or representations made relative to the sale of the franchise to operate such Franchised Business or under any federal or state franchise or unfair or deceptive trade practice laws, which any of the Franchisee Releasors now own or hold or have at any time heretofore owned or held against the Franchisor Releasees (collectively, the "Franchisee Released Claims").

FRANCHISEE AND PRINCIPAL(S) ON BEHALF OF THEMSELVES AND THE FRANCHISEE RELEASORS WAIVE ANY RIGHTS AND BENEFITS CONFERRED BY ANY APPLICABLE PROVISION OF LAW EXISTING UNDER ANY FEDERAL, STATE OR POLITICAL SUBDIVISION THEREOF WHICH WOULD INVALIDATE ALL OR ANY PORTION OF THE RELEASE CONTAINED HEREIN BECAUSE SUCH RELEASE MAY EXTEND TO CLAIMS WHICH THE FRANCHISEE RELEASORS DO NOT KNOW OR SUSPECT TO EXIST IN THEIR FAVOR AT THE TIME OF EXECUTION OF THIS AGREEMENT. The Franchisee Releasors also covenant not to bring any suit, action, or proceeding, or make any demand or claim of any type, against any Franchisor Releasees with respect to any Franchisee Released Claim, and Franchisee and Principal(s) shall defend, indemnify and hold harmless each of Franchisor Releasees against same.

[**Washington Residents**]: A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the franchise agreement is in effect and where the franchisee is represented by independent counsel. *See* RCW 19.100.180(g); RCW 19.100.220.

Release given this day of ___________________________ by:

FRANCHISEE:

____

By:________________________________

_____________________,_____________

(Print Name, Title)

PRINCIPAL:

____

____

(Print Name)

PRINCIPAL:

____

____
(Print Name)

ATTACHMENT 6

AUTHORIZATION AGREEMENT
AUTOMATIC DEPOSITS (ACH WITHDRAWALS)

Franchisor Name: **Prominent Franchise, LLC**

I (We) hereby authorize Prominent Franchise, LLC, hereinafter called Franchisor, to initiate debit entries to my (our) Checking Account/Savings Account (Select One) indicated below at the depository financial institution named below, and to debit the same to such account. I (We) acknowledge that the origination of ACH transactions to my (our) account must comply with the provisions of U.S. Law, and that I will be responsible for any banking fees that my institution charges.

Financial Institution Name:________________________________Branch: ____________________

City:_________________________State:_________Zip:__________Phone: ____________________

ACH/Routing Number:______________________________Account Number:__________________________
(Nine Digits)

This authorization is to remain in full force and effect until Franchisor has received a written replacement ACH Withdrawal Form notification from me. I (We) understand that revocation of this Authorization Agreement by me (us) may constitute an event of Default under the Franchise Agreement.

I (We) understand that the amount to be withdrawn by Franchisor will not be the same each month and I (We) therefore authorize all monetary transfers pursuant to Articles 6 and 18 of the Franchise Agreement.

______________________________	______________________________
Print Franchisee / Account Holder Name	Print Franchisee/Co-Account Holder Name
______________________________	______________________________
Franchisee/ Account Holder Signature-Date	Franchisee/Co-Account Holder Signature-Date
______________________________	______________________________
Daytime Phone Number	Email Address

PLEASE ATTACH A VOIDED CHECK TO THIS FORM

Please Return Form to:

PROMINENT FRANCHISE, LLC
1201 N. Orange Street
Wilmington, Delaware

ATTACHMENT 7

STATEMENT OF OWNERSHIP INTERESTS IN FRANCHISEE/ENTITY

Name	Percentage of Ownership

ATTACHMENT 8

GUARANTY

This Guaranty and Covenant (this "Guaranty") is given by the undersigned ("Guarantor") on____________________________, (the "Effective Date") to Prominent Franchise, LLC, a Delaware limited liability company ("Franchisor"), in order to induce Franchisor to enter into that certain Franchise Agreement dated on or about the Effective Date hereof (the "Franchisee Agreement") with ______________________________________, a(n) __________________ ____________ and ___________________________ (collectively "Franchisee").

Guarantor acknowledges that Guarantor is the spouse of Franchisee's Principal, as that term is used in the Franchise Agreement.

Guarantor acknowledges that Guarantor has read the terms and conditions of the Franchise Agreement and acknowledges that the execution of this Guaranty is in partial consideration for, and a condition to the granting of, the rights granted in the Franchise Agreement to Franchisee, and that Franchisor would not have granted these rights without the execution of this Guaranty by Guarantor.

Guarantor hereby individually makes, agrees to be bound by, and agrees to perform, all of the monetary obligations and non-disclosure and non-competition covenants and agreements of the Franchisee as set forth in the Franchise Agreement, including but not limited to, the covenants set forth in Sections 19.2, 19.5, 19.6, 19.8 and 19.9 of the Franchise Agreement ("Guaranteed Obligations"). Guarantor shall perform and/or make punctual payment to Franchisor of the Guaranteed Obligations in accordance with the terms of the Franchise Agreement or other applicable document forthwith upon demand by Franchisor.

This Guaranty is an absolute and unconditional continuing guaranty of payment and performance of the Guaranteed Obligations. This Guaranty shall not be discharged by renewal of any claims guaranteed by this instrument, change in ownership or control of the Franchisee entity, transfer of the Franchise Agreement, the suffering of any indulgence to any debtor, extension of time of payment thereof, nor the discharge of Franchisee by bankruptcy, operation of law or otherwise. Presentment, demand, protest, notice of protest and dishonor, notice of default or nonpayment and diligence in collecting any obligation under any agreement between Franchisee and Franchisor are each and all waived by Guarantor and/or acknowledged as inapplicable. Guarantor waives notice of amendment of any agreement between Franchisee and Franchisor and notice of demand for payment by Franchisee. Guarantor further agrees to be bound by any and all amendments and changes to any agreement between Franchisee and Franchisor.

Franchisor may pursue its rights against Guarantor without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy.

If other guarantors have guaranteed any and or all of the Guaranteed Obligations, their liability shall be joint and several to that of Guarantor.

Until all of the Guaranteed Obligations have been paid in full and/or performed in full, Guarantor shall not have any right of subrogation, unless expressly given to Guarantor in writing by Franchisor.

All Franchisor's rights, powers and remedies hereunder and under any other agreement now or at any time hereafter in force between Franchisor and Guarantor shall be cumulative and not alternative and shall be in addition to all rights, powers and remedies given to Franchisor by law.

Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions nevertheless shall remain effective.

This Guaranty shall extend to and inure to the benefit of Franchisor and its successors and assigns and shall be binding on Guarantor and its successors and assigns.

Guarantor has signed this Guaranty as of the date set forth above.

GUARANTOR - SPOUSE OF FRANCHISEE'S PRINCIPAL:

____

Print Name: ________________________________

Address: __________________________________

____

ATTACHMENT 9

INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE, AND TELEPHONE ACCOUNT AGREEMENT

THIS INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE, AND TELEPHONE ACCOUNT AGREEMENT (the "Agreement") is made and entered into this day of ________________ (the "Effective Date") by and between Prominent Franchise, LLC a Delaware limited liability company (the "Franchisor"), and ____________________, a(n) ____________________________, with its principal place of business located at______________________________ and ______________________ _______'s principal(s) _______________________, an individual residing at ______________________ _______ and_________________________, an individual residing at ____________________________ ("Principal(s)"). _____________ and Principal(s) shall be collectively referred to in this Agreement as the "Franchisee".

WHEREAS, Franchisee desires to enter into a franchise agreement with Franchisor for a Prominent Insurance business ("Franchise Agreement") which will allow Franchisee to conduct internet-based advertising, maintain social media and software accounts, and use telephone listings linked to the Prominent Insurance brand.

WHEREAS, Franchisor would not enter into the Franchise Agreement without Franchisee's agreement to enter into, comply with, and be bound by all the terms and provisions of this Agreement;

NOW, THEREFORE, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Definitions**

All terms used but not otherwise defined in this Agreement shall have the meanings set forth in the Franchise Agreement. "Termination" of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

2. **Internet Advertising and Telephone Accounts**

2.1 Interest in Web Sites, Social Media and Software Accounts, and Other Electronic Listings. Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of Franchise Agreement, certain right, title, or interest in and to certain domain names, social media accounts, software accounts, hypertext markup language, uniform resource locator addresses, access to corresponding internet web sites, and the right to hyperlink to certain web sites and listings on various internet search engines (collectively, "Electronic Advertising") related to the Franchised Business or the Marks.

2.2 Interest in Telephone Numbers and Listings. Franchisee has or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, internet page, and other telephone directory listings (collectively, the "Telephone Listings") related to the Franchised Business or the Marks.

2.3 Transfer. On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately:

2.3.1 direct all internet service providers, domain name registries, internet search engines, social media and software companies, and other listing agencies (collectively, the "Internet Companies") with which Franchisee has Internet Web Sites, Social Media Accounts and other Listings: (i) to transfer all of Franchisee's Interest in such Internet Web Sites, Social Media Accounts and other Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Internet Web Sites, Social Media Accounts and other Listings, Franchisee will immediately direct the Internet Companies to terminate such Internet Web Sites, Social Media Accounts and other Listings or will take such other actions with respect to the Internet Web Sites, Social Media Accounts and other Listings as Franchisor directs; and

2.3.2 direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the "Telephone Companies") with which Franchisee has Telephone Numbers and Listings: (i) to transfer all Franchisee's Interest in such Telephone Numbers and Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Numbers and Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Numbers and Listings or will take such other actions with respect to the Telephone Numbers and Listings as Franchisor directs.

2.4 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor's benefit under the Franchise Agreement and this Agreement or otherwise, with full power of substitution, as Franchisee's true and lawful attorney-in-fact with full power and authority in Franchisee's place and stead, and in Franchisee's name or the name of any affiliated person or affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation this Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.4.1 Direct the Internet Companies to transfer all Franchisee's Interest in and to the Internet Web Sites, Social Media Accounts and/or other Listings to Franchisor, or alternatively, to direct the Internet Companies to terminate any or all of the Internet Web Sites, Social Media Accounts and/or other Listings;

2.4.2 Direct the Telephone Companies to transfer all Franchisee's Interest in and to the Telephone Numbers and Listings to Franchisor, or alternatively, to direct the Telephone Companies to terminate any or all of the Telephone Numbers and Listings; and

2.4.3 Execute such standard assignment forms or other documents as the Internet Companies and/or Telephone Companies may require in order to affect such transfers or terminations of Franchisee's Interest.

2.5 Certification of Termination. Franchisee hereby directs the Internet Companies and Telephone Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.6 Cessation of Obligations. After the Internet Companies and the Telephone Companies have duly transferred all Franchisee's Interests as described in paragraph 2.3 above to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations with respect to the particular Electronic Advertising and/or Telephone Listing. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Internet Companies and Telephone Companies for the respective sums Franchisee is obligated to pay to them for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such Interests, or for any other obligations not subject to the Franchise Agreement or this Agreement.

3. **Miscellaneous**

3.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Internet Companies and/or Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertible in, or in any way related to this Agreement.

3.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Agreement.

3.3 No Duty. The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's Interest in any matter hereunder.

3.4 Further Assurances. Franchisee agrees that at any time after the date of this Agreement, Franchisee will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Agreement, all provisions of the Franchise Agreement and attachments and schedules thereto shall remain in effect as set forth therein.

3.7 Survival. This Agreement shall survive the Termination of the Franchise Agreement.

3.8 Governing Law. This Agreement shall be governed by and construed under the laws of the State of Delaware, without regard to the application of Delaware conflict of law rules.

The undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

FRANCHISOR:

Prominent Franchise, LLC

By:____

_____________________, _________________________
(Print Name, Title)

FRANCHISEE:

____

By:____

____________________________,____________________
(Print Name, Title)

PRINCIPAL:

____

____
(Print Name)

PRINCIPAL:

____

____
(Print Name)

ATTACHMENT 10
CONFIDENTIALITY AND NON-COMPETE AGREEMENT

This Confidentiality and Non-Compete Agreement (the "Agreement") is made and entered into this ___ day of___________________________, 20___, by ____ ___________________________, a(n) ____ _____________ ("Franchisee"), a franchisee of Prominent Franchise, LLC a Delaware limited liability company ("Franchisor"), and ______________________, an individual ("Covenantor") in connection with a Franchise Agreement dated.

WHEREAS, Franchisee and Franchisor are parties to a franchise agreement dated _________________ , 20___ (the "Franchise Agreement"), whereby Franchisor has granted Franchisee the right to use certain trademarks, including, the registered trademark "Prominent Insurance" and design mark, and certain proprietary products, services, promotions and methods (the "System") for the establishment and operation of a Prominent Insurance franchise (the "Franchised Business");

WHEREAS, in connection with his or her duties, it will be necessary for Covenantor to have access to some or all of the confidential information, knowledge, know-how, techniques, contents of the Prominent Insurance operations manual and other materials used in or related to the System and/or concerning the methods of operation of the System (collectively referred to as "Confidential Information");

WHEREAS, the Confidential Information provides economic advantages to Franchisor and licensed users of the System, including Franchisee;

WHEREAS, Franchisee has acknowledged the importance of restricting the use, access and dissemination of the Confidential Information, and Franchisee therefore has agreed to obtain from Covenantor a written agreement protecting the Confidential Information and further protecting the System against unfair competition; and

WHEREAS, Covenantor acknowledges that receipt of and the right to use the Confidential Information constitutes independent valuable consideration for the representations, promises and covenants made by Covenantor herein.

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

1. Confidentiality Agreement.

a. Covenantor shall, at all times, maintain the confidentiality of the Confidential Information and shall use such Confidential Information only in the course of his or her employment by or association with Franchisee in connection with the operation of a Franchised Business under the Franchise Agreement.

b. Covenantor shall not at any time make copies of any documents or compilations containing some or all of the Confidential Information without Franchisor's express written permission.

c. Covenantor shall not at any time disclose or permit the disclosure of the Confidential Information except, and only then to the limited extent necessary, to those employees of Franchisee for training and assisting such employees in the operation of the Franchised Business.

d. Covenantor shall surrender any material containing some or all of the Confidential Information to Franchisee or Franchisor, upon request, or upon termination of employment or association with Franchisee.

e. Covenantor shall not at any time, directly or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the System.

f. Covenantor agrees that no Confidential Information may be reproduced, in whole or in part, without written consent.

2. Covenants Not to Compete.

a. In order to protect the goodwill and unique qualities of the System, and in consideration for the disclosure to Covenantor of the Confidential Information, Covenantor further agrees and covenants that during Covenantor's employment or association with Franchisee, Covenantor shall not, for Covenantor or through, on behalf of or in conjunction with any person or entity:

(i) divert, or attempt to divert, any business, customer or referral source of the Franchised Business or of other Prominent Insurance franchisees in the System to any competitor, by direct or indirect inducement or otherwise,

(ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any insurance agency substantially similar to the System.

b. In further consideration for the disclosure to Covenantor of the Confidential Information and to protect the goodwill and unique qualities of the System, Covenantor further agrees and covenants that, upon the termination of Covenantor's employment or association with Franchisee and continuing for twenty-four (24) months thereafter, Covenantor shall not, for Covenantor or through, on behalf of or in conjunction with any person or entity:

(i) divert, or attempt to divert, any business, customer or referral source of the Franchised Business or of other franchisees in the Prominent Insurance System to any competitor, by direct or indirect inducement or otherwise,

(ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any insurance business within the within fifty (50) miles outside of the boundaries of the Franchisee's Territory or within fifty (50) miles of any Prominent Insurance office location.

c. The parties acknowledge and agree that each of the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor.

d. If the period of time or the geographic scope specified Section 2.b. above, should be adjudged unreasonable in any proceeding, then the period of time will be reduced by such number of months or the geographic scope will be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time and scope as are adjudged to be reasonable. In addition, Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement or any portion thereof, without Covenantor's or Franchisee's consent, effective immediately upon receipt by Covenantor of written notice thereof, and Covenantor agrees to forthwith comply with any covenant as so modified.

3. General.

a. Franchisee shall take full responsibility for ensuring that Covenantor acts as required by this Agreement.

b. Covenantor agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, Franchisee is obligated to enforce the provisions of this Agreement and shall be entitled, in addition to any other remedies that are made available to it at law or in equity, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

c. Covenantor agrees to pay all expenses (including court costs and reasonable attorneys' fees) incurred by Franchisor and Franchisee in enforcing this Agreement.

d. Any failure Franchisee to object to or take action with respect to any breach of any provision of this Agreement by Covenantor shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Covenantor.

e. THIS AGREEMENT SHALL BE INTERPRETED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE WHERE THE FRANCHISED BUSINESS IS LOCATED. COVENANTOR HEREBY IRREVOCABLY SUBMITS HIMSELF OR HERSELF TO THE JURISDICTION OF THE STATE AND FEDERAL COURTS WHERE THE FRANCHISED BUSINESS IS LOCATED. COVENANTOR HEREBY WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. COVENANTOR HEREBY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON COVENANTOR IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY THE LAWS OF SUCH STATE OR FEDERAL LAW. COVENANTOR FURTHER AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE IN STATE THE FRANCHISED BUSINESS IS LOCATED; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION THAT INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR OR FRANCHISEE MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE THAT HAS JURISDICTION.

f. The parties agree that each of the foregoing covenants contained herein shall be construed as independent of any other covenant or provision of this Agreement.

g. Covenantor acknowledges and agrees that each of the covenants contained herein will not impose any undue hardship on Covenantor since Covenantor has other considerable skills, experience and education which affords Covenantor the opportunity to derive income from other endeavors.

h. This Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Agreement may be modified only by a duly authorized writing executed by all parties.

i. All notices and demands required to be given hereunder shall be in writing and shall be delivered personally or by certified or registered mail, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or the date delivery is refused. All such notices shall be addressed to the party to be notified at the following addresses:

If directed to Franchisee:

____
____

If directed to Covenantor:

____
____

Any change in the foregoing addresses shall be effected by giving written notice of such change to the other parties.

j. Franchisor is an intended third-party beneficiary of this Agreement, and Franchisor may take whatever action it deems necessary to enforce Covenantor's obligations hereunder. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and shall inure to the benefit of its respective affiliates, successors and assigns.

k. The respective obligations of Franchisee and Covenantor hereunder may not be assigned by Franchisee or Covenantor, without the prior written consent of Franchisor.

IN WITNESS WHEREOF, the undersigned have entered into this Confidentiality and Non-Compete Agreement as witnessed by their signatures below.

FRANCHISEE:

____

By: ____
Name: ____
Title: ____

COVENANTOR:

____
Name: ____

EXHIBIT C

FINANCIAL STATEMENTS

Prominent Franchise, LLC

OPENING BALANCE SHEET
July 11, 2022

PROMINENT FRANCHISE LLC

Assets

Current Assets	
Cash in Bank	$25,000
Inventory	0
Prepaid Expenses	0
Other	0
Total Current Assets	$25,000
Fixed Assets	
Machinery & Equipment	$0
Furniture & Fixtures	0
Leasehold Improvements	0
Real Estate / Buildings	0
Other	0
Total Fixed Assets	$0
Other Assets	
Total Other Assets	$0
Total Assets	$25,000

Liabilities & Net Worth

Current Liabilities	
Accounts Payable	$0
Taxes Payable	0
Notes Payable (due within 12 months)	0
Current Portion Long-term Debt	0
Other current liabilities (specify)	0
Total Current Liabilities	$0
Long-term Liabilities	
Bank Loans Payable (greater than 12 months)	$0
Less: Short-term Portion	0
Notes Payable to Stockholders	0
Other long-term debt (specify)	0
Total Long-term Liabilities	$0
Total Liabilities	$0
Owners' Equity (Net Worth)	$25,000
Total Liabilities & Net Worth	$25,000

EXHIBIT D

Prominent Insurance OPERATIONS MANUAL

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PROMINENT INSURANCE

GENERAL AGENCY PROCEDURES

<u>Prominent Insurance</u>

AUTOMATION POLICY

The HAWKSOFT computer system is the primary system in use for agency operations. It is PROMINENT policy to keep <u>all</u> client records in an up to date manner throughout the policy period for all insureds. All changes, and renewals are to be entered into the system on a timely ongoing basis. This will insure the accuracy of all data in the system and will provide the ability to use the system more efficiently to service the accounts. This will also insure the accuracy of all accounting data in the system.

With any computer system the quote "garbage in, garbage out" holds true. **The computer database must reflect the same information that is in the paper file.** The staff must be confident the information in the computer is accurate. This can be accomplished by using consistent procedures for data input, and by periodically conducting a database audit. **PROMINENT** must also utilize backup procedures to protect themselves from loss of data. The system is to be backed up daily (transactional) using a system of rotating back up media, one set for each day of the week. Weekly, the entire system (full) is to backed up. All back up media is to be stored in a secure location off site.

Duplication of effort can occur when two systems are in use. By doing things twice there is a greater chance for error. HAWKSOFT provides hard copy audit trails for all transactions. There is no need for an additional manual procedure.

The use of a combination of hardware and software packages have an additional concern. The lack of integration between systems can cause opportunities for error as the data is handled for each system. The consistent use of the HAWKSOFT standardized procedures control this.

Consistency

The key to using automation is consistency. The HAWKSOFT procedures have been developed and integrated into the workflow, they must be used by the entire agency staff all the time. This will insure that the agency has the proper documentation from the computer when ever needed. Periodic reviews of the procedures and revisions might be necessary, but again the revised procedures must be used consistently throughout the agency.

Special Note:

No software may be installed on any PROMINENT computer without prior written approval of the Agency Management.

PROMINENT INSURANCE

CREDIT AND COLLECTION POLICY AND PROCEDURES

Systematic and timely billing and collection of *agency billed* premiums is essential if **PROMINENT** is to maintain a sound financial position. However, strong financial controls and internal efficiencies are sometimes in conflict with our desire to provide the quality service necessary in a people oriented business. Given today's intense competition, significant swings in pricing and overall economic uncertainties, prompt collection of receivables becomes more of a necessity than an administrative technicality.

Receivables over 21 days must be cleaned up and be made current on an ongoing basis. Procedures for all new accounts and existing accounts must be followed.

This section addresses the overall issues of credit and collections and outlines **PROMINENT** policy.

Statement of General Policy

All policy premiums are due and payable no later than 21 days from *invoice* date or on the *effective date* and policies are subject to cancellation after that date if unpaid.

Client Payment Options

Clients have three payment options:

1. Payment in full by cash or check:
   Clients who elect to make payment by check should make checks payable to **PROMINENT INSURANCE SERVICES** for the total of all items being paid. Clients will be instructed to indicate the specific invoices (policies) being paid.

2. Premium financing:
   Clients who choose to finance their premiums may be offered the following:
   A deposit equal to the amount requested by the finance company will be required prior to *renewal* or at the time new coverage is bound. The deposit

checks should be made payable to **PROMINENT** and promptly returned to the agency for processing with the finance company. ONLY current premiums can be financed. In order to initiate premium finance a "Request for Finance" form must be submitted to accounting.

3. Installment billing:
   As offered by the carrier.

Insurance Policy Delivery to Client

Policies for new or renewal coverages are often received some time after the coverage effective date. All policies will be forwarded to the client either by mail/Email or, in the case of major accounts, delivered upon receipt. Invoicing and collection of premiums will not be held until receipt of policies. All *invoice*s will be issued and forwarded no later than 21 days prior to the effective date. If exact premium is not known at that time an estimated premium is to be used.

Assigned Risk Policies

Coverage cannot be bound unless the *application* is accompanied by payment for the **full premium**. No agency funds will be advanced for these policies.

Advances to Companies on Behalf of Clients

Advances will not be made on behalf of any client without the specific written approval of one of the principals of the agency. Under no circumstances are advances to be made for any assigned risk.

Accepting Payment Past Cancellation Period

Prior to accepting and depositing payment on a customer account, the account should be checked to verify that the payment is not on a policy that is past its cancellation period. If the policy has been canceled and payment has been accepted, the potential for an E&O *claim* is present, on the basis that coverage was reinstated in exchange for the payment.

Applying Credits

Before credits can be applied from one policy to another the client should be contacted and written approval granted for the application of funds. Applying credits to other policies without confirming client communication can create accounting and potential legal problems. This does not apply to cancellation credits.

Cash Handling Procedures

Proper cash handling in the agency requires that when currency is received the customer receives a written receipt. The receipt should be one that maintains a permanent record HAWKSOFT.

The cash and checks received during the day are totaled separately, verified against the receipt copies which show the client's name, which *invoice* payment is for, date and amount and then is given to the accounting department for deposit to the bank.
The person accepting the cash should not apply the cash to the client's account. This application of cash receipts should be completed by the accounting department verified against the daily cash receipts list.

Producer's Role in Agency Credit Policy

The Producer's role is of primary importance since it is the Producer who introduces the agency's credit and collection policy at the time of writing a new account or at *renewal* time. Each Producer has the following duties and responsibilities in the agency's credit and collection policy:

1. Explain the terms of the agency's payment options and credit policy to the client as an integral part of the sales process. On renewal business, the terms may be explained at the point of renewing the account.

2. Collection of premiums in accordance with the agency's payment policy at the *effective date*, authority for collection of unpaid premium may pass from the Producer to the agency for routine collection activities.

3. Approved advances to companies on behalf of clients must be done prior to the effective date.

Cancellation of Unpaid Accounts

The following are the procedures for cancellation of unpaid accounts:

1. 30 days prior to intended cancellation date, issue a Notice of Intent to Cancel from the accounting department requesting payment in order to save the account from cancellation.

2. Request company to issue legal notice of non-pay cancellation (with a copy to the Producer) 15 days after the effective or invoice date.

3. For auditable policies, the agency should immediately contact the client for figures relative to the audit bill. Final audit results should be sent to the company within 5 days so they may use the same billing information.

4. If unable to collect audit figures, the agency should immediately request the company to conduct an audit.

Billing, Policy and Procedures

The following client billing policies and procedures are to be followed in processing agency billed premiums.

1. All policies will be billed as soon as possible prior to the *effective date.*. Unless a correct policy is in hand, an ACORD binder will be completed and forwarded to the client.

2. Invoices should not be held pending receipt of the policy. The receipt of the policy is not necessary for billing and collection purposes. The binder and communication with the client that coverage is in effect is sufficient. An estimated premium is to be used.

3. Under no circumstances should an invoice be held in the office after billing. All agency billed personal lines and small commercial accounts will be mailed/emailed immediately. All larger commercial clients' invoices may be forwarded to the individual Producer for mailing/emailing or delivery only if the Producer has a scheduled appointment to deliver the invoice. Under no circumstances should a Producer accept an invoice for delivery unless an appointment is made with the client for delivery.

4. To plan for payment, the client should have the invoice in hand as soon as possible. Receipt in sufficient time to process the invoice through their normal payment system speeds up payment, allows the client time to plan cash disbursements, and greatly reduces the collection effort.

Collection Procedure

The following are the collection procedures for all agency billed premiums:

1. The Producer has initial responsibility for collections. This includes.

    a. Explaining payment options.

    b. Collecting deposit premiums. If not collected, a letter or email from the Producer is sent requesting the deposit.

    c. Contacting the *insured* for balance of payment prior to policy *effective date*.

2. All agency billed accounts are due 21 days from *invoice* date or the policy effective date which ever occurs first..

    a. In accordance with the agency's collection procedures, at the specified date prior to due date (the later of 21 days from invoice date or on the effective date), the agency issues a Notice of Intent to Cancel for accounts unpaid urging prompt payment.

    b. Accounts unpaid at the due date will have a Notice of Cancellation requested from the carrier by the Accounting Department. Accounts unpaid as of the cancellation date are automatically canceled unless management approves additional time extensions. Notice is provided to the Producer and the Customer Service Representative.

    c. Procedures for issuing credits on canceled accounts (personal or commercial) are followed as detailed in this manual.

3. Payments from clients that are returned by the bank for insufficient funds must be replaced with either a cashiers check or cash. PROMINENT will not accept another check from the insured.

Procedure for Clearing of Past Due Receivables.

The following procedures should be followed in collection of past due accounts:

1. An initial explanation of each past due account along with an anticipated payment date is secured from each client.

2. Producer attempts to collect all unpaid accounts for a specified period of time (60 days). After the specified period, collections may revert to agency management or outside collection efforts.

3. For all accounts with earned premium which cannot pay at once, a promissory note will be executed. This will be handled by the producer.

4. Accounts refusing or unable to pay will be set up for cancellation and billed for the earned premium.

5. Write off to Bad Debts all accounts that are uncollectible.

PROMINENT INSURANCE

BINDING PROCEDURES

Guidelines

The ability to *bind* coverage is one of the basic precepts of an independent agent's business. Potential problems can be avoided by following some general principles when binding coverage. These are, first and foremost, bind only within your written limits. Also, use appropriate forms, document the *binder*, indicate the insurance carrier on the binder and notify the carrier immediately. Finally, suspense according to internal procedures for follow-up.

Each licensed employee in the office must be aware of *binding authority* with each carrier, including pertinent limitations and procedures which should be followed. **CSR/*Marketing is to maintain a complete copy of underwriting guidelines and restrictions for each market and line of coverage.***

Once a list of carriers and authorities has been compiled, a copy will be furnished to each person in the office who has binding authority. This list should be specific as to limitations, procedures, etc. and will be updated at least annually.

Securing Coverage

The agreement to provide requested coverage creates an oral contract and corresponding duty on the part of the agent. This duty includes acting responsibly on information possessed, to place proper coverage and to do so promptly. **PROMINENT** may be held liable if the coverage is not placed as agreed and understood by the client when coverage was ordered, or if such coverage was not placed promptly.

There are various methods of binding coverage

- Formal, written binder
- Formal request to carrier
- Signed application

A written binder should be issued whenever there is no other written evidence of coverage, the policy is not going to be issued until after the *effective date* and/or to bill a premium before the policy is issued. It also is needed if the *insured* or another interest requests it.

Binders should be explicit enough to take the place of the policy until one is issued. Binder language should be clear and unambiguous. Vague terms such as "*all risk*", "comprehensive", etc. are to be avoided. It is preferable to refer to form numbers, policy terms and conditions that will apply. Binders should not be issued with an *expiration date* of "UPI" or "Until Policy Issued", nor should binders expire on a holiday or weekend.

When an agent is binding coverage "in the field", he should notify the office immediately with instructions to issue a binder, policy, or *endorsement*. A handwritten binder in a pre-addressed, stamped envelope should be used. This provides immediate *documentation*, prevents the possibility of lost notes and the client is left with a good impression.

Internal Control

Documenting the binder, coupled with an effective suspense system for follow-up are the keys to proper handling of binders. The following guidelines for binder control are to be followed at all times:

1. Use standard ACORD binders for all coverages.

2. Maintain suspense on each outstanding binder (suspense to be 5 days shorter than binder term).

3. Verification of all binders on the binder log to assure that all outstanding binders are replaced by policies, renewed, or canceled in accordance with company provisions and billed for the period coverage is effective.

4. Centralize control of binders to be logged, checked, distributed to the carrier and suspended using the HAWKSOFT system.

Additional Points

There will be occasions where **PROMINENT** does not have binding authority with a specific carrier and/or on a particular line of business. In these instances the Acknowledgment of "No-Binder" should be signed by the customer at the same time that the *application* is signed. Provide a copy to the client, one copy to the insurer and one copy for **PROMINENT**

Note: All binders for Excess & Surplus lines policies must be issued and signed by the E&S Broker or agent.

PROMINENT INSURANCE

MAIL HANDLING

Mail Delivery

The incoming mail will be delivered to the agency and received by the (designated person) each day.

Mail Handling

All mail will be sorted by the (designated person). Each piece is to be opened, **date stamped,** sorted by department, and given to the appropriate individual in that department for distribution. All checks should be grouped together taking care to keep them attached to their envelopes and remittance advice and forwarded to the agency accounting department.

Outgoing Mail Handling

Outgoing mail is to be prepared throughout the day and ready for pick up and delivery to the **OFFICE MANAGER** by **4:00** PM daily. This includes all outgoing express mail

Any special handling requirements must be noted and attached.

PROMINENT INSURANCE SERVICES

DOCUMENT MANAGEMENT PROCEDURES

Overview:

The purpose of this document is to provide guidelines and procedures for all mailroom related responsibilities including, but not limited to:

- Sorting and scanning incoming mail.

Sorting Incoming Mail:

Quick Reference Guidelines

- Is it junk mail?
  - If yes, place it unopened in the addressee's mailbox.

- Is it marked personal or confidential?
  - If yes, place it unopened in the addressee's mailbox and stamp received date on the envelope.

- Is it addressed to someone?
  - Scan it to that person UNLESS he/she is in **(HR or accounting)**. If addressed to a **Producer** scan it to the appropriate **CSR** on the policy. Put mail addressed to HR and Accounting in the correct mailbox <u>unopened</u>.

- Is there an original signature from the client on the document?
  - Scan and place original in the owner's mailbox.

- Is there an endorsement, audit, or policy for the insured?
  - Scan separately and place original in owner's mailbox.

- Is it a special delivery
  - For any packages delivered by Fed-Ex, UPS, DHL, or a courier service, please notify the recipient and treat as personal or confidential.

- If you are still unsure about what to do with the document, please consult the following:
  - Employee Benefits department
  - Commercial Lines department
  - Personal Lines department

Special Considerations for Incoming Mail

- Forward the following mail/faxes addressed **PROMINENT INSURNACE** as follows:
  - Bills………………………………………………Accounting
  - Financial Statement…………………………………Accounting

- Forward mail addressed to the following as follows:
  - Addressee is a former employee…………………….Management
  - Addressee is an Accounting employee……………..Accounting
  - Addressee is an IT employee………………………...IT

Personal Lines Mail Processing

General Guidelines

- Scan mail to the **CSR** on the account
- Mail, faxes, and emails for clients should go to the **CSR** on the account

Check Guidelines and Notifications for Personal Lines

- Email **CSR** on the account. Initial check if check is to be scanned.
- If check is payable to **PROMINENT** and has attachments associated – Scan to the **CSR** on the account and place attachments in **CSR**'s box and give check to accounting.
- If check is payable to **Prominent** and has no attachments – Scan to the **CSR** on the account and give check to accounting.
- If check is payable to client or carrier – Place check in **CSR**'s box.

Special Considerations

- <u>Items that do not need to be scanned, only placed in **CSR**'s mailbox:</u>
  - All correspondence including applications and correspondence from the carrier (original signatures)
- <u>Items that can be scanned and trashed:</u>
  - Invoices and bills from carriers
  - All non-Personal and Confidential mail addressed to a **CSR.**

Commercial Lines Mail Processing

General Guidelines

- Scan mail to the **CSR** on the account
- Policies – Agency and Insured copies should be scanned separately to the **CSR** on the account. The physical policies should be placed in the **CSR** on the account's mailbox.
- Open all **Producer** mail that is CLEARLY client related. Scan to the correct **CSR** on the policy and put original in **CSR**'s mailbox. If you cannot tell from the envelope, don't open. Place in **Producer's** mailbox.

Check Guidelines and Notifications

- Email **CSR** on the account. Initial check if check is to be scanned.
- If check is payable to **PROMINENT** and has attachments associated – Scan to the **CSR** on the account and place attachments in the **CSR**'s box and give check to Accounting.
- If check is payable to **PROMINENT** and has no attachments – Scan to the **CSR** on the account and give check to Accounting.
- If check is payable to client or carrier – Place check in **CSR**'s box.

Special Considerations

- Treat document received in email the same as others: open the document, look up the **CSR**, and scan to **CSR**.
- **<u>After distribution</u>**, keep all email policies in their own folder organized by company for 30 days then delete.
- If any email policies need to be resent then email the provided contact and request them to be resent.

Employee Benefits Mail Processing

General Guidelines

- Scan mail to the **CSR** on the account
- Open all **Producer** mail that is <u>CLEARLY</u> client related. Scan to the correct **CSR** on the policy and put original in **CSR**'s mailbox. If you cannot tell from the envelope, don't open. Place in **Producer's** mailbox

Check Guidelines and Notifications

- Scan check to **CSR** on the account
- Email **CSR** on the account with the client name and check amount so they know the check came in
- Give the physical check to Accounting

Scanning Incoming Mail

NOTE: This section should be customized to reflect the process and procedure unique to your Agency System, and Document Management System. An example follows:

HP Smart App is the software used to scan the mail. Click on its icon from the desktop to open, go to SCAN make sure it from document feeder, **HP Smart App**

- Prep documents by removing all staples and mailer pages.
- Look insured client in **HAWKSOFT** to find code and CSR. Click to Highlight
- Click back to **(Document Management System Name)** the drop down menu under "Route To" to select the CSR
- Insert documents face up with text facing you.
- Then click "Fill and Scan" button to bring over the code and begin scanning.

PROMINENT INSURANCE

CLAIMS PROCESSING

Dealing With Insureds and Claimants

Proper *claims* handling can do much to foster goodwill with insureds and claimants at a time when it makes the greatest impact. Claims handling should be viewed by all agency personnel as another opportunity to be of service to clients.

Always strive to be helpful and courteous. Remember, while you may deal with many claims everyday,. to this insured or claimant this may be the only claim he or she has ever had. To every insured or claimant, it is also the **most** important claim **you will** deal with today.

Advise what steps should be taken and are required under the policy conditions such as: protect property from further damage, do not admit liability, cooperate with the insurer, etc. Advise what to expect, such as when the adjuster will make contact. If a deductible will apply make sure to advise.

When taking the claim information, select the proper ACORD form for the type of loss. Every effort should be made to complete the ACORD form on the computer, however, if you are not preparing the ACORD form on your computer but instead by hand be sure to write legibly. By writing legibly on this form there should be no need to rewrite or retype it before sending to the company.

If a review of the insured's *file* indicates the claim may not be covered there are two ways to handle:

1. Send to Company for determination.
2. Advise insured that it may not be covered but you will submit it to the carrier. This does not lead the insured to believe the claim is definitely covered and avoids long delays.

When dealing with third-party claimants, take the information and advise that the *claim* must be reported by the insured. If the insured denies the accident after being contacted by you, document with confirmation letter to the insured.

Beware of and avoid answering hypothetical ("what if...?") questions from insureds. Always refer to policy language in discussions.

Dealing with the Company

It is important that the loss reports be sent to the company on the same day they are received. It may be possible for the report to be telephoned or emailed to the company and followed by written confirmation of the call. All major losses should always be telephoned in to the carrier. Check for excess policies and report the claim to *excess carrier* if required

A listing for each company's requirements for reporting claims is to be maintained. This list should indicate claim personnel at the carrier and their telephone numbers, when written confirmation is required and the lowest dollar amount or minimum severity which should be reported by telephone or email as required by the carrier.

Claims History

A claims history for each *insured* is to be maintained. This information should include such items as type of loss, policy number and company, date of loss, claim number, amount paid, date closed and loss information. This listing is useful to review periodically, and when changing insurance companies. It can also be used when reviewing company provided loss runs for accuracy.

Claims Mail Handling

Summons and complaints will be opened by the **(designated manager/principal)**, date stamped and distributed to the appropriate claims handler.

Summons and Complaints

These are to receive the highest priority and be handled immediately upon receipt. The client *file* should be accessed and reviewed.

The company should be called and alerted that a claim is being sent. It must be noted as to date and on whom served.

If the claim has never been reported, the person responsible for the account (**CSR** or **producer**) should contact the client and obtain the necessary information. Each claim should be recorded on the ACORD claim form and forwarded with the Summons to the insurance company.

Summons and complaints should be sent by email and sent overnight to carriers. Always use overnight mail if tight time constraints apply.

New Reports

New reports receive the next highest priority for processing. When the claim has been received, either by email, ACORD or Employer's First Report, the claim should be recorded on the appropriate ACORD form.

Workers' Compensation Claims

Workers' Compensation Claims are usually reported directly to the carrier. If a client reports the claim to the agency, refer to the claims handling process.

Correspondence on existing claims should be matched to the existing *files*. If the claim number or adjuster handling is known, it should be shown on correspondence and routed to the proper company. If the mail is a bill or an estimate on an agency handled claim, the document should be forwarded to the appropriate claims handler. A copy of all correspondence should be left in the file for reference and noted on the client file in the computer system.

First Party Drafts

Company handled first party *drafts* are sent to the agency for transmittal to the client. The drafts should be forwarded to the person handling the claim. A notification of the receipt and transmittal of the draft should be noted in the client file.

PROMINENT INSURNACE

E&O PROCEDURES

The most practical *risk management* technique for dealing with an Errors and Omissions exposure is a risk transfer through an Errors and Omissions liability policy. The E&O policy is similar to policies sold to agency customers in that its limitations require that a portion of the risk be retained. This occurs through the deductible and/or participation clause, exclusions from coverage and policy conditions.

Agency management has a responsibility to analyze and understand policy conditions to avoid breaching the contract and thus jeopardizing coverage.

Potential Claims

Once a potential problem has been discovered, the **(designated manager/principal)** should be alerted immediately. A meeting should be held with all involved agency personnel. Each person will provide a brief written narrative outlining their involvement. All information then will be gathered into one master *file* and maintained by the **(designated manager/principal)**. This information will include, in addition to the narratives, copies of all written memos, notes and correspondence relative to the situation. It also should contain the names and addresses of close relatives or friends of agency personnel involved so that in the event of a move or transfer the persons can be located for testimony.

The **(designated manager/principal)** will then prepare a written narrative. It should be in chronological order and completed in conjunction with the person most familiar with the account and the alleged error. This narrative, along with copies of all *documentation* in the master file, is to be forwarded to the E&O carrier. The **(designated manager/principal)** would be the only agency person to be in contact with the E&O carrier unless requested otherwise by the carrier. The E&O carrier should be contacted by the **(designated manager/principal)** before any contact is made with the claimant. The agency's E&O coverage should not be discussed with the claimant.

Errors & Omissions Claims Review Committee (Optional Section)

An E&O Claims Review Committee comprised of **(Principal(s) and three (3) non-principals)** will be utilized whenever there is an E&O claim. This has been done in order to maintain fairness in this area for all employees. This committee will be used to determine if the person(s) who was negligent will have any responsibility for reimbursing the agency for all or part of the deductible.

This procedure has been implemented in order to make sure that all procedures are followed and **PROMINENT** feels this is the most equitable way to handle these types of situations. **PROMINENT** will then be in a position to ascertain if the entire deductible, a percentage of the deductible or none of the deductible will be allocated to the individual(s) who caused the E&O claim.

E&O Prevention

The key to the prevention of E&O claims is the invariable practice of standardized procedures. These procedures emphasize the importance of communications and *documentation*. Clear communication and understanding with both the client and company for all insurance transactions is necessary. Documentation of all conversations is extremely important and will help to protect **Prominent** Other preventive measures are discussed in this section.

The need for a checklist, a survey of each risk, is extremely important. Without a true understanding of the nature of the client's business, adequate counsel can not be given. A survey's purpose is to obtain data to classify and rate the risk properly. It points out exposures which may not be obvious.

Have each *insured* sign his own *application*. **Never**, sign an application or coverage request form, i.e., an uninsured motorist's election, for an insured.

We must also maintain contact with the client to keep up with changes in values or exposures. Adequate limits should be maintained, both for property and liability coverages. Insureds have shown a preference for doing business with agents who take an active interest in their affairs.

Anticipation of a client's future insurance needs is expected from us. Many clients do not provide notification of coverage needs until after the fact. It is important to discuss this situation with each of our clients at least annually and confirm this discussion with a follow-up. This can put the ball in the client's court to notify you when circumstances change which may require modifications to his coverage.

How to Reduce the Potential for E&O Claims

With the increasingly litigious nature of American society, **PROMINENT** can do much to reduce the potential for E&O claims. These can be summarized as:

1. Compliance with **PROMINENT** standardized procedures for all areas of agency operations.

2. Clear communication and careful documentation of all conversations and transactions with the company and the insured.

3. Identification of all exposures to loss and recommendation of specific coverages and amounts.

4. Complete, thorough processing of applications.

5. Prompt and prudent placement of insurance.

6. Compliance with company guidelines.

7. Timely transmittal of claims to company.

8. Constant monitoring of our operations and performance.

9. Continued education on new issues and procedures.

Client and Company Relationships

Friendly, personal relationships with customers and company personnel will help an **PROMINENT** to obtain and keep business and to get that business placed. Good relationships can also assist in avoiding complaints from disgruntled customers and keeping simple mistakes from turning into E&O claims.

PROMINENT INSURANCE -Client Relationships

PROMINENT 's role should be one of a counselor with the decision making duties left to the client. The agent decides what is best for the client from what is available and makes a recommendation. The agent then must be thorough in the processes by which he counsels. The need for technical competence is obvious. The interaction between Producer and client must balance this technical competence with the ability to inform the client in terms he can understand.

PROMINENT's image and the esteem in which a potential claimant holds on our agency can be important factors. Fostering good client relations can be done by focusing on service. The relationship between the customer and the agent is built on mutual trust. If the history of the account is characterized by good personal attention and quick response to inquiries, it can go a long way to prevent an E&O claim. A client's complaints and requests for service should be dealt with quickly and handled in a professional manner.

We should not allow a client to feel he or she is a nameless, faceless being. We need to add a personal touch whenever possible. Clients should be treated as the reason we are in business, not as an interruption of work.

PROMINENT INSURANCE-Company Relationships

Client relationships are only one-half of the picture. The same principles apply to agent-company dealings.

It is important for us to foster a healthy, mutually dependent relationship with all our carriers. Professionalism, good communications, honesty and integrity can only enhance our image. **PROMINENT** can build a better relationship with our companies by keeping the following in mind:

1. Submit complete data in a timely manner.

2. Know the markets and company policies.

3. Stress the account's importance to the agency.

4. Be honest about problems with an account.

5. Handle all situations in a professional manner.

A company will weigh many things in deciding whether to pass liability to an agent. Our favorable image throughout the company stands a better chance of a cooperative attitude than one who is viewed as antagonistic and unprofessional, especially in borderline situations.

Legal Issues

An agency may be held liable to one or more of these three groups:

1. clients
2. companies represented
3. third parties

Most E&O *claims* are based on one of two legal doctrines. The first is that the agent's **negligence** in failing to obtain adequate and proper coverage is the direct and proximate cause of financial injury sustained by the client. The other is that the agent **breached the contract** between the policyholder and agent by failing to obtain adequate and proper coverage for the client. A similar doctrine would be a breach of the contract between the agent and the company represented.

The legal standard for assessing an agent's actions is the "generally accepted standard of practice in the industry." This means doing the same thing that any reasonably proficient and knowledgeable agent would have done under the circumstance.
Advertising by independent agents has encouraged the public and the legal community to view agents as professionals with the same level of expertise expected from CPAs, doctors and lawyers. If agents portray themselves as professionals, they are held to a higher standard of care than those who merely advertise that they sell insurance.

A Washington case, Hardt vs. Brink (1961), set the stage for the current legal environment in which the agent operates. The agent was required to pay a $41,954 fire loss for which his *insured* was held responsible under his lease. In the court's opinion, the defendant (the agent) was under a duty to advise the plaintiff (the insured) as to his potential liability under the lease and to recommend adequate insurance protection. For the first time, the agent, as a professional, was required to use the degree of care necessary to protect the interest of the client.

PROMINENT INSURANCE has a duty to:

1. Act in good faith to protect the interest of the carrier and the insured.

2. Give prompt notice to the carrier of all facts coming into the agent's knowledge which may affect insurance transactions.

3. Not exceed limits of authority because it could place enormous risk on the carriers resources.

Potential exposures to liability on the part of the agent toward the client and carrier exist at every stage of their involvement. Attention to systematic procedures involving *applications*, *renewals*, *endorsements* and diary or suspense procedures is critical.

To compound the problem, there are some state statutes which do not even require the insured to read the policy. In those states, a company seeking to deny payment by relying on a policy exclusion must prove that such exclusion was explained to the insured and that the insured understood it.

PROMINENT needs to adopt a defensive posture throughout our organization. In order to reduce their E&O exposure, the we must strive for the following objectives:

1. Accuracy
2. Adequacy
3. Documentation
4. Communication
5. Timeliness
6. Follow-up

The use of standardized procedures which incorporate these objectives will allow us to maximize our performance while minimizing our E&O exposure.

Why It Occurs

Documentation and communication are the common threads that run throughout most of the E&O *claims*. Inadequate and inconsistent documentation and lack of communication and understanding provide many opportunities for errors to occur.

The majority of the E&O claims involve Personal Lines policies, particularly automobile and homeowners. Based upon the frequency of occurrence, the most common cause for an E&O loss is inadequate coverage.

Inadequate Coverage

Inadequate coverage includes inadequate limits, wrong types of coverage and gaps between primary and excess coverages. Any recommendation for coverage which is not accepted by the *insured* must be documented, especially his request for low limits or reduced coverage. These requests must be taken in writing only.

Failure to recommend or obtain specified or suitable coverage can create an E&O situation. If we agree to provide coverage for a client, we must provide it or notify the client promptly that we are unable to do so. We are also responsible to verify that a policy contains the specified coverages and to notify the insured of coverage changes under *renewal* policies. **PROMINENT** is responsible for providing professional assistance to an insured in determining what constitutes "adequate" coverage in a specific situation.

Misrepresentation

Lack of communication is the primary factor for this cause of loss. These claims refer to the misrepresentation of benefits or coverages. An insured may believe that coverage is in effect or that it is broader than what is actually the case. Agents also have been held liable for erroneous interpretations of the policy, thus causing the insurer to become unexpectedly bound. The insurer can then look to the agent for indemnification.

Cancellation Errors

Terminating coverage presents **PROMINENT** with many E&O implications. Sources of these claims include improper cancellation procedures, policies canceled in error (misunderstanding of insured's intent) and cancellation for failure to pay premium. An especially prevalent error of this sort is the failure to provide written notice of cancellation to the mortgagee when the policy is canceled. If a policy is not canceled in accordance with statutory requirements it remains in effect.

Cancellation is always to be handled by the insurance company. If **PROMINENT** must cancel, we must act promptly, follow the terms of the contract and state statutes, send a first class letter (with proof of mailing) or certified letter (return receipt requested) and notify all parties. If the policy is canceled at the insured's request, written approval should be obtained.

Description and Identification Errors

Description and identification errors include wrong property or insured identified, incorrect description of risk and failure to add additional insured/loss payee. A common error involves the distinction between real and personal property - i.e. what is properly covered by building coverage and what is properly covered by contents coverage?

Renewal Errors

Failure to renew a policy, failure to notify the client of non-renewal by the company and failure to give notice of a change in policy or terms are the main causes of error.

The largest number of E&O claims are due to inadequate limits/coverage. The focus at renewal time should be to review each policy to make sure coverage is appropriate and adequate. We must maintain our own expiration list and not rely on the company list. Any recommendations for changes to a policy at renewal time should be documented.

Application Errors

Application errors include delays in submitting applications, in obtaining underwriting information, in researching the market and in notifying the client of a rejected application. All applications are to be submitted on a timely basis.

Policy Change Errors

Any changes to the policy can become a source of error. These may include errors in making additions to policies and location changes. These errors can be a source of a claim when a policy change is improperly made and results in a gap in the insured's coverage. **PROMINENT** may be held liable to an insurer through incorrect explanations to an insured of *endorsement* changes.

Reporting Errors

Late reporting of claims, failure to provide information to the carrier, failure to forward requested information to the carrier and failure to notify the insured concerning requirements of reporting form policies are all possible causes of reporting errors.

Agency Agreement Violations

This area of claims can include any type of violation of the agency-company agreement. Failure to follow instructions given by the carrier can expose **PROMINENT** to claims from both the carrier and the insured.
A common source of loss in this area is exceeding *binding authority* or binding a risk for which the **PROMINENT** has no authority. If **PROMINENT** has binding authority, a possible source of liability could be the failure to investigate a risk. **PROMINENT** is responsible to provide the company with information they request and to notify them of all *binders*.

Insolvent Carriers

PROMINENT is required to use reasonable care, skill and judgment to place an insured's coverage with a solvent insurer. If **PROMINENT** procures a policy with a company which is known or should be known to be insolvent, **PROMINENT** will be held liable.

Various cases in several jurisdictions have affirmed this principle. In one particular case the court concluded:

> An agent is only liable if, when placing the business or "at a later time when the insured could be protected, the agent knows or by the exercise of reasonable diligence should know, of facts or circumstances which would put a reasonable agent on notice that the insurance presents an unreasonable risk."

Problems with insolvent insurers occur most frequently in surplus lines markets with non-admitted carriers. With a non-admitted carrier the agent has a greater duty to check and monitor the financial condition of a company. The insured should be notified that coverage is placed with a non-admitted carrier and that the state guaranty fund does not apply. **It is required that a letter is included with the *proposal*, a waiver is signed by the insured and a stamp is placed on the policy indicating that the company is non-admitted.**

If a carrier is placed in rehabilitation or is known to be in financial trouble, the policyholders should be notified in writing. The possibilities and consequences should be presented but the policyholder must make the decision of what to do.

When a carrier is declared insolvent, agents may be subject to certain statutory or administrative requirements. In any case, **PROMINENT** has the responsibility to inform the policyholders of the insolvency and to attempt to place coverage with another carrier.

The range of errors that can give rise to E&O claims involves virtually every aspect of PROMINENT operations, imposing an ever increasing need to follow systems and procedures in the agency which will reduce the hazards in this area.

PROMINENT INSURANCE

EXCESS & SURPLUS LINES/RESIDUAL MARKETS

PROCEDURES

Excess and Surplus Markets

Excess and surplus (E&S) lines or *residual* markets are most properly used when desired coverage cannot be obtained through regular channels. Standard markets may not be available for a particular risk because of size or limits of coverage, unusual features of the risk or the kinds of coverage needed. Swings in the insurance cycles also affect standard market availability for many insurance buyers.

The E&S marketplace is composed of U.S. insurers writing E&S business (sometimes these are standard companies in some states but not licensed in others) and foreign (alien) organizations such as Lloyd's of London. E&S insurers are sometimes referred to as "unauthorized" or non-admitted, meaning they are not licensed in the particular state. Unauthorized insurers are not required to file forms and rates for approval, hence they can be more flexible in underwriting than is possible with a standard market.

Special state statutes and regulations (ex: stamps, affidavits, etc.) apply to E&S business. **PROMINENT** as the producing agent shares responsibility with the E&S broker (or surplus lines agent) to verify that E&S carriers have the financial resources to satisfy potential *claims* **PROMINENT** and the surplus lines agent become the sole source of recovery in the event of insolvency. State guaranty funds, generally, do not cover *insureds* of non-admitted carriers. Solvency of the carrier is a major E&O exposure for an agent. The state Insurance Department publishes listings of approved surplus lines insurers. The Insurance Department does not, however, investigate the financial condition of these companies. **PROMINENT** maintains a listing of non-admitted, approved carriers. This list is reviewed and updated at least annually.

There is a great variance in forms, rates and coverages among the different carriers. **PROMINENT** must rely on the E&S broker (wholesaler) and his professionalism. Therefor we must be very careful choosing E&S brokers with whom we place our confidence and business. The E&S broker, in turn, relies on **PROMINENT** for complete and accurate information on the risk. Prior to placing business with an E&S broker we must verify that the E&S Broker/Surplus Lines Agent maintains E&O Insurance.

PROMINENT has no authority, to *bind* coverage unless specifically granted by the wholesaler or carrier. All agreements regarding *binding authority* must be in writing.

When quoting or placing coverage in an excess market, it is important to clearly explain to a client the difference between coverage in an admitted market and coverage with a non-admitted carrier. ***All E&S binders are to be issued by the E&S broker or agent.***

A Waiver for placement with a non-admitted carrier and a hold harmless must be signed whenever placing coverage in an E&S market regardless of the rating of the company.

Other points come up that are not necessarily specific to the E&S markets but arise there more frequently because of the types of policies involved. These are:

1. **<u>Excess Liability/Umbrella Policies</u>** *Inception dates* of underlying and excess policies should be concurrent. E&S policies generally carry an unimpaired aggregate provision at their inception, meaning no claims have been paid out of the underlying policies.

2. **<u>Excess Property Policies</u>** Primary and excess policies should be concurrent with regard to perils covered, exclusions and conditions.

3. **<u>Occurrence vs. Claims-Made forms</u>** When switching from claims-made to occurrence form, a "tail" *endorsement* must be purchased to cover an accident which happened under the claims-made policy but was not reported until after the occurrence policy is in force.

4. **<u>Notice to Excess Insurers</u>** All underlying policies should be clearly marked on the agency copy to indicate an excess policy is in force and all claims and coverage changes must be reported to the excess insurer.

PROMINENT must notify each excess carrier of a potential claim according to their guidelines.

Residual Markets

Residual Market refers to the various plans to provide insurance to those who cannot secure coverage in a standard market. Property & Casualty Joint Underwriting Associations, and the Windstorm Underwriting Pool are examples of residual markets.

Binding authority varies in these markets. Please refer all questions regarding binding authority to the **(designated manager/principal)**

PROMINENT INSURANCE

SUSPENSE SYSTEMS

The term suspense should be taken to mean the same thing as "diary" or "follow-up". For consistency in this manual, the word **suspense** will appear.

It is the policy of PROMINENT for all employees to utilize only the HAWKSOFT suspense system for all suspense items. No other system manual or automated is to be used.

The HAWKSOFT system has the ability to support and maintain the agency suspense system. This automated suspense systems prints a listing of items to be followed up on a daily basis. Once each suspense item has been acted upon it should be acknowledged as complete re-suspended for additional action.

PROMINENT INSURANCE

RECORD RETENTION SCHEDULE

Customer Record Files
Agent of Record Letter .... permanent
Applications .... see daily reports
Appraisals... until superseded
Binders .... until superseded by policy
Customer Data Sheet, Personal Lines .... 1 year after loss of account
Claim Reports... until superseded by draft
Daily Reports, Personal Lines .... 1 policy period past expiration
Daily Reports, Commercial Lines .... 5 policy periods past expiration
Expiration Slips... until superseded
Expiration Slips, Policies Not Taken .... 1 year after not taken
Fact Finder, Commercial Accounts............................. until superseded
Fire Rate Make Up .... until superseded
Loss Drafts .... permanent
Modification Letters .... until 1 year after superseded
Recommendations... until 1 year after loss of account
Survey Reports.. until 1 year after superseded
Transmittal Letters... retain for same period as the policy

Accounting and Financial Records
Account Payable Invoices .... 3 years
Account Payable Ledger .... permanent
Account Receivable Invoices...................................... 1 year
Account Receivable Ledgers...................................... permanent
Audit Reports... permanent
Audit Working Papers.. 3 years
Balance Sheets .... permanent
Bank Deposits .... 3 years
Bank Statements .... 3 years
Budgets .... 3 years
Cash Receipt Records.. 7 years
Check Register .... permanent
Checks, payroll .... 3-8 years
Checks, Voucher .... 5-8 years

Cost Accounting Records	5 years
Depreciation Schedules	permanent
Dividend Register	permanent
Employee Withholdings Records	4 years
Expense Reports	3-6 years
Financial Statements, Certified	permanent
General Ledger Records	permanent
Note Register	permanent
Payroll Register	permanent
Petty Cash Records	3 years
Profit and Loss Statements	permanent
Producers' Commission Reports	3 years
Travel Expense Reports	3 years
Tax Bills and Statements	permanent
Tax Returns	permanent
Trial Balances	3-6 years

Corporation/Partnership Records

Annual Reports	permanent
Buy and Sell Agreements	until superseded
Capital Stock Ledger	permanent
Charter, Constitution, Bylaws	permanent
Contracts	20 years after termination
Corporation Election Records	permanent
Incorporation Records	permanent
Licenses	until superseded
Minutes of Stockholders Meetings	permanent
Partnership Agreement	permanent
Property Deeds	permanent
Purchase or Lease Agreements	permanent
Stock Transfer Records	permanent

Personnel Records

Accident Reports, Injury Claims, Settlements	30 years after settlement
Annuity or Deferred Compensation Plans	permanent
Applications for Employment Not Acted Upon	do no retain
Application for Employment by Persons Hired	6 years after termination
Attendance Records	7 years
Employee Activity File	2 years or until superseded
Employee Contracts	6 years after termination
Group Insurance Records	permanent
Health and Safety Bulletins	permanent
Job Descriptions	until superseded
OSHA Form 100	5 years following end of calendar year
OSHA Form 101 (or equivalent)	5 years following end of calendar year
OSHA Form 102	5 years following end of calendar year
Solicitor Agreements	6 years after termination
Terminations	6 years
Time Cards	3 years

Agency/Company Files

Agency Contract .... permanent
Contingency Agreement .... permanent
Correspondence .... variable
Initial Letter of Appointment .... permanent
Prohibited Lists .... until 1 year after superseded
Underwriting Guidelines and Instructions .... until 1 year after superseded

PROMINENT INSURANCE

STANDARD CONVERSATION FORMS

Too often notes of meetings, telephone calls and other conversations with clients are jotted down on a variety of forms or note pads. Important elements of the time, place or necessary follow-up actions are not consistently recorded.

It is the policy of **PROMINENT** to use HAWKSOFT LOG form. This will greatly reduce the potential for error and at the same time provide a systematic method of documenting all conversations in one simple manner. **Use the HAWKSOFT for a permanent record of the activity or conversation that took place on the account.**

PROMINENT INSURANCE

TELEPHONE TRANSACTION PROCEDURES

A prime source of contact with insureds and carriers is telephone communications. Calls coming into the agency fit into one of three categories:

1. The call is to be returned or there is a simple, informal message.

2. There is an important message to be taken but no suspense need be created.

3. An important matter requires later follow-up and a suspense should be created.

For the first category:

> **Those who receive incoming calls when a return call is requested or a simple, informal message is taken, should record such calls on a message form which creates a duplicate, permanent record of the call. A message may also be left on the person's voice mail.**

When a message of substance is taken (second or third category):

> **Use the agency's HAWKSOFT to document and, if indicated, create a suspense for telephone discussions dealing with matters of substance.**

A message such as the following, for example, taken by the receptionist for a Producer, should be written on a HAWKSOFT LOG and left on the person's voice mail:

> *Jack Armstrong called and has decided to buy the coverage you recommended but he has a few more questions. He asks that you call him before noon tomorrow (555-1234) as he is leaving town for a few days after that.*

It would be a significant error in judgment for the message-taker, having been told the above, to simply leave the Producer a telephone message slip, saying "call Jack Armstrong."

A Standard Conversation Form of the following type, addressed to *file*, indicates a suspense copy should be made, clearly marked for the desired date, after a phone discussion between Producer and *insured* and a call to the company:

Date: 1/1 Time: 1:30 PM

To: File From: Jane Smith (person's name)

Bill Adams called and is considering bidding on a federal building job in Miami. He will need bid bond and the job size (around $5 million) may exceed his line of credit. I am to call him around the 25th to see if he decides to bid it.

Called Sam Ross at Fidelity Surety. He'll need new statement but says if it's as good as last one and work outstanding is in line, bond amount shouldn't be problem.

Telephone Messages Handled by Members of Families of Agency Personnel

1. Constantly remind members of the family what is expected of them with regard to telephone messages received at home.

2. Get the name and telephone number of the person calling.

3. Take the message, but emphatically state that you have no authority to act on insurance matters.

4. Advise the caller where the agent or agency employee may be reached.

5. Advise the caller that his message will be given to the agent or agency employee as soon as possible.

6. Under no circumstances should members of the family state coverage is in effect or will be put into effect.

7. Keep a list of night numbers for all companies at home near the phone.

8. Advise members of the family of this list. If the caller knows the name of his company, and needs immediate action. (a serious accident or loss), he can be given the company night number.

Fax Procedures

All fax communications, both incoming and outgoing, will be logged,. Whenever possible faxes should be sent using the HAWKSOFT system. This will automatically track date, time, and successful completion of the transaction. Those faxes sent from the fax machine must have the log updated to include date, time, and recipient.

All fax communication will include the standard confidentiality statement on the fax cover sheet. **HAWKSOFT** handles confidential information regarding our insureds on a regular basis. It is important that we protect this information as it is for our use only.

PROMINENT INSURANCE

ELECTRONIC MAIL & INTERNET PROCEDURES

The Internet - a global network of connected computers - offers enormous opportunities and benefits to **PROMINENT**. It can significantly enhance communications with **PROMINENT** and with outside parties, allowing us to reach both existing and potential customers in exciting new ways.

Today, many **PROMINENT** employees have Internet access. Connecting to outside networks has enormous benefits as more and more firms are conducting business via the Internet. But as exciting a phenomenon as the Internet has become, there are risks with this form of communication. Reports of Internet security violations have grown nearly as dramatically as the number of new users. If we fail to follow our Internet usage guidelines, outside parties can potentially infect our network with destructive viruses and illegally access and /or alter confidential, proprietary or critical information. These incidents could cause **PROMINENT** networks to crash and expose us to serious adverse risks.

PROMINENT Personnel Policies, and Agency Procedures already apply to public and internal communications and use of agency information and physical assets. But it is important to stress the specific policy we must have for Internet communications and the use of **PROMINENT** computer resources whether accessed at work or at home. Please familiarize yourself with the following Internet policy for this agency.

Internet Policy:

Agency Reputation:

Every message transmitted outside the agency could enrich or damage the agency’s reputation. Electronic mail to outside parties automatically carries an agency identification. These communications should be professional and treated as if they were printed on agency letterhead and personally signed. When using electronic communications, you should follow the same policies and practices you would use in developing, approving and distributing news releases, advertisements, speeches, interviews, and other public communications. Create, store, and disseminate only the information which is necessary for proper functioning of agency business.

Information Security:

Be cautious when transmitting confidential or proprietary information (e.g.: employee, financial, client, and product information; credit card numbers, computer passwords; and customer information). Many forms of network communication, including the Internet, are not secure. Assume Internet communications are not protected. Information being transmitted should be treated as if it can be seen and read by others.

All electronic mail either received or sent by the agency is to be maintained as a permanent record (print or electronic) with the customer file to which it pertains. All outgoing e-mail should be sent with a copy (cc:) to the sender for attachment to the file as a permanent agency record of communication.

Computer Virus Protection:

Use of external networks, including the Internet, increases the risk of exposing the agency computers to viruses. Assume that every downloaded file contains a virus. Always adhere to the agency's anti-virus practices to help protect the agency's computer system.

Personal Use:

You must use agency property and resources, including the Internet solely for Agency business unless you obtain authorization from agency management.

Message Content:

Given that any communication attributable to the agency can potentially harm the agency, all public statements, or acts must be carefully thought out and approved by management. Personal views of any kind are to be kept separate from agency views.

Behavior that creates a hostile, offensive, or intimidating work environment is inappropriate. Using electronic communication with this intent or effect is unacceptable and could lead to immediate dismissal.

Maintain a professional demeanor in all network communications, especially those on public forums. When your identity is coupled with the agency name carefully consider the effect of your words on your audience. Be sure your message conveys a professionalism and expertise symbolized by the agency name.

Refrain from activities that interfere with anyone's work performance, creating an intimidating, hostile, or offensive work environment, or could be perceived as offensive (such as downloading, creating, storing, or disseminating inappropriate, defaming, harassing or offensive Internet messages, including accessing obscene, pornographic, or sexually explicit Web sites or materials).

Copyright Compliance:

Communications over the Internet must comply with all intellectual property laws, including copyright laws. Copyrighted material, documents, computer programs, etc., may only be used with permission of the copyright owner. The agency strictly adheres to software vendor license agreements. Software downloaded from the Internet or electronic bulletin boards or shared between individuals may be protected by copyright and may require purchase of a license. Only management may download software from the Internet, and then only in accordance with approved procedures.

Message Confidentiality and Compliance Monitoring:

Electronic messages (e-mail), like other agency records, are the property of the agency. All inbound and outbound Internet traffic is subject to management review and may be accessed by others. For example, a coworker or management may need access to e-mail just as they would with paper or electronic files.

Also, at any time and without prior notice, **PROMINENT** reserves the right to monitor its Internet resources to ensure appropriate use, and to block access to Internet sites deemed inappropriate for business use. Ongoing monitoring ensures compliance with internal policies and assists with the management of agency systems. Inappropriate, abusive, or unauthorized employee use may result in disciplinary action including termination of employment.

Summary:

Keeping **PROMINENT** business information safe is more important than ever. As the agency uses the Internet to remain competitive, every employee must take heart the information security responsibilities described here in these standards. By adhering to the policy, you will protect agency information and reputation. And you will be helping **PROMINENT** maintain its competitive edge.

EXHIBIT E

FRANCHISED OUTLETS

Franchisees as of June 30, 20222: None

Franchisees who have left the system:

EXHIBIT F

STATE ADDENDA

STATE EFFECTIVE DATES

The following states 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 Franchise Disclosure Document is registered, on file or exempt from registrations in the following states having franchise disclosure laws, with the following effective dates:

STATE	EFFECTIVE DATE

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT G

RECEIPT OF FRANCHISE DISCLOSURE DOCUMENT OF Prominent Franchise, LLC

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

If Prominent Franchise, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Prominent Franchise, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to your state authority listed on Exhibit A.

The name and principal business address and telephone number of each franchise seller offering the franchise is:

Jason Rodriguez 1201 N. Orange Street, Ste 700 Wilmington, Delaware 19801		

Issuance Date: August 16, 2022

I received a Disclosure Document dated __________, that included the following Exhibits:

EXHIBIT A: List of State Franchise Administrators and Agents for Service of Process
EXHIBIT B: Franchise Agreement with Attachments 1, 2, 3, 4, 5, 6, 7, 8, and 9.
EXHIBIT C: Financial Statements of Prominent Franchise, LLC
EXHIBIT D: Operations Manual Table of Contents
EXHIBIT E: Outlets as of the date of this Disclosure Document
EXHIBIT F: State Addenda
EXHIBIT G: Receipt

Date Received: ________________________
(If other than date signed)

DATE:____

Print Name:________________________________

Print Address: ______________________________

City, State: ________________________________

____
(Signature of recipient)

Please return signed receipt to Prominent Franchise, LLC,
1201 N. Orange Street
Ste 700
Wilmington, Delaware 19801

EXHIBIT G

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(If other than date signed)

DATE:____

Print Name:________________________________

Print Address: ______________________________

City, State: ________________________________

____
(Signature of recipient)

KEEP FOR YOUR RECORDS