



FRANCHISE DISCLOSURE DOCUMENT

BRIGHTWAY INSURANCE, INC.

a Florida corporation

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The franchisee (which we refer to as an “Associate Agency Owner” or “AAO”) will operate a Brightway Location that will primarily engage in the business of selling, servicing and delivering property and casualty insurance policies, but that may also offer certain other insurance services to its clients. As an AAO, you will enter into a Franchise Agreement with us.

The total investment necessary to begin operation of a single Brightway retail franchise (a “Retail Agency”) is \$88,300 to \$173,500. This includes a \$60,000 initial fee that must be paid to the franchisor or its affiliate(s).

Additionally, we offer franchisees the right to operate a Brightway franchise from a professional office space. The total investment necessary to begin operation of a single Brightway franchise from a professional office space (an “Office Agency”) is \$18,100 to \$82,250. This includes \$5,000 to \$30,000 that must be paid to the franchisor or its affiliate(s).

By purchasing a Retail Agency or Office Agency and meeting certain qualifications, you automatically have the right to open an additional Brightway Location of the same type by executing our form of Option Agreement within the first term of your Franchise Agreement. There is no initial fee associated with the Option Agreement or the additional Franchise Agreement signed in connection with the Option Agreement.

Additionally, we have implemented a Multi-Unit Program for existing, qualified AAOs to enter into an additional Franchise Agreement for up to two additional Brightway Locations and finance the initial fee for such Brightway Locations under our prescribed form of promissory note, with the first payment under the note deferred for a period of five years. If the AAO keeps all of its Brightway Locations open and operating for this five-year period and does not receive a notice of default from us during this timeframe, we will forgive the amounts otherwise due under the initial fee note.

This Disclosure Document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar days before you sign a binding agreement with, or make any payment to, us or our affiliates in connection with the proposed franchise sale. **Note that no governmental agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact our Compliance department at compliance@brightway.com or 904-483-3584.

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

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

There may also be laws on franchising in your state. Ask your state agencies about them. Issuance Date: April 15, 2020 as amended June 18, 2020

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 A includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Brightway Insurance business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchise have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the Table of Contents.

What You Need to Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This Franchise*

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

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

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

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Exhibit C	Sample Termination and Release Agreement
Exhibit D	Table of Contents of Confidential Operating Manual
Exhibit E	List of Brightway Locations and Brightway Locations that Left the System
Exhibit F	National Account Participation Agreement
Exhibit G	State Specific Addenda
Exhibit H	List of State Administrators and Agents for Service of Process
Exhibit I	Multi-Unit Program Agreement
Exhibit J	Option Agreement
Exhibit K	Franchisee Disclosure Questionnaire
Exhibit L	Affidavit Regarding Existing Contractual Obligations
Exhibit M	State Effective Dates Page
Exhibit N	Receipts

CERTAIN STATES REQUIRE FRANCHISORS TO MAKE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION CONTAINED IN THIS DISCLOSURE DOCUMENT. THESE DISCLOSURES, IF ANY, ARE CONTAINED IN EXHIBIT G TO THIS DISCLOSURE DOCUMENT.

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

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

Brightway and Predecessors

Brightway is a Florida corporation formed on August 1, 2003. We were originally incorporated as “Miller Insurance Group, Inc.” and began doing business under the name “Brightway Insurance” in May 2007. In certain states, we may also do business as “Brightway Insurance Agency.” We do not do business under any name other than our corporate name and the names “Brightway Insurance” and “Brightway Insurance Agency.” We began selling franchises in 2008. We officially changed our corporate name to “Brightway Insurance, Inc.” in August 2010.

We have operated a business similar to those being franchised under this Disclosure Document since 2003. In September 2003, we acquired the assets of an insurance agency known as Jennings Insurance Agency, Inc., which was at the time one of the oldest Nationwide Insurance Agencies operating within the State of Florida (in operation since 1961). The office of this agency was located at 9263 Lem Turner Road, Jacksonville, Florida 32208, and this office was closed in September 2013. Our principal place of business and corporate office is now located at 3733 University Boulevard West, Suite 100, Jacksonville, Florida 32217. Our corporate office is located in an 86,000 square foot office building in the heart of Jacksonville, Florida, and also houses our centralized Service Center.

Our registered agent for service of process is listed in Exhibit H. We have offered franchises for businesses similar to the type offered in this Disclosure Document since February 2008. We do not have any predecessors that offered franchises. We have not offered franchises in any other line of business. Our affiliates First City Insurers, LLC (“FCI”), a Florida limited liability company with an address of 3733 University Boulevard West, Suite 300, Jacksonville, Florida 32217, and FCI GA, LLC (“FCI GA”), a Georgia limited liability company with an address of 3733 University Boulevard West, Suite 300, Jacksonville, Florida 32217, are managing general agents that may offer certain brokerage services to our franchisees as well as other third parties. FCI was formed in November 2017 and first began offering services to our franchisees in September 2018. FCI GA was formed in February 2019 and first began offering services to our franchisees in March 2019. FCI and FCI GA have not offered franchises in any line of business. Except as described above, we have no parents, predecessors or affiliates that are required to be disclosed in this Item.

Business - Overview

We have established and have licensed others the right to develop and operate an insurance business that is primarily engaged in the business of offering, selling and servicing property and casualty insurance policies but which also offers other insurance, such as life insurance. In addition to our company-owned location at our corporate office described above, as of December 31, 2019, we had 203 operating franchised Brightway Locations owned by Associate Agency Owners, or AAOs.

As described in more detail below, we have created several programs and opportunities for individuals to enter the Brightway System at the appropriate level and progress at the time that is best for them. These options include: (a) the lower-cost Office Agency franchise model, where one or more individuals operate from a professional office space; (b) our flagship Retail Agency franchise model, where three or more individuals operate from retail office space; and (c) our enterprise franchise models, where existing AAOs participate in our Option Program and/or Multi-Unit Program and operate multiple Brightway Locations. Our goal is to create an ecosystem that allows individuals to start in the right place with the possibility of building an enterprise any size they wish in the future.

Additionally, we pursue relationships with affinity partners to secure additional channels to sell insurance, which will directly benefit our customers as well as our franchisees by providing them with leads or passive income. We may enter into certain national account agreements with affinity partners or others, pursuant to which we will receive insurance sales leads and potential customer information which we may distribute to qualified AAOs who enter into the form of National Account Participation Agreement attached hereto as [Exhibit F](#). As an insurance distribution company with a dedicated Service Center providing support to our customers, we may also pursue other channels of distribution, both branded and unbranded. Other than the franchise and insurance distribution activities described in this Item 1, we currently do not engage in any other lines of business.

The Franchise Offered

Pursuant to this Disclosure Document, we offer you the opportunity to execute a Franchise Agreement, in the form attached as [Exhibit B](#), which allows you to develop and operate a single Brightway Location under certain trade names, trademarks, service marks and/or indicia of origin that we license you the right to use ("Licensed Marks"). Brightway Locations operate according to a distinctive format, appearance and operating procedures. We have described our mandatory and recommended standards and procedures in our Confidential Operating Manual.

We offer franchises for two distinct models – a Brightway Location operated from a retail space (a "Retail Agency") and a Brightway Location operated from a professional office space (an "Office Agency"). We offer two different commission and fee structures for Office Agencies, and you may convert from the lower commission model Office Agency to the higher commission model Office Agency at any time by paying our "Commission Enhancement Fee" and meeting certain quality and performance criteria. These criteria and the Commission Enhancement Fee amount will vary depending on whether you opt into the more favorable commission model at the time of signing your Franchise Agreement, or at any time afterwards. For the purposes of this Disclosure Document, Retail Agencies and Office Agencies are collectively referred to as "Brightway Locations."

Your business will be located at a site approved by us. You may not relocate your business location without our consent, and you may only relocate to a new location approved by us. All of our franchise offerings allow you to begin operating your Brightway Location from a home office for up to ninety (90) days. A Retail Agency may also operate from a professional office space for up to twelve (12) months, after which your Retail Agency must satisfy our then-current minimum staffing requirements and be established in a retail office space. Most frequently, our Retail Agencies are located in retail areas such as strip malls or similar buildings, but may be located in a free-standing building. No later than ninety (90) days after commencing operations, your Office Agency will be located in an approved professional office space.

You are not required to be a licensed insurance agent to acquire a franchise. However, your Brightway Location must at all times be operated under the direct supervision of a licensed insurance agent who you designate as your “Principal.” Your Principal must be licensed by all applicable governmental and other regulatory authorities, successfully complete our required training and be approved in writing by us. Our grant of a franchise to you authorizes you to access the services provided by us, including access to the insurance carriers and other companies with which we have active contracts (“Contracted Companies”). We will, at our sole discretion and with our Contracted Companies’ approval, determine which Contracted Companies you may use, as well as which lines of insurance business and specific policy types you may sell with such Contracted Companies. The primary service which will be offered by you will be property and casualty insurance. However, we may authorize you to offer other products or services, including other types of insurance and other products and services geared around protecting families.

You are required to process all applications for insurance policies and other products exclusively through the facilities and systems of Brightway. Brightway, and not you, will be the “agent of record” for all policies sold, renewed, serviced or delivered through your Brightway Location. As compensation for your efforts, we will pay you a percentage of the sales commissions we receive from the Contracted Companies on client accounts you generate. Unlike a traditional franchise in which the franchisee generally pays the franchisor a monthly royalty fee based upon the franchisee’s gross sales, all “Brightway Sales Commissions” are paid directly to us by the Contracted Companies and we, in turn, forward you a certain percentage of these commissions on a semi-monthly basis, as described in more detail in Item 6.

Our primary goal is to provide our AAOs with a “turn-key” solution for marketing property and casualty insurance. Our built-in efficiencies allow our AAOs to produce greater sales with less staff than a traditional insurance agency. We accomplish this by linking our AAOs’ offices to our Service Center for comprehensive after-the-sale customer support. In addition, our AAOs are required to follow “Brightway Technology Specifications,” which incorporate technology solutions that enable seamless interface, along with agency coaching systems that provide improved work-flows and efficiencies. Perhaps the greatest help in lowering the threshold for entry into the insurance business is the unique way we simplify the operation and daily management of a Brightway Location. To increase productivity in the Brightway Location, we perform essentially all of the after-the-sale service the AAOs’ client accounts require at our centralized customer Service Center. Taking this ongoing service burden away from the Brightway Location makes opening and managing a successful insurance agency easier. Further, we provide certain other “back-office” support to the Brightway Location, including but not limited to accounting, data analytics, marketing, communications, website and social media, sales expertise, training, telephony and IT infrastructure, and systems. This comprehensive system of business support is what separates us from the rest and what defines the “Brightway System” (also referred to as the “System” in this Disclosure Document).

We also provide AAOs with the ability to build a true enterprise and operate multiple Brightway Locations, leveraging individual economies of scale, expanding geographically into different states and sharing work across Brightway Locations. Our two enterprise opportunities are the Option Agreement and the Multi-Unit Program.

Option Agreement

We offer an option (the “Option”) for existing AAOs that qualify by reaching certain performance benchmarks to acquire an additional Brightway Location of the same type (the “Option Location”) by executing the Option Agreement attached to this Disclosure Document as Exhibit J. If you operate an Office Agency, any Option

Location you open in connection therewith have the same commission structure as the existing Brightway Location. The operation of the Option Location shall be governed by our then-current form of Franchise Agreement (the "Additional Franchise Agreement"), the terms of which may materially differ from the terms of your first Franchise Agreement. There is no fee associated with the Option and no initial franchise fee shall be due and payable under the Additional Franchise Agreement.

The Option period begins on the date you execute your initial Franchise Agreement and must be exercised on or before the expiration of the initial term of the initial Franchise Agreement. The Option shall automatically expire upon the termination or expiration of the initial Franchise Agreement. In order to exercise the Option, you must meet any performance benchmarks defined by us, not have received a default notice from us with respect to your initial Brightway Location, and you must execute our then-current form of Franchise Agreement for both your initial Brightway Location and the Option Location.

Multi-Unit Program

Additionally, we have implemented a Multi-Unit Program for existing Brightway Locations. AAOs qualify by reaching certain performance benchmarks to enter into an additional Franchise Agreement for up to two Brightway Locations of the same type and finance the initial fee for such Brightway Locations under our prescribed form of promissory note, with the first payment due under the note deferred for a period of five years. If you keep all of your Brightway Locations open and operating for this five-year period and do not receive a default notice from us during this timeframe, we will forgive the amounts otherwise due under the initial fee note. You must execute the Multi-Unit Program Agreement attached as Exhibit I at the same time you execute our then-current form of Franchise Agreement for the first additional Brightway Location. You must also execute our then-current form of Franchise Agreement for your initial Brightway Location at the same time you sign the Multi-Unit Program Agreement. The additional Franchise Agreements may be in a form that is different to the form of Franchise Agreement attached to this Disclosure Document.

Market and Competition

The market for your services will be the general public. The market for insurance agencies is competitive and developed. Agencies that are operated by Brightway and by other franchisees, including those developed in the future, may have an effect on the sales of your Brightway Location. You will also be competing with other independent and captive insurance agencies that offer the same types of products and services that you do. These agencies may be associated with national or regional insurance companies (franchised or not) or they may be local, single agency locations. You will also compete with other insurance agencies that offer products different than those offered by Brightway.

Your competitive advantage in the marketplace will also be based on your adherence to our processes, standards and guidelines, as well as your entrepreneurial and managerial abilities and focus on building relationships with referral sources and others in your community, along with your ability to meet individual customer's needs for insurance protection. The ability of each Brightway Location to compete also depends on its location, service, employee attitudes, overhead, changing local market and economic conditions, and many other factors both within and outside your control.

Industry Specific Laws

The insurance industry is regulated at the state level, and you will be subject to all licensure and other laws and regulations applicable to the operation of an insurance agency. You will also be subject to certain

minimum continuing education requirements specified by such laws and regulations. In addition, there are other local, state and federal laws and regulations applicable to businesses generally with which you must comply, including zoning laws, labor laws and the Fair Labor Standards Act, workers' compensation laws, business licensing laws, tax regulations, anti-terrorism laws, and the Americans with Disabilities Act. You must also obtain all real estate permits and licenses and operational licenses necessary to operate the Brightway Location.

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

ITEM 2:
BUSINESS EXPERIENCE

Executive Chairman and Director: David C. Miller

Mr. Miller, one of our co-founders, has served as Executive Chairman of Brightway since August 2017 and prior to that served as Chairman of Brightway from December 2013 to August 2017. He has also served on our Board of Directors since our inception in August 2003. Mr. Miller also served as the President of Brightway until October 2013, and the CEO of Brightway until December 2013.

Chairman, President and CEO: Michael A. Miller

Mr. Miller, one of our co-founders and David Miller's brother, was named CEO in August 2017 and added the title of President in January 2020. Mr. Miller has served as the Chairman of Brightway since August 2017, and prior to that served as Vice Chairman of Brightway from November 2012 to August 2017. Mr. Miller previously served as Chief Operations Officer and Vice President of Brightway. He has also served on our Board of Directors starting in November 2003. He originally joined Brightway in October 2003 as a Sales Representative.

Chief Financial Officer: Robert Taylor

Mr. Taylor has served as our Chief Financial Officer since May 2013.

Chief of Staff: Leslie Wright

Ms. Wright has served as our Chief of Staff since January 2020, after serving as our Vice President of Agency Growth and Development from November 2018 to January 2020. Ms. Wright previously served as our Vice President of Marketing and Communications from September 2015 to November 2018, and our Assistant Vice President of Brand and Communications from March 2014 to September 2015.

Chief Technology Officer: Bob Hitchcock

Mr. Hitchcock has served as our Chief Technology Officer since June 2019. Prior to this, Mr. Hitchcock was the Chief Technology Officer for Fanatics.com in Jacksonville, Florida, from April 2012 to May 2019.

Vice President of Customer Experience: Kristine Azar

Ms. Azar has served as our Vice President of Customer Experience since August 2015. Prior to this position, Ms. Azar served as Vice President of Underwriting and Service Operations at Kemper Preferred in Jacksonville, Florida, from March 2014 to August 2015.

Vice President of Sales: Chip Hyers

Mr. Hyers has served as our Vice President of Sales since January 2020, and previously served as our Director of Sales from November 2019 to January 2020. Mr. Hyers was the Senior Director of U.S. Sales and Operations for Designs for Health in Palm Coast, Florida, from October 2018 to October 2019. Prior to that, Mr. Hyers held various positions (primarily the Director of Sales and Operations) for Smart Pharmacy in Jacksonville, Florida, from May 2012 to October 2018.

Vice President of Accounting: Jessalyn Spendley

Ms. Spendley has served as our Vice President of Accounting since December 2019, and previously served as our Director of Accounting from November 2010 to December 2019.

Director of Compliance: LeAnne M. Martinez

Ms. Martinez has served as our Director of Compliance since September 2014.

General Counsel: Max Staplin

Mr. Staplin has served as our General Counsel since January 2019. Previously, Mr. Staplin served as CFO and In-house Counsel of DEWMRAX, Inc. in Philadelphia, Pennsylvania, from October 2017 to December 2018. Prior to that, Mr. Staplin was an Associate at Fisher Zucker LLC in Philadelphia, Pennsylvania, from August 2011 to October 2017.

**ITEM 3:
LITIGATION****Concluded Litigation**

Eurohold Investments, LLC, Peter Linke and Eva Linke v. Brightway Insurance, Inc. et al. (Case No. 3:19-cv-528-J-34JBT, United States District Court for the Middle District of Florida). In May 2019, one of our franchisees filed a complaint against us, our affiliate, and two of our principals regarding an addendum permitting the franchisee to offer additional types of insurance. The claims asserted include breach of contract, violation of the Texas Deceptive Trade Practices Consumer Protection Act, violation of the Florida Deceptive and Unfair Trade Practices Act, violation of the Texas Business Opportunity Act, fraudulent inducement and fraud, and negligent misrepresentation. The parties amicably resolved this matter following mediation. Under the terms of the settlement, we paid certain monetary consideration to the franchisee in exchange for dismissal of all claims with prejudice and the franchisee's execution of a new Franchise Agreement and addendum for a full five-year term.

Franchisor-Initiated Collection Action under Initial Fee Note

Brightway Insurance, Inc. v. Gordon Family Insurance Company, LLC, Jonathan Gordon, and Samantha Gordon, No. 16-2020-CA-001002-XXXX-MA (County Court, Fourth Judicial Circuit, Duval County, Florida)

Other than this action, no litigation must be disclosed in this Item.

**ITEM 4:
BANKRUPTCY**

No bankruptcy information must be disclosed in this Item.

**ITEM 5:
INITIAL FEES****Initial Fee**

The initial franchise fee for a Retail Agency is \$60,000. The initial franchise fee for an Office Agency is \$5,000 (each of the foregoing, the "Initial Fee"). The Initial Fee is payable to us in full on the date you sign the Franchise Agreement, unless you qualify for financing as described in more detail in Item 10 of this Disclosure Document. If you are a veteran, your Initial Fee will be discounted by 10%. The Initial Fee will not be refundable under any circumstances and is deemed fully earned upon payment in consideration of administrative costs and other expenses incurred by us in granting the franchise to you and our lost opportunity to franchise others.

Commission Enhancement Fee

We offer qualified Office Agency AAOs the opportunity to opt into an alternative commission fee structure for all revenue derived from the sale of New Business. If you choose to opt into this alternative fee structure, we will pay you 80% of the sales commissions we receive in connection with your sale of New Business. AAOs that opt into this fee structure contemporaneously with the execution of a Franchise Agreement will be eligible for a reduced "Commission Enhancement Fee" of \$25,000. If you choose to opt into this fee structure at any time after executing the Franchise Agreement, the Commission Enhancement Fee is \$40,000, and you must satisfy our then-current minimum qualifications for eligibility. We do not currently permit AAOs to convert an existing Office Agency into a Retail Agency.

Option Agreement

We offer existing, qualified AAOs an Option to open an additional Brightway Location of the same type currently operated by executing the Option Agreement attached to this Disclosure Document as Exhibit J. There is no fee associated with the Option and no initial franchise fee shall be due and payable under the Additional Franchise Agreement for the Option Location.

Multi-Unit Program

Additionally, we have implemented a Multi-Unit Program. Under the Multi-Unit Program, if you are an existing, qualified AAO who meets certain performance benchmarks, you will have the option to enter into a Franchise Agreement for up to two additional Brightway Locations. The initial franchise fee for both locations will be a total of (i) \$60,000 to open two additional Retail Agencies, or (ii) \$5,000 to \$30,000 to open two additional Office Agencies ("Multi-Unit Fee"). The Multi-Unit Fee for the option to open two additional Office Agencies

will vary based solely on your current commission fee structure. If you have paid the Commission Enhancement Fee at any time before entering into a Multi-Unit Program Agreement, the Multi-Unit Fee will be \$30,000 and your two additional locations will be eligible for the more favorable retained commission split. Otherwise, the Multi-Unit Fee will be \$5,000 and you will be required to separately pay a Commission Enhancement Fee for each additional location if you later choose to opt into the enhanced commission split structure. You may finance the Multi-Unit Fee under our prescribed form of promissory note, with the first payment due under the note deferred for a period of five years. If you keep all of your Brightway Locations open and operating for this five-year period and do not receive a default notice from us during this timeframe, we will forgive the amounts otherwise due under the initial fee note.

ITEM 6:
OTHER FEES

Our System is unlike traditional franchises, where all fees are paid by the franchisee to the franchisor. As described below, all commission income from the Contracted Companies is paid directly to us, and we then pay a portion of these commissions to our AAOs as compensation. The following table, together with its footnotes, describes such compensation and also lists the fees and other expenses you are required to pay to us.

Type of Fee (1)	Amount	Due Date	Remarks
Sales Commissions Retained – New Business	Retail Agency: 15% of Brightway Sales Commissions on New Business. Office Agency (Commission Enhancement): 20% of Brightway Sales Commissions on New Business. Office Agency (no Commission Enhancement): 40% of Brightway Sales Commissions on New Business.	On or about the 7 th and 21 st day of each month	See Note 2. Additionally, Retail Agencies that qualify for participation in the "Horizons" incentive program can retain up to 100% of Brightway Sales Commissions for New Business.

TYPE OF FEE (1)	AMOUNT	DU DATE	REMARKS
Sales Commissions Retained – Renewal Business	Retail Agency: 45% of Brightway Sales Commissions on Renewal Business. Office Agency: 50% of Brightway Sales Commissions on Renewal Business.	On or about the 7 th and 21 st day of each month	See Note 2.
Commission Enhancement Fee	\$25,000 or \$40,000	At time of signing the Franchise Agreement, or at any time during the initial or any renewal term, after we have determined you meet our then-current criteria	Any AAO entering into a Franchise Agreement to operate an Office Agency may, contemporaneously with the execution of the Franchise Agreement, choose to pay a Commission Enhancement Fee of \$25,000 and receive the benefit of the "Enhanced" Brightway Sales Commission on New Business described above in this chart. If an Office Agency AAO elects not to pay the Commission Enhancement Fee at the time the Franchise Agreement is executed, subsequently any qualified AAOs which operate an Office Agency in good standing, have a book of business equal to or greater than \$750,000, and have met our then-current quality criteria will have the option to pay a Commission Enhancement Fee of \$40,000 and receive the benefit of the "Enhanced" Brightway Sales Commission on New Business.
AAO Shared Expenses	Pro-rata portion of expenses borne by Brightway which relate to your business	On or about the 7 th and 21 st day of each month	See Note 3.
Post-Term Extended Earnings	Variable	Paid over 24 months following expiration and non-renewal of Franchise Agreement, under certain circumstances unless waived by you	See Notes 4 and 5.
Other Advertising and Marketing Programs; Cooperative	Reasonable cost	As incurred	See Note 6.

TYPE OF FEE (1)	AMOUNT	DU DATE	REMARKS
Advertising			
Costs and Attorneys' Fees Associated with Enforcement or Collection	Our costs and expenses	As incurred	See Note 7.
Indemnification	The losses and expenses incurred by us and our affiliates	As incurred	See Note 8.
Transfer Fee – Majority Interest	Our Initial Fee in effect as of the date of transfer For an AAO owning multiple Brightway Locations, our Initial Fee for the first two Brightway Locations plus \$10,000 per Brightway Location number three and up	Prior to consummation of transfer	Payable by transferee in the event of a transfer of the Brightway Location to a third party, a transfer of a majority of equity interests (51% or greater) in AAO, or a transfer that results in a change of the controlling equity interest in the AAO entity. See Note 5.
Transfer Fee – Minority Interest	\$2,500	Prior to consummation of transfer	Payable by transferee in the event of a transfer of a minority share of equity interests in AAO, or for transfers that meet the following criteria: (a) the transfer involves a minority owner of the AAO purchasing the equity interests of the majority owner of the AAO; (b) the minority owner was a producer of the Brightway Location for at least five years preceding the transfer; and (iii) the AAO must have paid a full lump sum Initial Fee to Brightway in connection with the original purchase of the Brightway Location. See Note 5.
Insurance	Premium cost plus administrative costs of 18%	As incurred	If you fail to comply with the minimum insurance requirements set forth in the Franchise Agreement, we have the right to obtain such insurance and you must pay us the premium cost and administrative costs of 18% in connection with our obtaining the insurance.
Supplier/Product Evaluation	Brightway's testing costs	As incurred	We provide information about approved suppliers that you and your staff must use in operating your Brightway Location. If we incur any costs in connection with evaluating an unapproved supplier at your request, you or the supplier must reimburse us for our reasonable costs, regardless of whether we subsequently approve the supplier.

TYPE OF FEE (1)	AMOUNT	DU DATE	REMARKS
Financial Records and Reports	Cost of preparing required financial reports	As required by us	You must provide us with the type of financial reports that we require.
New Hire Fee	\$100 per person new hire fee, plus your costs	Upon hiring additional personnel	See Note 9.
Taxes	Amount of tax	As incurred	You are required to pay when due any and all federal, state and local taxes levied or assessed with respect to the operation of your Brightway Location. You agree to indemnify us in the event that we are held responsible for these taxes.
Bad/No Email Address Fee	\$5 per customer per year	Imposed monthly	You are required to pay a \$5 annual fee for any of your customers that do not have an email address or have an invalid email address in our Agency Management System. This fee offsets our costs of sending physical mail to these customers because we cannot reach them via email.
FCI Commission	Varies	As incurred	As noted in Item 1, our affiliates FCI and FCI GA may provide certain managing general agent services when our agents elect to bind coverage with non-admitted carriers that have a relationship with FCI or FCI GA. In doing so, FCI will retain a portion of commissions, as is standard for all managing general agents.

NOTES

- (1) Unless otherwise noted, all fees are uniformly imposed by and payable to us and are non-refundable.
- (2) All client accounts generated by your Brightway Location are our exclusive property, and all funds, correspondence, notices and other communications relating to such client accounts must be forwarded to us. We are the "Agent of Record" with the Contracted Companies on all such client accounts. Accordingly, all sales commissions paid by the Contracted Companies are paid directly to us, and not to you. On or about the 7th and 21st day of each month, we will pay you (via electronic funds transfer to an account you specify in the Electronic Funds Withdrawal and Deposit Authorization attached to the Franchise Agreement) a percentage of the sales commissions we receive from the Contracted Companies on the client accounts you generate, and we will retain the remainder.

For a Retail Agency, on New Business, we will pay you 85% of the sales commissions we receive, and we will retain 15%. On Renewal Business we will pay you 55% of the sales commissions we receive, and we will retain 45%. As noted above, Retail Agencies that qualify for participation in the "Horizons" incentive program can earn up to 100% of the sales commissions we receive for New Business.

For an Office Agency, we will pay you either 60% or 80% of the sales commissions we receive, and we will retain the remaining 40% or 20%, as applicable. The amount of sales commission we retain will

depend solely on whether you have paid the Commission Enhancement Fee. On Renewal Business we will pay you 50% of the sales commissions we receive, and we will retain the other 50%.

“New Business” shall mean the first term of a policy which is sold in connection with your Brightway Location and “Renewal Business” shall mean all subsequent/renewal terms of a policy which are sold in connection with your Brightway Location. The Brightway Sales Commissions payable in connection with all sales made pursuant to a National Account Participation Agreement shall be governed by the terms of that agreement.

- (3) We will deduct from the payments we make to you the expenses borne or paid by us which relate to the conduct of your business, as well as any additional costs we designate in the Confidential Operating Manual (the “AAO Shared Expenses”). Examples of AAO Shared Expenses include one-time carrier appointment fees, recurring software license fees, and Errors and Omissions premiums. The majority of the AAO Shared Expenses represent pass-through charges from third parties, and we do not collect any administration fees for the processing of the charges. However, we may collect interest if you elect to participate in voluntary financing programs that we offer for your Errors and Omissions premium or certain technology expenses. The AAO Shared Expenses will change from time to time and are set forth in the Confidential Operating Manual. Your portion of these costs and expenses shall be determined by us in good faith, and such determination may be based, solely or partially, upon the expenses we incur or the then-current fair market value of the items provided to you. At our discretion, we are also permitted to deduct from the payments we make to you: (a) the costs and expenses incurred by us (including, but not limited to, our reasonable labor and administrative costs) as a result of your failure to conduct your Brightway Location in compliance with our procedures and standards of operation; and (b) any payments we make in good faith to your vendors or suppliers in order to cure your failure to make such payments on a timely basis.
- (4) In the event you are eligible to renew the Franchise Agreement but elect not to do so, then we will pay you certain post-term compensation in 24 monthly installments via electronic funds transfer, so long as your Brightway Location generated more than \$20,000 in Brightway Sales Commissions paid to you during the most recent twelve full months of operation preceding non-renewal.
- (5) All transfers are subject to our prior consent, and AAOs must meet various conditions in order to obtain our consent. No transfer fee is payable to us by the transferee in the event of a gift transfer where you do not retain any interest in the AAO entity and you waive your rights to the post-termination compensation described in Note 4 above.
- (6) From time to time we may provide you with local advertising and marketing materials at a reasonable price, and we reserve the right to charge a reasonable price for providing these materials. We may require you to participate in such cooperative or other advertising and/or marketing programs as we prescribe from time to time in the Confidential Operating Manual. We do not currently have any cooperative advertising programs; however, in the event created, your contributions shall be capped at 3% of your Brightway Sales Commissions and credited against the Local Advertising Requirement (if imposed). The cooperative may, by the majority vote of its members, require a contribution in excess of the Local Advertising Requirement. Franchisor outlets will not have any voting power regarding fees imposed by franchisee cooperatives.
- (7) If we prevail in any action against you, or if any provision of the Franchise Agreement is enforced at any time by us, or if any amounts due from you to us are, at any time, collected by or through an

attorney or collection agency, you will be liable to us for all costs and expenses of enforcement and collection including, but not limited to, court costs and reasonable attorneys' fees.

- (8) You must indemnify and hold us and our directors, officers, agents, attorneys and shareholders harmless in all actions arising out of or resulting from (a) your breach of the Franchise Agreement; (b) unauthorized use of the Licensed Marks or other proprietary materials; (c) the operation of your Brightway Location; (d) any professional or other negligence; (e) unauthorized transfer; (f) the infringement of any third party intellectual property rights; (g) libel, slander or any other form of defamation of us or our System; or (h) any incident, death, injury or damage to any person or property occurring in, on or about the premises of your Brightway Location.
- (9) We currently charge a fee of \$100 for the training of all new producers for an existing Brightway Location. In addition, you must pay the costs of wages, transportation, lodging and food during such additional training. We may also provide such training at your request, at our sole discretion and subject to our availability.

ITEM 7:
ESTIMATED INITIAL INVESTMENT

A. YOUR ESTIMATED INITIAL INVESTMENT UNDER A SINGLE UNIT FRANCHISE AGREEMENT FOR A RETAIL AGENCY

Type of Expenditure	Amount (1)	Method of Payment (2)	When Due	To Whom Payment is to be Made
Initial Fee (2)(3)	\$60,000	Lump sum	See Items 5 and 10	Brightway
Lease Deposit and First Month's Rent (1)(4)	\$0 to \$5,000	Lump Sum	Upon Signing Lease	Landlord
Leasehold Improvements (4)(5)	\$0 to \$10,000	Periodic Payments	As Arranged	Contractor and Architect
Furniture, Furnishings, and Fixtures (6)	\$0 to \$7,000	As Arranged	As Incurred	Vendors
Equipment (7)	\$2,500 to \$10,000	As Arranged	As Incurred	Vendors
Signage (8)	\$0 to \$12,500	As Arranged	As Incurred	Vendors
Professional Fees (9)	\$500 to \$3,500	As Arranged	Before Opening	Your Attorney, Accountant, and Other Business Advisors
Initial Training Expenses (10)	\$0 to \$4,500	As Arranged	As Incurred	Third Parties
Insurance Policies (11)	\$2,300 to \$5,000	As Arranged	Upon Opening	Third Parties

Type of Expenditure	Amount (1)	Method of Payment (2)	When Due	To Whom Payment is to be Made
Licensing Fees (12)	\$0 to \$1,000	As Arranged	As Incurred	Third Parties
Additional Funds – Six Months (13)	\$23,000 to \$55,000	As Arranged	As Incurred	Vendors, Brightway
TOTAL ESTIMATED INITIAL INVESTMENT (14)	\$88,300 to \$173,500			

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- (1) During your initial term, you may operate your Retail Agency from a home office for up to ninety (90) days immediately after opening and/or from a professional office space for up to twelve (12) months after opening or upon relocating from a home office. After this timeframe, you must operate from an approved retail office space. No later than twelve (12) months after opening, or on the date you move into a retail office space (whichever occurs later), your Brightway Retail Agency must satisfy our minimum staffing requirements or the sales commissions you retain on New Business will be temporarily reduced to the commission percentage applicable to a commission-enhanced Office Agency until you satisfy these requirements. Retail Agencies are typically developed in leased locations located in retail areas such as strip malls or similar buildings, which is reflected in the high-end investment figures used in this Item 7. The low-end investment estimates the pre-opening expense if you choose to solely establish a home office for the initial period of operations. If you plan to develop a free-standing location, the real estate, building and site improvement costs are likely to be significantly higher than what is included in this Item 7.
- (2) Costs paid to us are not refundable. Whether any costs paid to third parties are refundable will vary based on the practice of such third party and the general practice in the area where your Brightway Location is located. Additionally, as described in Item 5, if you enter into and successfully meet certain performance benchmarks under our Multi-Unit Program, we will forgive or waive a certain portion of the Initial Fee. If you enter into our Option Agreement, we will waive the Initial Fee.
- (3) The manner in which the Initial Fee is paid and the circumstances under which the Initial Fee may be reduced are explained in greater detail in Item 5.
- (4) We expect that you will lease the temporary professional office space (if any) and final retail office space for your Brightway Location. A typical retail office will occupy approximately 900 to 1,300 square feet of space. Lease payments will vary considerably depending upon the property size, type of transaction and location. The low-end estimate above assumes that you will operate the Retail Agency from a home office for the initial period of operations, and the high-end estimate above assumes that you will commence operations in a retail space, and that the initial lease deposit for this space will be equal to two months of rent. Lease agreements may also include the following expenses: taxes, insurance, maintenance, fixed rent (with escalations), percentage rent, and other charges related to the operation of the Brightway Location.
- (5) Office build-out expenses can vary widely. Brightway Locations do not require extensive build-out; however, we permit franchisees who wish to do so to spend additional sums on leasehold improvements (though these additional amounts are not incorporated into the estimates above). In

new retail space, you may expect to install carpet, paint, cabling and limited interior walls. There may also be plumbing or electrical costs. You should check with the relevant regulatory agencies to identify costs for required building permits, impact fees, taxes, bonds, licenses and other fees, which can vary dramatically depending on the location. The low-end estimate above assumes that you will commence operations in a home office, and therefore not incur any build-out expenses during the pre-opening period. In some cases, the landlord of an office or retail space may cover some portion of the cost of leasehold improvements.

- (6) You must purchase certain furniture and fixtures in order to operate your Brightway Location from a retail or professional office space. The Brightway Location will require one desk and chair for each person working at the Brightway Location. Other items include desks, guest chairs and miscellaneous reception area and back-office furniture, which currently must be purchased from our required vendor. Certain furniture and fixtures are only required at a retail space, and will not be immediately necessary if you choose to temporarily operate your Brightway Location from a home office and/or professional office space during the initial period of operations. The low-end estimate assumes you are initially operating the Brightway Location from a home office which has adequate work space, and the high-end estimate assumes you will commence operations of your Retail Agency from a retail office space.
- (7) You must obtain certain equipment according to our Brightway Technology Specifications. You are required to maintain one computer (properly configured for use within our System and purchased from our required vendor) for each producer working at the Brightway Location. You will also need a multifunction device that acts as a printer, scanner and copier, headsets, IP Phones, and other miscellaneous equipment. The estimate above includes the cost of each of these items, in addition to monitors, laptop(s), operating software, Internet and other technology setup, and warranty plans for this equipment, as your estimated initial expense. The low-end estimate above assumes you are purchasing a single workstation and multifunction device, and the high-end estimate above assumes you are purchasing workstations and multifunction devices for multiple producers.
- (8) The type of signage to be installed at your retail office space is governed by local ordinances and lease provisions regarding height and size restrictions. The types and amount of signage will vary based on the type of location, landlord requirements, and city/municipality requirements. The low-end estimate above assumes that you will commence operations of your Brightway Location from a home office or professional office space and therefore no signage will be required. All signage must conform to the Brightway System specifications and must be submitted to us for approval prior to purchase and installation. You may be required to use our required vendor for signage. In some cases, the landlord of your retail office space may cover some or all of the cost of any exterior signage.
- (9) These figures represent the estimated costs of engaging an attorney, CPA or other business professionals to review this Disclosure Document and the accompanying agreements, to assist you in organizing a business entity and setting up your books, and to help you obtain required licenses and permits.
- (10) We do not charge you for the initial training program. The new hire set-up fee applicable to any additional trainees will be set forth in our Confidential Operating Manual and is subject to change from time to time at our sole discretion. The initial training program is currently provided online via a web-based or intranet portal, and you may access and attend the initial training program remotely. The low-end estimate assumes you will be attending the initial training program remotely. The high-end

estimate will only be applicable if we require you to attend the initial training program in person, in which case you must pay the costs of transportation, lodging and food for your Principal and other employees during training. The amount of these expenses will depend on the distance you must travel, type of accommodations, the number of your employees attending training and their wages.

- (11) The estimated amount above includes the initial cost of the professional insurance policies that you will need to obtain and maintain according to our standards and specifications. These policies are described in detail in Item 8 and in your Franchise Agreement.
- (12) You are responsible for obtaining certain licenses required by the state in which you are located. The estimate above also includes any initial education costs associated with obtaining your licenses. The low-end estimate assumes that you have insurance experience and already possess the licenses necessary to operate your Brightway Location.
- (13) These figures are an estimate of your operating expenses for the initial six months of business. Both high-end and low-end estimates include rent, taxes, insurance, supplies, utilities, technology costs, licenses and permits, bank charges and repair and maintenance expenses. They also include the costs of an opening advertising program, which will generally consist of primarily grass roots advertising but may involve printing and other costs necessary to generate referral sources. They do not include the portion of commissions withheld by us. The low-end estimate assumes that you will begin operating from a home office, and move into a professional or retail office space before the end of the initial ninety (90) day period. Accordingly, the low-end estimate also includes the cost of a lease deposit, leasehold improvements, furniture, fixture and equipment, and signage that you will incur in connection with that relocation. The low-end estimate also assumes you will not employ any other individuals to work full time writing New Business from your Brightway Location during the additional funds period, and that you will have strong initial sales. The high-end estimate assumes that you will commence operations from a retail office space and employ two other individuals to work full-time writing New Business from your Brightway Location. The high-end estimate also assumes you will have low initial sales. These figures are estimates that we prepared using our internal pro forma statements we provide to franchisees, and do not include any amounts for owner salary. We cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors such as: your decision to operate from a home office and/or professional office space before moving into a retail office space; the size of your Premises; your management skill, experience and business acumen; financing costs; local economic conditions; the local market for insurance products; the prevailing wage rate; competition; and the sales levels reached during the initial period.
- (14) You should review these figures carefully with a business advisor before making any decision to purchase the franchise. We have prepared these estimates based on our years of experience as a franchisor, our experience in operating insurance agencies similar to those that are offered under this Disclosure Document, as well as a survey we recently conducted by asking AAOs that opened within the past two years to share their initial investment costs. Except as expressly indicated otherwise, these estimates cover your initial cash investment to open your business. They do not provide for your cash needs to cover any financing incurred by you or your other expenses. You should not plan to draw income from the operation during the start-up and development stage of your business, the actual duration of which will vary materially from location to location and cannot be predicted by us for your business (and which may extend for longer than the six month "initial phase" described in Note 13). You must have additional sums available, whether in cash or through a bank line of credit or have other assets which you may liquidate or against which you may borrow, to cover other expenses and

any operating losses you may sustain, whether during your start-up and development stage, or beyond. The amount of necessary reserves will vary greatly from franchisee to franchisee and will depend upon many factors, including the rate of growth and success of your business, your ability to operate efficiently and in conformance with our recommended methods of doing business, and competition. Because the exact amount of reserves will vary from operation to operation and cannot be meaningfully estimated by us, we urge you to retain the services of an experienced accountant or financial advisor to develop a business plan and financial projections for your particular operation.

B. YOUR ESTIMATED INITIAL INVESTMENT – OFFICE AGENCY

Type of Expenditure	Amount (1)	Method of Payment (2)	When Due	To Whom Payment is to be Made
Initial Fee (2)(3)	\$5,000	Lump sum	See Items 5 and 10	Brightway
Lease Deposit and First Month's Rent (1)(4)	0 to \$1,000	Lump Sum	Upon Signing Lease	Landlord
Leasehold Improvements (4)(5)	\$0 to \$100	Periodic Payments	As Arranged	Contractor and Architect
Furniture, Furnishings, and Fixtures (6)	\$0 to \$500	As Arranged	As Incurred	Vendors
Equipment (7)	\$2,500 to \$10,000	As Arranged	As Incurred	Vendors
Signage (8)	\$0 to \$150	As Arranged	As Incurred	Vendors
Professional Fees (9)	\$600 to \$3,500	As Arranged	Before Opening	Your Attorney, Accountant, and Other Business Advisors
Initial Training Expenses (10)	\$0 to \$3,000	As Arranged	As Incurred	Third Parties
Insurance Policies (11)	\$0 to \$3,000	As Arranged	Upon Opening	Third Parties
Licensing Fees (12)	\$0 to \$1,000	As Arranged	As Incurred	Third Parties
Commission Enhancement Fee (13)	\$0 to \$25,000	Lump Sum	See Item 5 and 6	Brightway
Additional Funds – Six Months (14)	\$10,000 to \$30,000	As Arranged	As Incurred	Vendors, Brightway
TOTAL ESTIMATED INITIAL INVESTMENT (15)	\$18,100 to \$82,250			

NOTES

- (1) An Office Agency is typically developed and operated from approved leased professional office space. You may operate your Office Agency from a home office space for the first ninety (90) days of operations.
- (2) Costs paid to us are not refundable. Whether any costs paid to third parties are refundable will vary based on the practice of such third party and the general practice in the area where your Brightway Location is located.
- (3) The manner in which the Initial Fee is paid and the circumstances under which the Initial Fee may be reduced are explained in greater detail in Item 5.
- (4) No later than ninety (90) days after commencing operations, we expect that you will lease the professional office space for your Office Agency. A typical Office Agency will occupy approximately 100 to 600 square feet of professional office space. Lease payments will vary considerably depending upon the property size, type of transaction and location. The low-end estimate above assumes that you will not be required to pay any rent because you are (i) the tenant of the professional office space, (ii) your agreement with the tenant of the professional office space does not require you to pay any rent, or (iii) you are operating your Office Agency from a home office space for the initial period of operations. The high-end estimate assumes you will begin operations from a professional office space and includes one month of rent and a lease deposit equal to another month of rent. Lease agreements may also include the following expenses: taxes, insurance, maintenance, fixed rent (with escalations), percentage rent, and other charges related to the operation of the Brightway Location.
- (5) Brightway Office Agencies do not require any specific build-out. The low-end estimate assumes that no buildout is required or you are commencing operations from a home office, and the high-end estimate assumes limited painting or similar costs that you elect to incur.
- (6) You are not required to purchase any specific furniture or fixtures for your Office Agency. The Brightway Location will require one desk and chair for each person working at the Brightway Location, and you may also wish to purchase other desks and guest chairs. The low-end estimate assumes that you will commence operations from a home office, or that your professional office space will already have these items available for you.
- (7) You must obtain certain equipment according to our Brightway Technology Specifications. You are required to maintain one laptop computer (properly configured for use within our System and purchased from our required vendor) for each person working at the Brightway Location. You will also need a multifunction device that acts as a printer, scanner and copier, headsets, IP Phones, and other miscellaneous equipment. The estimate above includes the cost of each of these items, in addition to monitors, laptop(s), operating software, setup, and warranty plans for this equipment, as your estimated initial expense. The low-end estimate above assumes you are purchasing a single workstation and multifunction device, and the high-end estimate above assumes you are purchasing workstations and multifunction devices for multiple producers.
- (8) The Brightway Office Agency does not require the purchase of any signage.
- (9) These figures represent the estimated costs of engaging an attorney, CPA or other business professionals to review this Disclosure Document and the accompanying agreements, to assist you in

organizing a business entity and setting up your books, and to help you obtain required licenses and permits.

- (10) We do not charge you for the initial training program. The new hire set-up fee applicable to any additional trainees will be set forth in our Manual and is subject to change from time to time at our sole discretion. The initial training program is currently provided online via a web-based or intranet portal, and you may access and attend the initial training program remotely. The low-end estimate assumes that you will be attending the initial training program remotely and that no additional trainees incurring a fee will be participating in the initial training program. The high-end estimate will only be applicable if we require you to attend the initial training program in person, in which case you must pay the costs of transportation, lodging and food for your Principal and other employees during training. The amount of these expenses will depend on the distance you must travel, type of accommodations, the number of your employees attending training and their wages.
- (11) The estimated amount above includes the initial cost of the professional insurance policies that you will need to obtain and maintain according to our standards and specifications. These policies are described in detail in Item 8 and in your Franchise Agreement.
- (12) You are responsible for obtaining certain licenses required by the state in which you are located. The estimate above also includes any initial education costs associated with obtaining your licenses. The low-end estimate assumes that you have insurance experience and already possess the licenses necessary to operate your Brightway Location.
- (13) If you choose to opt into the more favorable commission fee split on New Business at the time you enter into the Franchise Agreement for your Office Agency, you will be required to pay us the high-end fee disclosed for this item of \$25,000.
- (14) These figures are an estimate of your operating expenses for the initial six months of business. Both the high-end and low-end estimates include rent, taxes, insurance, supplies, utilities, technology costs, licenses and permits, bank charges and repair and maintenance expenses. They do not include the portion of commissions withheld by us. The low-end estimate assumes that you will begin operating from a home office, and move into a professional office space before the end of the initial ninety (90) day period. Accordingly, the low-end estimate also includes the cost of a lease deposit and certain relocation and technology expenses that you will incur in connection with your move into a professional office space. The low-end estimate also assumes you will not employ any additional individuals, and that you will have strong initial sales. The high-end estimate assumes that you will commence operations from a professional office space, and will employ one other individual to work full-time writing New Business from your Brightway Location. The high-end estimate also assumes you will have low initial sales. These figures are estimates that we prepared using our internal pro forma statements we provide to franchisees, and do not include any amounts for owner salary. We cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors such as: your decision to operate from a home office before moving into a professional office space; the size of your Premises; your management skill, experience and business acumen; financing costs; local economic conditions; the local market for insurance products; the prevailing wage rate; competition; and the sales levels reached during the initial period.
- (15) You should review these figures carefully with a business advisor before making any decision to purchase the franchise. We have prepared these estimates based on our years of experience as a franchisor, the costs incurred by our first Office Agencies (which is a limited sample size as the Office

Agency program was launched in early 2019), and our general knowledge of the insurance industry. Except as expressly indicated otherwise, these estimates cover your initial cash investment to open your business. They do not provide for your cash needs to cover any financing incurred by you or your other expenses. You should not plan to draw income from the operation during the start-up and development stage of your business, the actual duration of which will vary materially from location to location and cannot be predicted by us for your business (and which may extend for longer than the six month "initial phase" described in Note 13). You must have additional sums available, whether in cash or through a bank line of credit or have other assets which you may liquidate or against which you may borrow, to cover other expenses and any operating losses you may sustain, whether during your start-up and development stage, or beyond. The amount of necessary reserves will vary greatly from franchisee to franchisee and will depend upon many factors, including the rate of growth and success of your business, your ability to operate efficiently and in conformance with our recommended methods of doing business, and competition. Because the exact amount of reserves will vary from operation to operation and cannot be meaningfully estimated by us, we urge you to retain the services of an experienced accountant or financial advisor to develop a business plan and financial projections for your particular operation.

**ITEM 8:
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

To protect the reputation and goodwill of the Brightway System, and to maintain standards of operation under the Licensed Marks, you must operate your Brightway Location in strict conformance with our methods, standards, and specifications which we prescribe in our Confidential Operating Manual and various other confidential manuals and writings prepared for use by you in operating a Brightway Location (collectively, the "Manual"), which we may change at our sole discretion. When any provision in the Franchise Agreement requires that you comply with any standard, specification or requirement of Brightway, unless otherwise indicated, such standard, specification or requirement shall be such as is set forth in the Franchise Agreement or the Manual.

Approved Insurance Products and Services

You may only offer and sell insurance policies written by the Contracted Companies through us. We reserve the right to change the Contracted Companies at any time. You are not permitted to be licensed as an agent, solicitor, representative or broker for any insurance company or business other than Brightway and the Contracted Companies unless authorized by us in writing. We will, at our sole discretion and with our Contracted Companies' approval, determine which Contracted Companies you may use, as well as which lines of insurance and specific policy types you may sell with such Contracted Companies. Upon request, we will provide you with a list of the Contracted Companies. We will negotiate all contracts with the Contracted Companies, including the compensation paid by them for the sale, renewal, service or delivery of policies. The primary service which will be offered by you will be property and casualty insurance. However, we may authorize you to offer other services such as life insurance. You are not permitted to conduct any business with regard to any type of insurance that has not been approved by us, or for which you are not licensed by the appropriate insurance, securities or other regulatory authorities. Additionally, you are not permitted to conduct any business of any kind other than your Brightway Location business, either from the Brightway Location or through the corporate entity that owns and operates the franchise.

Lease and Leasehold Improvements

We expect that you will lease the location for your Brightway Location. A typical Retail Agency will occupy approximately 900 to 1,300 square feet of retail space. A typical Office Agency will occupy approximately 100 to 600 square feet of professional office space.

We must approve your location and lease terms before you sign a lease for a location. If you choose to operate your Retail Agency from a professional office space before establishing your permanent retail office location, you may be required to separately obtain our approval of the location and lease terms before signing a lease for each location. Our approval of any relocation, including a relocation from a professional office space to retail office space, will be conditioned on your satisfaction of our minimum staffing requirements. We will condition our approval of your lease upon, among other conditions, you and your landlord's signing of our Collateral Assignment of Lease, where your landlord grants us the right to assume your rights and obligations under the lease in the event that you breach your lease, or your Franchise Agreement is terminated or expires.

You are not permitted to relocate your Brightway Location without our prior written consent. If, for any reason, you cannot continue to occupy the premises during the term of your Franchise Agreement, you must notify us of your intention to relocate at least 90 days prior to closing operations at the existing premises and be open for business at a new mutually agreed-upon location within 30 days of closing business at the existing premises. If you are relocating from a home office to a professional office space, or from a professional office space to a retail office space, you must continually operate the Brightway Location without disruption at all times before, during and after the relocation.

The Brightway Location shall conform to our standards and specifications for appearance, layout and design. Brightway Locations do not require extensive build-out. For Retail Agencies, you may expect to install carpet, paint and limited interior walls. You must also submit all preliminary and final plans and specifications to us for approval, and you may not make material modifications to the approved plans without our consent. You may not open your Brightway Location until construction of your premises is completed in accordance with the approved site and building plans, and we have provided you with authorization to open.

Furniture, Fixtures, Equipment and Signage

You are required to purchase, install and maintain all furnishings, fixtures, equipment and signage as we deem necessary and appropriate for your business, as specified in the Manual, which may include requirements that you purchase certain items only from designated suppliers, including us, our affiliates, and/or third parties. We may negotiate volume purchase agreements with some vendors for the purchase of equipment needed to operate your business.

Currently, we require that Retail Agencies have desks, guest chairs and miscellaneous reception area and back-office furniture purchased from our required supplier.

You are required to acquire and utilize the telephone system that we designate. The system currently must be purchased from and installed by our required vendor. You also must use designated fax lines (which may be Internet-based) in connection with the operation of your Brightway Location.

In addition to the telephone system and fax lines, you must purchase additional products and services, which may include certain signs, electronic documentation services, furnishings, supplies, fixtures, computer hardware and software, technology services and other products and services from Brightway or designated or

required vendors as we may specify in the Manual or otherwise in writing. We or our affiliates may be one of several or the only approved supplier of any item.

Currently, we are the sole approved supplier of certain proprietary software programs that you will use in conjunction with certain approved third party provided software programs to facilitate the sales process. The fee for these programs will be included as an AAO Shared Expense, as described in more detail in Item 6. Except for these proprietary software programs, neither we nor our affiliates are the approved supplier of any items. However, should you choose to write business through certain non-admitted carriers, our affiliates FCI and FCI GA may be the only managing general agent through which you can write policies on behalf of those specific carriers. With that being said, we do not require you to write policies with any specific carriers, so you will not be required to use FCI or FCI GA.

Apart from such specified products and services, all other furnishings, fixtures, finishes, equipment, signage and supplies for your business may be selected by you, and purchased from vendors you choose, so long as they are compatible with our established computer and other systems and meet our quality standards and minimum equipment specifications set forth in the Manual. Upon our request, you must promptly acquire, install, update or replace any furnishings, equipment, including the telephone system or any computer hardware or software, designated by us for use pursuant to the Brightway System and the Brightway Technology Specifications.

As described in Item 6, we will charge you for your portion of certain AAO Shared Expenses. Your portion of such expenses will be determined by us in good faith, and such determination may be based, solely or partially, upon the costs we incur or the then-current fair market value of the items we provide to you (and therefore may be in excess of the costs actually incurred by us on your behalf). In the event the total amount of AAO Shared Expenses we deduct on behalf of our AAOs exceeds our expenses for a given year, we will contribute the excess to our "Horizons" incentive program, through which AAOs are able to retain a higher percentage of Brightway Sales Commissions for New Business.

In the event you wish to purchase any approved items from an unapproved supplier, you must provide us with the name, address and telephone number of the proposed supplier, a description of the item you wish to purchase, and the purchase price of the item, if known. If we incur any costs in connection with evaluating an unapproved item or supplier at your request, you or the supplier must reimburse us for our reasonable testing costs, regardless of whether we subsequently approve the item or supplier. We will notify you of approval or disapproval within 15 business days of receiving all requested information, and failure to provide notice during this timeframe will be deemed a disapproval. We are not required to approve any particular supplier. We may revoke our approval of particular items or suppliers when we determine, at our sole discretion, that such items or suppliers no longer meet our standards. Upon receipt of written notice of such revocation, you must cease purchasing items from such supplier. You must use items purchased from approved suppliers solely in connection with the operation of your Brightway Location and not for any competitive business purpose.

Insurance

You must maintain in full force and effect the types of insurance that you determine are necessary or appropriate for the operation of your business, which shall include, at a minimum, insurance policies of the kinds and in the amounts required by us. The Franchise Agreement currently requires you to obtain and maintain in full force and effect: (a) a standard Business Owners Policy providing coverage for your place of business with liability limits of not less than \$1,000,000/\$1,000,000; (b) a Workers Compensation Policy with liability limits of not less than \$500,000/\$500,000; (c) an Employment Practices Liability Policy providing

coverage for your entity with liability limits of not less than \$500,000/\$500,000; and (d) any other types of policies that we determine are necessary for the operation of a Brightway Location, as communicated in the Manual or otherwise in writing. We do not designate the insurance carriers you must use for these purposes. You also must carry such insurance as may be required by your lease or by any of your lenders or equipment lessors. You must maintain these insurance levels throughout the term of your Franchise Agreement.

You must add us and our designees or assignees to all insurance contracts as additional insureds under the insurance policies, the cost of which will be paid by you. The types and amounts of insurance you are required to obtain and maintain may be modified by amendments to the Manual, or otherwise in writing by us. You must promptly provide us with all of your certificates of insurance, each of which must state that the policy will not be cancelled or materially altered without at least 30 days' prior written notice to us. If you fail to comply with our minimum insurance requirements, we have the right to obtain such insurance and keep the same in force and effect. You must pay us, on demand, the premium cost of this insurance, as well as administrative costs of 18% in connection with us obtaining the insurance.

Subject to the prior approval of our carrier, we will endorse our Errors and Omissions insurance policy to provide Errors and Omissions insurance coverage for you. We will calculate your share of our Errors and Omissions insurance policy premium in a fair and reasonable manner and will deduct such amount from the compensation you are to receive from us. You may be required to participate in Errors and Omissions loss control seminars from time to time at our request. In the event you fail to participate in such seminars, you may be assessed an additional amount for Errors and Omissions coverage. You will be responsible for the payment of all deductibles or other settlement costs payable on claims against you or any of your officers, directors, shareholders, employees or independent contractors.

Advertising

You may not use our trade name, trademarks or other intellectual property in any advertising or promotional materials or literature without our prior consent. You must submit to us for approval samples of all advertising to be used by you which has not been prepared or previously approved by us. You may use only business stationery, business cards, printed materials or forms which have been approved in advance by us. You may not employ any person to act as your representative in connection with local promotion of your business in any public media without our prior approval. At your expense, you must: (a) obtain listings of your business in appropriate business directories and publications (both Internet and non-Internet based), and engage in appropriate Internet strategies designed to drive business to your Brightway Location, all as specified from time to time by us; and (b) obtain and maintain any special promotional materials of the kind and size as we may from time to time require for comparable Brightway Locations.

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

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

Computer Hardware and Software

You must engage our required vendor to obtain and install computer hardware, required dedicated telephone lines, a high speed Internet connection, modems, printers, and other computer-related accessories or peripheral equipment as we may specify in the Manual or otherwise in writing from time to time. You must utilize any software programs, system documentation manuals, and other technology as outlined in the Brightway Technology Specifications, and other proprietary materials provided by us in connection with the operation of your Brightway Location. You must input and maintain in your computer the software programs, data and information as we prescribe.

You shall have the sole and complete responsibility for: (a) the acquisition, operation, maintenance, and upgrading of any computer hardware and software used in connection with the operation of your Brightway Location; and (b) any and all consequences that may arise if the computer hardware and software is not properly maintained, operated, and upgraded. We have the right to require you to enter into a separate maintenance agreement for computer hardware and software. Upon our request, you must promptly acquire, install, update or replace any computer hardware and software designated by us for use pursuant to the Brightway System or the Brightway Technology Specifications.

General

As we determine client preferences and trends in the marketplace, or develop new marketing techniques, technologies, products and services, we anticipate that we will formulate and modify our standards and specifications as we consider appropriate and useful, and notify you through amendments to the Manual, articles, newsletters, or other bulletins.

Except as specifically noted above, we and our affiliates are not suppliers for any of the goods or services you must acquire. Our affiliates FCI and FCI GA are managing general agents that may provide certain brokerage services to franchisees and retain an industry-standard share of commissions. If you elect to engage a managing general agent, FCI or FCI GA may be the only available option for writing policies with certain non-admitted carriers. However, we do not require you to write policies with any specific carriers, so you will not be required to use FCI or FCI GA. None of our officers currently own an interest in any other approved suppliers.

At the present time, we do not receive rebates or any material benefits from any supplier for the purchase of goods or services by you or other franchisees, though we may receive certain benefits from contingency programs implemented by Contracted Companies (who are not suppliers). You will not receive any material benefit from purchasing from approved or designated suppliers, though you may receive certain benefits from contingency programs implemented by Contracted Companies, as we determine in our sole discretion. There are currently no purchasing or distribution cooperatives.

During the fiscal year ended December 31, 2019, we derived \$53,294 from required franchisee purchases or leases, which represents 0.16% of our total revenues of \$33,112,802.

We estimate that the purchase of goods and services that are subject to our standards and specifications represents approximately 75% of all purchases and leases necessary to open your Brightway Location as a Retail Agency, and approximately 40% of your annual costs of goods and services necessary to operate your Brightway Location as a Retail Agency on an ongoing basis.

We estimate that the purchase of goods and services that are subject to our standards and specifications represents approximately 40% of all purchases and leases necessary to open your Brightway Location as an Office Agency, and approximately 40% of your annual costs of goods and services necessary to operate your Brightway Location as an Office Agency on an ongoing basis.

ITEM 9:
FRANCHISEE'S OBLIGATIONS

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

OBLIGATION		SECTION IN FRANCHISE AGREEMENT	SECTION IN MULTI-UNIT PROGRAM AGREEMENT/ OPTION AGREEMENT	DISCLOSURE DOCUMENT ITEM
a.	Site selection and acquisition/lease	Sections 5(a)(i) and 6(a)(i)-(iv), Exhibits 3 and 5	Not Applicable Not Applicable	Items 7 and 11
b.	Pre-opening purchases/leases	Sections 5(a)(ii), 5(a)(v), and 6(a)(v)-(vii)	Not Applicable Not Applicable	Items 7 and 8
c.	Site development and other pre-opening requirements	Section 6(a)	Not Applicable Not Applicable	Items 7 and 11
d.	Initial and ongoing training	Sections 5(a)(iii), 6(a)(ix), and 6(b)(x)	Not Applicable Not Applicable	Items 6, 7 and 11
e.	Opening	Sections 5(a)(vii) and 6(a)(x)	Sections 1 and 2 Not Applicable	Items 7 and 11
f.	Fees	Sections 4 and 8	Sections 3 and 4 Section 1	Items 5 and 6
g.	Compliance with standards and policies/Operating Manual	Sections 5(a)(v), 5(b)(i), 6(b)(i), 6(b)(iv), 6(b)(xiv), 7(v), 10(a)-(c), and the preamble to Section 6	Not Applicable Not Applicable	Items 8 and 11
h.	Trademarks and proprietary information	Sections 9 and 10(d)	Not Applicable Not Applicable	Items 13 and 14

OBLIGATION		SECTION IN FRANCHISE AGREEMENT	SECTION IN MULTI-UNIT PROGRAM AGREEMENT/ OPTION AGREEMENT	DISCLOSURE DOCUMENT ITEM
i.	Restrictions on products/services offered	Sections 7(a)-(d) and 7(l)	Not Applicable Not Applicable	Items 8 and 16
j.	Warranty and customer service requirements	Section 6(b)(xi)	Not Applicable Not Applicable	Item 11
k.	Territorial development and sales quotas	Section 2	Not Applicable Not Applicable	Item 12
l.	Ongoing product/service purchases	Sections 6(b)(vii), 7(c), and 7(d)	Not Applicable Not Applicable	Items 8 and 16
m.	Maintenance, appearance and remodeling requirements	Sections 3(b)(v), 5(b)(i), 6(b)(i), 6(b)(iii), and 6(b)(vi)	Not Applicable Not Applicable	Item 11
n.	Insurance	Section 18	Not Applicable Not Applicable	Items 6, 7 and 8
o.	Advertising	Section 11	Not Applicable Not Applicable	Items 6, 8, and 11
p.	Indemnification	Section 20(b)	Not Applicable Not Applicable	Item 6
q.	Owner's participation/management/staffing	Sections 6(b)(ix), 7(k), 7(q), and 7(v)	Not Applicable Not Applicable	Items 11 and 15
r.	Records/reports	Sections 5(c)(v), 7(r)-(t), and 22(a)	Not Applicable	Item 6
s.	Inspections/audits	Sections 5(b)(i), 7(t), 13(l), 16(a)(ix), and 22(a)	Not Applicable	Item 11
t.	Transfer	Section 13	Section 6 Section 4	Item 17

OBLIGATION		SECTION IN FRANCHISE AGREEMENT	SECTION IN MULTI-UNIT PROGRAM AGREEMENT/ OPTION AGREEMENT	DISCLOSURE DOCUMENT ITEM
u.	Renewal	Section 3(b)	Not Applicable Not Applicable	Item 17
v.	Post-termination obligations	Section 16	Not Applicable Not Applicable	Item 17
w.	Non-competition covenants	Section 12	Not Applicable	Item 17
x.	Dispute resolution	Section 24	Sections 10 and 11 Sections 8 and 9	Item 17

**ITEM 10:
FINANCING**

We provide financing options in the following circumstances:

(a) Under the Multi-Unit Program, if you are a qualified AAO who meets certain performance benchmarks, you will have the option to enter into a Franchise Agreement for up to two additional Brightway Locations. The initial franchise fee for both locations will be a total of (i) \$60,000 to open two additional Retail Agencies, or (ii) \$5,000 to \$30,000 to open two additional Office Agencies ("Multi-Unit Fee"). The Multi-Unit Fee for the option to open two additional Office Agencies will vary based solely on your current commission fee structure. If you have paid the Commission Enhancement Fee at any time before entering into a Multi-Unit Program Agreement, the Multi-Unit Fee will be \$30,000 and your two additional locations will be eligible for the higher retained commission split. Otherwise, the Multi-Unit Fee will be \$5,000 and you will be required to separately pay a Commission Enhancement Fee for each additional location if you later choose to opt into the higher retained commission split structure. You may finance the Multi-Unit Fee under our prescribed form of promissory note (described below), with the first payment due under the note deferred for a period of five years. If you keep all of your Brightway Locations open and operating for a five-year period and do not receive a default notice from us during this timeframe, we will forgive the amounts otherwise due under the initial fee note. The terms of our prescribed form of promissory note are as follows:

(i) a principal balance equal to the financed portion of your Initial Fee;

(ii) a note term of seven years from the first payment date, which is comprised of 84 monthly payments of principal and interest;

(iii) the accrual of interest at a rate equal to the greater of: (a) 2% above the prime rate announced from time to time by The Wall Street Journal (to be adjusted on an annual basis on the last business day of the year), or (b) 10%; and

(iv) the outstanding principal balance may be prepaid by you at any time, without penalty (provided, however, that no partial prepayments shall be permitted).

In the event you default under the terms of the note, such default will also be considered a default under your Franchise Agreement. In addition, in the event you default under the terms of the Franchise Agreement, such default will be considered a default under the note.

In the event your initial fee note is not forgiven and you default under the terms of the note, interest will then accrue at the highest rate permitted under existing Florida law, not to exceed 18%, on the then-outstanding principal balance and accrued interest, until such time as you make such payments to us. In addition, if you default we will have the option to declare all of the then-outstanding principal balance and all accrued interest immediately due and payable. Furthermore, we will have the right to offset against any amounts we owe you under your Franchise Agreement against any amounts you owe us under the terms of the note. If you default, you will be required to pay all of our costs of collection and enforcement of the note, including reasonable attorneys' fees, costs, and expenses. The terms of the note require you to consent to a confession of judgment, to waive notice and waive your right to a jury trial, as well as presentment, protest and notice of dishonor.

The note must be guaranteed by all persons owning an equity interest in AAO and their spouses. The form of guaranty is attached to the note found in Exhibit I to this Disclosure Document. It is not our practice to sell, assign, or discount to a third party all or part of the financing arrangement.

In addition to the financing described above, we may offer a financing option for certain required Errors and Omissions premiums. The amount financed will depend on the costs you incur in order to obtain Errors and Omissions coverage, and the term will generally be 10 months. For the financing of Errors and Omissions premiums, we will not enter into a formal promissory note. Otherwise, the remaining financing terms will be as described above.

Except as otherwise provided above, we do not offer direct or indirect financing. We will not guarantee your note, lease or other obligation.

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

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

Our Obligations Prior To Opening

Before you open your business, we will:

1. Provide you, to the extent we deem appropriate at our sole discretion, with information concerning site evaluation, as well as preliminary plans and layouts for your Brightway Location. (Franchise Agreement, Section 5(a)). We will review your preliminary and final plans and specifications of your Brightway Location, and you may not move forward until you receive our approval. (Franchise Agreement, Section 6(a)). We will review your lease for your business premises and you may not sign the lease until you receive our approval. (Franchise Agreement, Section 6(a)). You will acquire or lease your premises from a third party. We will not own or lease the premises to you.

2. Provide you, to the extent we deem appropriate at our sole discretion, with standards and specifications for fixtures, furniture, finishes, signs, improvements, equipment and other related facilities required for use in your Brightway Location. (Franchise Agreement, Section 6(a)).

3. Provide you, to the extent we deem appropriate at our sole discretion, with information concerning sources of signs, equipment, fixtures, furnishings, improvements and other products and services required for the buildout and operation of your Brightway Location. (Franchise Agreement, Section 5(a)).

4. If you will operate a Retail Agency, provide you with the initial training for your Principal and your other initial employees, as described below. If you will operate as an Office Agency, the training will be provided to your Principal and up to one additional employee. The new hire set-up fee applicable to any additional trainees will be set forth in our Manual and is subject to change from time to time at our sole discretion. Your producers are required to successfully complete our training program. (Franchise Agreement, Section 5(a)).

5. Provide you with such on-premises pre-opening or opening assistance in the initial operation of your business as we deem appropriate.

6. Provide you with access to the Manual, which describes our System and the mandatory and recommended standards and procedures for the operation of your business. The Manual remains our property. We retain the right to change the Manual and the elements of the System at any time, and you agree to comply with such new or changed provisions. (Franchise Agreement, Section 10(a)).

7. Provide you with specifications of all computer software programs that are required in the operation of your business, including but not limited to the Brightway Technology Specifications, which programs may be updated or modified by us from time to time. Any proprietary programs shall remain our property and shall be on loan to you. (Franchise Agreement, Section 5(a)).

8. Provide you, to the extent we deem appropriate in our sole discretion, with access to our website, as well as a webpage dedicated to your Brightway Location that you must use in conjunction with the operation of your Brightway Location. (Franchise Agreement, Section 5(a)).

9. Provide you with express authorization to open your business for operation. You must open your business for operations no later than 180 days after the date the effective date of your Franchise Agreement. (Franchise Agreement, Section 6(a)).

Selecting the Location for Your Business

We will provide you with information regarding our standards for site selection. We must approve the proposed site for your Brightway Location. (Franchise Agreement, Section 6(a)). We may approve or deny any proposed site at our sole discretion. You may execute the Franchise Agreement prior to selecting a site for your business. If no site has been designated at the time you sign the Franchise Agreement, you must enter into our form of Site Selection Addendum, attached as Exhibit 5 to the Franchise Agreement. Once you propose a site, we will have 21 days to review it; we will notify you of approval or disapproval of the proposed site within the 21-day period. (Franchise Agreement, Exhibit 5).

You may operate your Brightway Location from a home office for the initial ninety (90) day period after commencing operations, however we expect that you will lease a location for your Brightway Location on or

before the expiration of this initial period. A typical Retail Agency will occupy approximately 900 to 1,300 square feet of retail space. A typical Office Agency will occupy approximately 100 to 600 square feet of professional office space. You may temporarily operate your Retail Agency from a professional office space for up to twelve (12) months, regardless of whether you choose to operate from a home office for the initial ninety (90) day period. Subsequently, you must relocate your Retail Agency into a retail office space which we have approved. If you choose to relocate from a home office to a professional office space, or from a professional office space to a retail office space, you must continually operate the Brightway Location without disruption at all times before, during and after the relocation. Our approval of your relocation shall be conditioned on your compliance with our then-current minimum staffing requirements. If you fail to relocate your Retail Agency to a retail office space within the prescribed time period, your Brightway Sales Commissions will convert to the rates applicable to a commission-enhanced Office Agency; namely, 80% on New Business, and 50% on Renewal Business. Once you have complied with applicable staffing requirements and relocated your Retail Agency to a retail office space we have approved (including the lease, plans and specifications therefore), your Brightway Sales Commissions will revert to the percentages generally applicable to Retail Agencies.

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

You must submit a copy of any proposed lease agreement, which must be approved by us. The lease must provide us with the right to enter the premises to make any modification necessary to protect the Licensed Marks, and you must enter into a Collateral Assignment of Lease in a form substantially the same as that attached as Exhibit 3 to the Franchise Agreement. Under this Collateral Assignment of Lease, we will receive notice of your default of the lease, a right to cure such default, the right to assume the lease, and the right to sublease or assign the lease to another Brightway System franchisee. We will have the right to inspect the construction of the premises at any reasonable time. You must correct, upon our request and at your own expense, any deviation from the approved site layout and plan and must furnish us with a copy of the certificate of completion from your architect that the Brightway Location was built in accordance with the approved final plans and specifications and in compliance with all applicable laws. You must then obtain our approval of the completed construction prior to opening all or any part of the Brightway Location for operation. (Franchise Agreement, Section 6(a)).

Time to Open Your Business

We estimate that it will take approximately 30-120 days from the date you sign your Franchise Agreement to open your Brightway Location. The factors that may affect this time period include your ability to obtain a lease or financing, building permits, zoning and local ordinances, weather, the time needed to secure carrier appointments, construction delays, delayed installation of equipment, fixtures and signs, or delays in the completion of your initial training. You must locate a site for your Brightway Location (home office, professional office space, or retail office space, as applicable) and your Brightway Location must be opened to transact business with the public no later than 180 days after signing your Franchise Agreement. If you fail to

commence operating within this timeframe, we have the right to terminate the Franchise Agreement. (Franchise Agreement, Section 6(a)).

Our Obligations After Opening

During the operation of your business, we will:

1. To the extent we deem it appropriate, provide you with:
 - (a) Periodic assistance in local advertising and marketing;
 - (b) Periodic individual or group business consulting in the operation of a Brightway Location;
 - (c) Advice concerning operations of a Brightway Location;
 - (d) Advice and guidance with respect to new and improved methods of operation or business procedures developed by us, as well as use of the Manual, management materials, promotional materials, advertising formats, and the Licensed Marks; and
 - (e) Periodic inspections of your premises and the products and services you offer. (Franchise Agreement, Section 5(b)).
2. Provide you with the opportunity to participate in group purchasing programs for equipment, supplies, and insurance that we may, from time to time, use, develop, sponsor or provide. (Franchise Agreement, Section 5(b)).
3. Approve the Principal that will work at your Brightway Location. (Franchise Agreement, Section 7(l)).
4. Use our commercially reasonable best efforts to provide you with access to, and the opportunity to write insurance for, certain of the Contracted Companies (but only for the lines of business and types of policies we specify, at our discretion). We will not be required to undertake such efforts with regard to any insurance business for which your staff is not properly licensed or sufficiently trained, as determined at our sole discretion. (Franchise Agreement, Section 5(c)).
5. Provide you with access to our "Service Center," which provides you with service and support for all of your client accounts. (Franchise Agreement, Section 5(c)).
6. Provide technology and other services, to the extent we deem necessary at our sole discretion, with regard to accounting for, and processing of, all applications for insurance policies and all policies issued, renewed, endorsed, changed, serviced, delivered or canceled on behalf of your client accounts. (Franchise Agreement, Section 5(c)).
7. Subject to the approval of our carrier, we will endorse our Errors and Omissions insurance policy to provide Errors and Omissions insurance to you, at your expense. (Franchise Agreement, Section 5(c)).

8. Provide you with information regarding your client accounts, including statements and other information received from Contracted Companies relating to such client accounts. Such information will be given in a form and manner we specify. (Franchise Agreement, Section 5(v)).

9. If you elect to conduct opening advertising, work with you to determine an appropriate amount to spend. (Franchise Agreement, Section 11(f)).

10. If we decide to do so, implement incentive programs to reward AAOs for their performance. Currently, we offer a "Horizons" incentive program through which Retail Agency AAOs are able to retain a higher percentage of Brightway Sales Commissions for new policies written. You must qualify for these types of programs, which are purely voluntary, and we have the right to stop offering incentive programs at any time.

Advertising

We reserve the right to establish a national advertising and marketing fund (the "Advertising Fund") for the common benefit of the System. If we establish an Advertising Fund, you must participate in and contribute an amount we specify, which will not exceed 3% of your Brightway Sales Commissions, on a monthly basis to the Advertising Fund in the manner we prescribe. We have the right to use the Advertising Fund contributions, at our sole discretion, to develop, produce, and distribute national, regional and/or local advertising and to create advertising materials and public relations that promote, in our sole judgment, the services offered by System AAOs. We may use the Advertising Fund to satisfy any and all costs of maintaining, administering, directing, preparing, and producing advertising, including: (a) the cost of preparing and producing television, radio, magazine, and newspaper advertising campaigns; (b) the cost of direct mail; (c) the cost of public relations activities and advertising agencies; (d) the cost of developing and maintaining an Internet website; and (e) personnel and other departmental costs for advertising that we internally administer or prepare. Nevertheless, not all System AAOs will benefit directly or on a pro rata basis from such expenditures. While we do not anticipate that any part of the Advertising Fund contributions will be used for advertising which is principally a solicitation for the sale of franchises, we reserve the right to use the Advertising Fund for public relations or building recognition of the Brightway brand and to include a notation in any advertisement indicating "Franchises Available". (Franchise Agreement, Section 11(d)).

We have the sole right to determine how to spend contributions to the Advertising Fund, or any funds from any other advertising program, and the sole authority to determine the selection of the advertising materials and programs; provided, however, that we will make a good faith effort to expend such funds in the general best interests of the System on a national or regional basis. We may use the Advertising Fund to maintain high quality standards through customer surveys, customer interviews, and other similar initiatives. We have the right to reimbursement from the Advertising Fund contributions for reasonable costs and overhead as we may incur in activities which are reasonably related to directing and implementing the Advertising Fund and advertising programs for AAOs and the System, including costs of personnel for creating and implementing advertising, promotional and marketing programs. Our contribution to the Advertising Fund for subsequent company-owned or affiliate-owned units will be equal to that provided for in our Franchise Disclosure Document in the year the Advertising Fund is implemented. If the advertising contribution for the System decreases at any time, we have the right to reduce our contribution from company-owned and affiliate-owned units to the rate specified for franchised locations. There is no requirement that the Advertising Fund be audited. Upon your written request, we will provide you with an unaudited accounting of Advertising Fund contributions and expenditures within 120 days of the end of the fiscal year. Although we anticipate that all Advertising Fund contributions will be spent in the fiscal year they accrue, if we do not spend all Advertising

Fund contributions by the end of each fiscal year, the remaining amounts may be carried over to be expended during the next fiscal year. (Franchise Agreement, Section 11(d)).

There is currently no franchisee advisory council associated with the Advertising Fund, but we reserve the right to form a franchisee advisory council. We have the right to require that an advertising cooperative and/or franchisee advisory council be formed, changed, dissolved or merged. We are not required to spend any amount on advertising in your area. (Franchise Agreement, Section 11(d)).

Additionally, while we do not currently have a local advertising requirement, we reserve the right to require you to spend up to 3% of Brightway Sales Commissions per month on local advertising (the "Local Advertising Requirement"). You must spend the Local Advertisement Requirement as we prescribe in the Manual or otherwise in writing, which may include, without limitation, requirements for placing a certain number of and/or types of media advertisements. Your Local Advertising Requirement must be expended regardless of the amounts spent by other System franchisees on local advertising. You may spend any additional sums you wish on local advertising. (Franchise Agreement, Section 11(e)).

You must use only advertising and promotional materials as have been previously approved by us. If we do not approve of your proposed advertising materials in writing within 30 days of receipt, the proposed advertising materials will be deemed rejected, unless we subsequently convey otherwise. (Franchise Agreement, Section 11(c)). In the event the Local Advertising Requirement is implemented, you will submit to us an annual plan for your expenditure of your Local Advertising Requirement. You must send us proof of these expenditures within 15 days of the end of each quarter. (Franchise Agreement, Section 11(e)).

We strongly recommend that you conduct an opening advertising program to promote the opening of your Brightway Location during the first 60 days following your soft opening. If you elect to do so, the amount of the opening advertising will be dependent on the unique circumstances of each AAO, and we will work with you to determine an appropriate program during the time period following the execution of your Franchise Agreement and prior to your opening. All advertising must be approved by us in writing prior to publication. (Franchise Agreement, Section 11(f)).

We will have the right, in our discretion, to designate any geographical area for purposes of establishing a regional advertising and promotional cooperative ("Cooperative"), and to determine whether a Cooperative is applicable to your Brightway Location. If a Cooperative is established applicable to your Brightway Location, you must participate in the Cooperative. Cooperative contributions will be credited towards the Local Advertising Requirement. Cooperative contributions will not exceed the maximum 3% Local Advertising Requirement unless a majority of the Cooperative votes to increase that requirement. (Franchise Agreement, Section 11(g)).

Computer Equipment

You are required to purchase (or rent), license, install and maintain all required hardware and software from a required vendor as specified in the Brightway Technology Specifications, as well as any other computer hardware and software required by us from time to time. The computer system includes several required software programs and will be used for daily functions and operation of the Brightway Location, such as tracking and entering policies, generating reports, and analysis of financial information relating to the Brightway Location.

You may not sell, lease or authorize the use of such programs and software to anyone else. You may not configure, program or change any such programs or software. You can only access client account information through the specified programs via the Internet. You have the sole and complete responsibility for: (a) the acquisition, operation, maintenance, and upgrading of any computer hardware and software used in connection with operation of the Brightway Location; and (b) any and all consequences that may arise if the computer hardware and software is not properly maintained, operated, and upgraded. We have the right to require you to enter into a separate maintenance agreement for computer hardware and software. You must indemnify and hold us and our affiliates harmless from claims arising out of or connected with an interruption in Internet services or from any unauthorized use of or access to client account information through the Internet.

You must have and maintain adequate hardware and software in order to access the Internet at the speed we require. You must maintain an email account that we designate and we will have independent access to all emails and other information stored on your emails account. You must also give us electronic access to any other information on your computer that we request. No contractual limitation exists on our right to access the information.

We and/or our affiliates are the lawful, rightful and sole owner of the Internet domain names www.brightway.com, www.brightwayinsurance.com and www.brightwaydifference.com (collectively, the "Brightway Web Presence"), as well as any other Internet domain names registered by us, and you do not have any ownership interest in such domain names or any similar Internet domain names. The websites provide information and resources to current and prospective Brightway clients, including insurance quotes, online payment options, and a searchable database of Brightway Locations. We shall have sole discretion and control over the Brightway Web Presence and any other websites we may in the future create (including timing, design, contents and continuation). We shall have the right to modify our website requirements as we deem necessary or appropriate in the best interest of the Brightway System. We reserve the right to provide each AAO with an individual website that they are required to exclusively use in the operation of their Brightway Location. The only URL that you are permitted to use on marketing materials for your Brightway Location is the URL provided and owned by us.

Except as approved in advance in writing by us, you may not establish or maintain a separate website, domain name, URL, splash page, profile or other presence on the Internet, or otherwise advertise on the Internet or any other public computer network in connection with the Brightway Location, including any profile on Facebook, Instagram, Twitter, LinkedIn, YouTube or any other social media and/or networking site. If such approval is granted by us, you must: (a) establish and operate such website or social media page in accordance with Brightway System standards and any other policies we designate in the Manual or otherwise in writing from time to time; and (b) utilize any templates that we provide to you to create or modify such site(s).

You must comply with our standards and policies related to privacy and data security, which includes taking any actions that are necessary to ensure that your Brightway Location is compliant with all Payment Card Industry Data Security Standards (PCI DSS) requirements.

You are required to participate in any System-wide computer network, intranet system or extranet system that we implement and may be required by us to use such area computer network, intranet system or extranet system to, among other things: (a) submit reports due under the Franchise Agreement to us online; (b) view and print portions of the Manual; (c) download approved local advertising materials; (d) communicate with us and other System franchisees; (e) complete any initial and ongoing training; and (f) view and retrieve standard business forms. You must use the facilities of any such area computer network, intranet system or extranet

system in strict compliance with the standards, protocols, and restrictions that we include in the Manual, including those related to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements.

We estimate that the cost of complying with our current initial computer system requirements for a Retail Agency will be roughly \$6,000, which includes computer hardware, software, cabling, telephones, and installation costs. The estimated cost of optional or required maintenance, updating, upgrading, or support contracts is roughly \$10,500 per year, which also includes license fees for proprietary software necessary to operate your Brightway Location.

For an Office Agency, we estimate that the cost of complying with our current initial computer system requirements will be roughly \$3,000, including which includes computer hardware, software, cabling, telephones, and installation costs. The estimated cost of optional or required maintenance, updating, upgrading, or support contracts is roughly \$5,000 per year, which also includes license fees for proprietary software necessary to operate your Brightway Location.

Confidential Operating Manual

Attached as Exhibit D is a copy of the Table of Contents for our Confidential Operating Manual, as of the date of this Disclosure Document. It indicates the number of pages devoted to each topic and the total number of pages in the Confidential Operating Manual. Our Confidential Operating Manual currently has 88 pages.

Training

For franchisees operating a Retail Agency, we will provide your Principal and your other initial employees with initial training regarding insurance products, sales and marketing, sales processing, management systems, office procedures, our web-based systems, computer software, and other matters as we deem necessary to allow you to operate your business in a professional and successful manner. For franchisees operating as an Office Agency, we will provide initial training to your Principal and up to one other employee. Such training is mandatory, and we will not authorize you to open your Brightway Location until the training has been successfully completed to our satisfaction. While we do not charge you for our initial training, you must pay the costs of wages, transportation, lodging and food for yourself and your employees during training if we require you to attend an in-person initial training program. The amount of these expenses will depend on the distance you must travel, type of accommodations, the number of your employees attending training and their wages. The new hire set-up fee applicable to any additional trainees will be set forth in our Manual and is subject to change from time to time in our sole discretion. This fee is currently \$100. Currently, we provide the initial training program virtually via our intranet or another online portal, and do not anticipate you will incur any direct costs (other than the optional new hire set-up fee) in connection with completing the initial training requirements.

Your initial training will be conducted by us or our designee virtually via our intranet or other online portal, or, if held in-person, at our corporate offices, your premises, or such other site as we designate. Training for additional producers will be conducted by us virtually via our intranet or another online portal we designate, or may be scheduled either at our corporate offices or at your location, subject to the availability of our training staff. We offer our training programs periodically during the year, on an as-needed basis, subject to the availability of our training instructors. Subsequent to your initial training, and prior to opening your business to the public, you must be certified by us as meeting our qualifications for the sale of insurance, and insurance agency management.

Nick Spendley supervises the Brightway training team. Mr. Spendley has 8 years of experience with us and 15 years of combined sales and insurance experience. Mr. Spendley may also enlist other staff or Brightway insurance agents to assist him with the initial training program. The instructional materials used will include, but not be limited to, our Brightway Training Manual and online training software. All initial training materials are proprietary and confidential in nature and may not be used for any purpose other than providing training.

The following chart summarizes, in general terms, the subjects taught during our mandatory initial training program for all AAOs:

TRAINING PROGRAM – AAOs

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
Workshop - topics include business planning/pro forma, systems training, marketing overview including customized website development, how to hire Producers, carrier appointments and licensing support	24	0	Online/virtual training portal, or in-person in Jacksonville, Florida or another location we designate
Carriers - topics include carrier appetite, underwriting guidelines, pricing, niches and the role each carrier plays in your consumer offering	0	80	Online/virtual training portal
MS Online - topics include systems overview, how to perform common operations within the system, quizzes on topics and inputting sample customers into a test database	0	40	Online/virtual training portal
In-person Training - topics include all systems, what they're used for, how and when to interact with the Service Center, how to access and interpret business results dashboard, consultative sales skills, live quoting and sales of at least one home and one auto policy while in training	40	0	Online/virtual training portal, or in-person in Jacksonville, Florida or another location we designate

Subsequent to the date that your Brightway Location is open, we have the right at any time to require that your Principal and/or any of your other staff attend and complete, to our satisfaction, any and all additional training deemed necessary or appropriate by us at our sole discretion. Such training shall be conducted exclusively by us or our designee virtually via our intranet or other online portal, or, if held in-person, at our corporate office, your Brightway Location, or such other site designated by us. We may charge you a reasonable fee (currently \$100 per person) for such training sessions. In addition, you must pay the costs of wages, transportation, lodging and food for your Principal and your staff during such additional training. We may also provide such additional training at your request, at our sole discretion and subject to the availability

of our staff. We reserve the right to modify the elements of the initial training program and any additional training programs at our sole discretion.

In addition to the training we provide, it is strongly encouraged that you periodically attend additional training provided by the Contracted Companies. Such training classes are typically done online for one or more hours, depending on the particular class. The Contracted Companies typically do not charge for such training, but you are responsible for any costs or expenses associated with this training.

We may also require you to participate in Errors and Omissions loss control seminars provided by our Errors and Omissions insurance carriers or others from time to time, at your own expense. In the event you fail to participate in such seminars, you may be assessed an additional amount for your Errors and Omissions coverage.

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

**ITEM 12:
TERRITORY**

Approved Location and Relocation

Under the Franchise Agreement, you may only operate your Brightway Location at a specific location which must be approved by us (the "Premises"). If you have not yet secured a site for your Brightway Location at the time you sign the Franchise Agreement, you will enter into our Site Selection Addendum, attached as Exhibit 5 to the Franchise Agreement, which will govern the site selection process. You may not conduct any business at the Premises other than the Brightway Location.

You may commence operating your Brightway Location at a home office for up to ninety (90) days. Thereafter, you must locate your Office Agency in a professional office space. You may temporarily operate your Retail Agency from a professional office space for up to twelve (12) months after either (a) opening or (b) relocating from a home office, however you must operate your Retail Agency from a retail office space no later than fifteen (15) months after commencing operations of your Brightway Location. You must obtain our approval prior to relocating your Brightway Location for any reason, and our approval of any proposed relocation (including any move from a professional office space to a retail office space) shall be conditioned on your compliance with our then-current minimum staffing requirements. Failure to relocate your Brightway Location from a home office to a professional office space within ninety (90) days of opening shall be deemed a default of your Franchise Agreement. If you fail to meet our then-current staffing requirements and relocate your Retail Agency from a professional office space to a retail office space by the earlier of (a) twelve (12) months of commencing operations from the professional office space, or (b) fifteen (15) months of commencing operations, your Brightway Sales Commissions will convert to the rates applicable to a commission-enhanced Office Agency until such time as you have relocated to a retail office space and complied with our then-current staffing requirements.

You cannot relocate your Brightway Location without our prior written consent. If, for any reason, the term of your lease is shorter than the term of the Franchise Agreement and the lease cannot be renewed or extended, or you cannot continue for any other reason to occupy the Premises, you must first obtain our consent and then relocate your Brightway Location to a mutually acceptable site to complete the unexpired portion of the

term of the Franchise Agreement. You must notify us of your intention to relocate, procure a site acceptable to us at least 90 days prior to closing operations at your current Premises, and open for business at the new Premises within 30 days of closing business at your existing Premises. This 30 day transition period is not applicable to any prescribed relocation set forth in the preceding paragraph. Our determination of whether to approve your new Premises will be based on our then-current site selection criteria, which includes general location and neighborhood, traffic patterns, parking, retail nature of location (preferably within strip malls or similar locations for Retail Agencies), physical characteristics of buildings, accessibility, availability for prominent signage, lease terms, and competition from similar businesses in the area.

You do not have the right to: (a) construct or operate any additional, expanded or modified facilities on the Premises, nor any right to construct or operate the Brightway Location at any other location; (b) offer any product or service via e-commerce; (c) establish an independent website or URL incorporating the Licensed Marks or any variation of the Licensed Marks; or (d) distribute, market, or implement our products and services in any channel of distribution not specifically identified in the Franchise Agreement.

There are no restrictions on the areas in your state in which you may solicit or accept new customers, nor are other franchisees restricted from soliciting new customers in the area of your Brightway Location. Neither we nor other franchisees are required to compensate you for soliciting or accepting orders from new customers located within the area surrounding your Brightway Location.

No Exclusive Territory – Franchise Agreement

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

We may establish, within or outside your immediate geographic area, other franchised or company-owned Brightway Locations that may compete with your location using our trademarks or different trademarks. However, the Franchise Agreement provides that we will not establish any franchised or company-owned Brightway Locations in the immediate vicinity of your Brightway Location unless in good faith we believe that the market in which your Brightway Location is located can reasonably be expected to sustain both your Brightway Location and such other new franchised or company-owned Brightway Location.

No Exclusive Territory – Option Agreement or Multi-Unit Program Agreement

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

Existing AAOs signing the Option Agreement will acquire an Option to open an additional Brightway Location. The Option must be exercised on or before the expiration of the term of the first Franchise Agreement. The Option shall automatically expire upon the termination, expiration, or non-renewal of the first Franchise Agreement. Under the Multi-Unit Program Agreement, existing AAOs can secure the right to open up to two additional Brightway Locations.

Except as provided for in the Option Agreement or Multi-Unit Program Agreement, you do not have the right to acquire additional Brightway Locations, although you may apply for the right to operate additional Brightway Locations under separate Franchise Agreements. The Option Agreement and Multi-Unit Program Agreement do not provide you with any exclusive territory.

Reservation of Rights

We and our affiliates reserve the right, at our sole discretion, to: (a) use the Licensed Marks and Brightway System in connection with ancillary services and products, promotional and marketing efforts or related items, or in any alternative channels of distribution (including the Internet), without regard to location; (b) acquire, be acquired by, merge with, engage in joint ventures with, or otherwise affiliate with, and own and operate and franchise others the right to own and operate, any business of any kind, including businesses that offer products or services that are similar to those provided by a Brightway Location; and (c) use the Licensed Marks and Brightway System, and license others to use the Licensed Marks and Brightway System to engage in any other activities not expressly prohibited in the Franchise Agreement. Nothing in the Franchise Agreement provides you with the right to conduct in any of the above listed activities or share in the revenue generated by any of these activities.

ITEM 13: **TRADEMARKS**

We grant you the right to operate your business under the name "Brightway Insurance" and to use our current or future common law or registered trademarks in the operation of your Brightway Location (provided they are used as approved by us and in accordance with our specifications). By trademarks, we mean trade names, trademarks, service marks and logos used to identify your business or the services you provide. You may not use any other name or trademark in conducting your business.

The following trademarks are registered by Brightway with the United States Patent and Trademark Office ("USPTO") on the Principal Register for franchising services and/or insurance agency and brokerage services:

Trademark	Registration No.	Registration Date
	4023007	September 6, 2011
BRIGHTWAY INSURANCE	4029015	September 20, 2011
THE INSURANCE AGENCY REINVENTED	4050914	November 1, 2011
 (with the color blue claimed as a feature of the mark)	4253867	December 4, 2012
THE INSURANCE AGENCY REINVENTED AROUND YOU	4684422	February 10, 2015

	5107663	December 27, 2016
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We have filed all required affidavits in connection with the trademark registrations described above. You must follow our rules when you use these trademarks. You cannot use the trademarks (or any marks, names or indicia which are or may be confusingly similar to the trademarks) as part of your corporate, limited liability company, partnership or other business entity name. You may not use the trademarks in connection with the sale of any unauthorized products or services or in any manner not authorized in writing by us.

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

We have the right to control any litigation or administrative proceeding regarding the Licensed Marks. You are required to promptly notify us of any claim, demand or cause of action that we may have based upon or arising from any unauthorized attempt by any person or legal entity to use our trademarks or any variation of our trademarks. You are required to assist us, upon our request and at our expense, in taking such action, if any, as we may deem appropriate to stop such activities, but you may not take any action or incur any expenses on our behalf without our consent. We will take any action we think is appropriate but are not required to do so. If we undertake the defense or prosecution of any litigation relating to our trademarks, you must fully cooperate with us to carry out such defense or prosecution. If we, at our sole discretion, determine that you have used our marks in accordance with your Franchise Agreement, we shall bear the cost of such defense, including the cost of any judgment or settlement. If we, at our sole discretion, determine that you have not used our marks in accordance with your Franchise Agreement, you shall bear the cost of such defense, including the cost of any judgment or settlement. In the event of any litigation relating to your use of our marks, you shall execute any and all documents and do such acts as we deem necessary.

You may not directly or indirectly contest the validity, or our ownership, of the trademarks. Without our written consent, you are not permitted to cause or allow any of our trademarks, or any words, slogans, symbols, logos, designs or terms confusingly similar to our trademarks, to be used or displayed in whole or part: (a) as, or as a part of, an Internet domain name; (b) on or in connection with Facebook, Instagram, Twitter or any other social media platform; or (c) on or in connection with any Internet home page, website, bulletin board, newsgroup, chat group, buddy list, instant messenger, meta-tag (or the comparable identifier in any future technology) or other Internet-related activity, without our prior written consent. All of your business conducted via the Internet must be done only through our website at the URL we designate.

We have the right, at our sole discretion, to designate one or more new, modified or replacement trademarks for the System, and may require you to use such new, modified or replacement trademarks in addition to or in lieu of the trademarks listed above in this Item 13. All costs and expenses associated with your use of any such new, modified or replacement trademarks will be your sole responsibility. You must discontinue using all marks which we have notified you, in writing, have been modified or discontinued, within 10 days of receiving written notice, and you must promptly begin using the additional, modified or substituted marks.

ITEM 14:
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any registered patents which are material to the franchise. We claim common law copyright and trade secret protection for several aspects of the System, including our onboarding process and the Manual, as described below. Additionally, we have obtained the following federal copyright registrations for versions of the following materials:

Title of Work	Registration Number	Registration Date	Duration
Personal Lines Training Manual	TXu 1-853-644	February 20, 2013	95 years
Commercial Lines Training Manual	TXu 1-853-891	February 22, 2013	95 years
Customer Service Training Manual	TXu 1-853-916	February 22, 2013	95 years
Pre-Training	TXu 1-868-554	May 16, 2013	95 years
Confidential Operating Manual	TXu 1-868-705	May 17, 2013	95 years
Rating and Operations Training Manual	TXu 1-869-236	May 20, 2013	95 years
AAO Workshop	TXu 1-870-916	May 31, 2013	95 years

We also possess certain proprietary and confidential information relating to the operation of the System, which includes certain proprietary trade secrets, methods, techniques, formats, specifications, systems, procedures, methods of business practices and management, sales and promotional techniques and knowledge of, and experience in, the operation of the Brightway Location (the "Confidential Information"). Our Confidential Information also includes: (a) site selection criteria and plans and specifications for the development of Brightway Locations; (b) sales, marketing and advertising programs and techniques; (c) information about Contracted Companies, other suppliers, and knowledge of specifications and pricing for authorized products, supplies and equipment; (d) methods of management; (e) Brightway Technology Specifications and other information regarding computer systems and software programs, including the Internet-based Agency Management System; (f) the Confidential Operating Manual; (g) lists of client accounts and prospects; (h) policy expiration lists, and (i) all other client account records, documents and information.

You must operate your Brightway Location in accordance with our standards, specifications, policies and procedures as set forth in the Manual or otherwise communicated to you. You must treat the information contained in the Manual and any other manuals or supplemental material supplied by us as Confidential Information. The Manual is copyrighted proprietary material, and you may not duplicate, copy, disclose or disseminate the contents of the Manual without our prior written consent. We have the right to modify or supplement the Manual upon notice or delivery to you, and you must promptly comply with all such changed requirements. There are no current determinations, proceedings or litigation involving any of our copyrighted materials. Should you become aware that any unauthorized third party is using any of our copyrighted materials, you must notify us of such unauthorized use.

You may not divulge or use any of our Confidential Information during or after the term of the Franchise Agreement, except as expressly permitted by the terms of the Franchise Agreement in connection with the operation of your Brightway Location. Confidential Information made available to you may not be divulged to any person other than your employees or advisors who reasonably need access to such information for purposes of fulfilling their employment or contractual responsibilities. All employees to whom the information, or any of it, is made available shall be informed of this obligation and must sign a written confidentiality agreement (on our standard form, which is included in the Manual). If you are a corporation, limited liability company, partnership, or other business entity, we will require your shareholders, members, partners or other equity owners to sign an agreement which binds them to the confidentiality provisions of the Franchise

Agreement. We are not required by any agreement to protect or defend copyrights or Confidential Information, although we intend to do so as appropriate.

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

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

In the event you are a corporation, limited liability company, partnership or other business entity, the "Controlling Interest" identified in your Franchise Agreement must at all times have the right to control the operations of your business. However, you may designate another individual other than the Controlling Interest to be your "Primary Contact" who will be our primary point of contact for any business matters relating to the Brightway Location. The Primary Contact has the authority to make all business decisions on behalf of AAO.

In addition, the person you identify as the "Designated Agency Principal" in your Franchise Agreement (who is also referred to as the "Principal" in this Disclosure Document) shall be an individual you appoint, who: (a) has been licensed by all applicable governmental and other regulatory authorities; (b) successfully completes all of the required training; and (c) is approved in writing by us. A Principal can have an ownership interest in the AAO entity but is not required to do so. In the event that a Principal resigns or is otherwise terminated from your Brightway Location, you shall hire a replacement approved by us in writing who meets our then-current standards for Designated Agency Principals within 30 days after termination or resignation of the prior Principal. We reserve the right, without the obligation, to train the new Principal directly.

The Principal will also be required to execute our form of Confidentiality and Non-Compete Agreement, which is currently attached as Exhibit 6 to the Franchise Agreement (unless the Principal has an ownership interest in the AAO entity, in which case the Principal will execute the Guaranty attached as Exhibit 1 to the Franchise Agreement). Under no circumstances may any of your Brightway Location's business be conducted unless it is under the direct supervision of an approved Principal.

In the event you are a corporation, limited liability company, partnership or other business entity, each individual who owns an equity interest in your entity, as well as such individual's spouse, must sign a Guaranty, © 2020 Brightway Insurance, Inc.
Franchise Disclosure Document

under which they each assume and agree to perform all of your obligations under the Franchise Agreement. A copy of the Guaranty is attached as Exhibit 1 to the Franchise Agreement.

You must also comply with all other staffing requirements set forth in the Confidential Operating Manual. Currently, in addition to the Designated Agency Principal, Retail Agencies must employ at least two additional producers to work full-time writing New Business (either from the Premises of your Retail Agency or remotely) by the earlier of (a) twelve (12) months after commencing operations from a professional office space, or (b) fifteen (15) months after commencing operations.

ITEM 16:
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Your relationship with us is exclusive. As such, you must sell only products and services approved by us and the Contracted Companies, and you must use commercially reasonable efforts to sell products and services for the Contracted Companies, lines of business, and policy types that we authorize you to sell. We will be the agent of record for all policies that you sell. You are not permitted to be licensed as an agent, solicitor, representative or broker for any insurance company or business other than Brightway and the Contracted Companies, unless authorized by us in writing. We will, at our sole discretion and along with our Contracted Companies' approval, determine which Contracted Companies you may use. We reserve the right to change the Contracted Companies at any time. We will provide you with notice of any changes made by us to the list of authorized Contracted Companies and policies from time to time, and you must immediately cease selling any discontinued policies. You must secure and keep in effect any required licenses to represent Brightway and the Contracted Companies and are not permitted to conduct any business that has not been approved by us, or for which you are not licensed by the appropriate insurance, securities or other regulatory authorities. You are not permitted to conduct any business of any kind other than your Brightway Location, either from the Brightway Location or through the corporate entity that owns and operates the franchise.

ITEM 17:
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a. Length of the franchise term	Section 3(a)	The term is five years from the effective date of your Franchise Agreement.
b. Renewal or extension of the term	Section 3(b)	If you are not in default and continue to have the right to occupy your premises, you may renew for successive additional five-year renewal terms.
c. Requirements for you to renew or extend	Section 3(b)	You must: (i) give us timely notice of your wish to exercise your option to renew (not less than 6 months nor more than 12 months prior to the expiration of the term); (ii) sign our then-current form of Franchise Agreement (which may contain materially different terms and conditions than your original agreement); (iii) sign a general release in favor of us and our

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		affiliates; (iv) not be in default of any provision of the Franchise Agreement, including any monetary obligations; (v) demonstrate your right to operate the Brightway Location at the approved premises for the renewal term; and (vi) refurbish the Brightway Location to conform to our then-current Office Specifications and Brightway Technology Specifications.
d. Termination by you	None	
e. Termination by us without cause	None	
f. Termination by us with cause	Section 15	We have the right to terminate the Franchise Agreement with cause.
g. "Cause" defined-curable defaults	Section 15(c)	We have the right to terminate the Franchise Agreement after providing you a 15-day cure period if: (i) you fail to pay any amounts you owe us, our affiliates, or any of our suppliers or vendors; (ii) you fail to endorse over to us any payments erroneously made to you by third parties or fail to deposit customer payments in your designated bank account; (iii) you fail to operate the Brightway Location during the months, days and hours that we prescribe; (iv) you fail to personally supervise the Brightway Location's operations or employ a sufficient number of qualified, competent personnel; (v) you fail to maintain quality controls and standards; (vi) you fail to procure or maintain any licenses, certifications, or permits necessary for the operation of your Brightway Location; or (vii) you use unauthorized vendors.
	Section 15(d)	We have the right to terminate the Franchise Agreement after providing you a 30-day cure period if you fail to perform or comply with any one or more of the other terms or conditions of the Franchise Agreement, the Confidential Operating Manual or any ancillary agreement between you and us or our affiliates.
h. "Cause" defined-non-curable defaults	Section 15(a)	The Franchise Agreement will automatically terminate without notice or an opportunity to cure in the event of: (i) your voluntary bankruptcy; (ii) your involuntary bankruptcy; or (iii) your unauthorized transfer of the franchise or any interest in the AAO entity or the Brightway Location.
	Section 15(b)	We have the right to terminate the Franchise Agreement with notice and without providing you an opportunity to cure if: (i) you or your principals or employees are convicted of or plead guilty or no contest to a felony or take part in criminal acts or misconduct related to the operation of your Brightway Location; (ii) you commit fraud; (iii) you make any misrepresentations in connection with the franchise application; (iv) you fail to complete our initial training program; (v) you receive two or more written notices of default within any 12-month period; (vi) you or your affiliates materially breach any other agreement with us or our affiliates; (vii) you misuse the Licensed Marks or Confidential Information; (viii) you violate any health, safety or sanitation law,

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		<p>ordinance or regulation or you operate the business in a way that presents a health or safety hazard to any customers or the general public; (ix) you violate the in-term restrictive covenants in the Franchise Agreement; (x) a lien or writ of attachment or execution is placed against you and is not released or bonded against within 30 days; (xi) you are insolvent; (xii) you abandon the Brightway Location; (xiii) you offer any unauthorized or unapproved products or services in connection with the operation of your Brightway Location; (xiv) you seek an appointment with an unapproved Contracted Company or try to sell a policy on behalf of an unauthorized Contracted Company; (xv) you fail to maintain insurance or to repay us for insurance; (xvi) you violate any laws or regulations related to the insurance industry, or if there is any government action taken against you; (xvii) you use client or Brightway Location property for personal use, including misuse of any customer information; (xviii) you fail to comply with any laws or regulations regarding terrorism; (xix) you relocate the Brightway Location without our prior consent, or fail to relocate to an office space from a home office within 90 days of opening; (xx) you cause us to lose our contract with any of the Contracted Companies, or materially harm our relationship with any of the Contracted Companies; (xxi) you fail to submit any required financial reports; (xxii) you or any of your owners or employees conduct themselves in a manner that, although not criminal, reflects adversely on the System, the Licensed Marks, or the products and services offered through the System; (xxiii) you fail to open within 180 days of signing the Franchise Agreement; or (xxiv) you misuse any proprietary software we developed for use in the System.</p>
i. Your obligations on termination/non-renewal	Section 16	<p>Upon termination, expiration, or transfer of the Franchise Agreement, you must immediately: (i) cease all operations under the Franchise Agreement; (ii) promptly pay all sums you owe us, our affiliates, or our suppliers and vendors; (iii) cease using the Licensed Marks and return all materials containing the Licensed Marks; (iv) return to us the Confidential Operating Manual and all other manuals, customer lists, proprietary materials and Confidential Information; (v) cease using and assist in transferring all of your telephone numbers and listings to us; (vi) remove all signage containing the Licensed Marks; (vii) cease holding yourself out as our franchisee; (viii) take necessary action to amend or cancel any business name or equivalent registration which contains our trade name or Licensed Marks; (ix) allow us to inspect your financial records, books and other accounting records within 24 months of the termination of your Franchise Agreement; (x) comply with the post term covenants contained in the Franchise Agreement; (xi) cease to use in advertising or in any other manner any methods, procedures or techniques associated with us or the System; (xii) execute periodically any required papers, documents, and assurances, and otherwise comply with</p>

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		our offboarding process; (xiii) turn over all customer lists and any other information you may have about former, existing or potential customers, and set up mail forwarding as we direct; (xiv) set up mail forwarding as we direct; (xv) obtain an Errors and Omissions tail policy reasonably satisfactory to us; (xvi) vacate the Brightway Location premises if we exercise our rights under the Collateral Assignment of Lease; and (xvii) execute our prescribed form of release agreement.
j. Assignment of contract by us	Section 13(a)	We have the right to assign our rights under the Franchise Agreement.
k. "Transfer" by you-defined	Section 13(b)	A sale, transfer or assignment requiring our prior written consent occurs if you or any person owning any direct or indirect equity interest in you, directly or indirectly sells, assigns, transfers, conveys, gives away, pledges, mortgages or otherwise encumbers any interest in: (i) the Franchise Agreement or any portion of it; (ii) your Brightway Location; (iii) the premises of your Brightway Location; or (iv) any equity or voting interest in the AAO entity; or if you permit the Brightway Location to be operated, managed, directed or controlled, directly or indirectly, by any person other than the approved Principal.
l. Our approval of transfer by you	Section 13(b)	You may not transfer any rights in the franchise without our prior written consent. We have the right to condition our approval of any sale, transfer, assignment or encumbrance as described below.
m. Conditions for our approval of transfer	Sections 13(e)	We will approve a proposed transfer if: (i) the transferee meets our qualifications; (ii) we decide that the purchase price is reasonable; (iii) all obligations under the Franchise Agreement have been satisfied; (iv) the transferee is compliant under all agreements with us; (v) we forward you our approval of the transferee; (vi) you request that we provide the prospective transferee with our current form of Disclosure Document; (vii) the transferee executes our then-current form of Franchise Agreement; (viii) the transferee pays us a transfer fee; (ix) you execute our prescribed form of general release; (x) the transferee and its personnel have completed the initial training program to our satisfaction; and (xii) you purchase an Errors and Omissions tail policy reasonably satisfactory to us.
n. Our right of first refusal to acquire your business	Section 13(c)	If you propose to transfer either the Franchise Agreement or all, or substantially all, of the assets used in connection with the Brightway Location or any interest in your lease to any third party, you must first offer to sell the interest to us on the same terms and conditions as offered by such third party. You shall obtain a letter of intent containing the terms of the offer that is signed by you and the third party ("Letter of Intent"). If we elect not to accept the offer within a 30-day period, you shall have a period of up to 60 days to complete the transfer described in the Letter of Intent subject to our transfer conditions. Any material change in the terms of the offer will be deemed a new proposal subject to

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		our right of first refusal. So long as you have obtained our prior written consent, a transfer to an existing partner or shareholder, or a transfer as a result of the death, disability or incapacitation of a shareholder or partner, is not subject to our first right of refusal.
o. Our option to purchase your business	Section 16(c)	Upon termination or expiration, we have the option to purchase the personal property associated with your business for its book value, which means the amount you actually paid for the personal property less depreciation (or, if applicable, the amount of your remaining obligations under a lease or financing agreement). We are entitled to offset the purchase price by the amount of money owed by you to us for any payments necessary to acquire clear title to property or for any other debt. If we exercise this option to purchase, we have the right to appoint a manager to maintain operation of the Brightway Location, or we may require that you close the Brightway Location during such period without removing any assets. You are required to maintain in force all insurance policies required under the Franchise Agreement until the date of such closing. We have the unrestricted right to assign this option to purchase personal property of the Brightway Location.
p. Your death or disability	Section 13(d)	Upon your death or disability, your rights under the Franchise Agreement may pass to your heirs or beneficiaries, provided that, within 45 days of your death or disability, they get prior written approval, they sign the then-current form of the Franchise Agreement or agree to assume your obligations under the Franchise Agreement by signing a personal guaranty of your entity's obligations, successfully complete our initial training program, and otherwise meet our requirements. We are under no obligation to operate your Brightway Location during this 45-day period. However, we may operate your Brightway Location at your expense. We may pay out the revenues of your Brightway Location to cover any past, current or future obligations of your business. We may pay ourselves a reasonable amount to reimburse us for management services and other costs. You or your estate will indemnify us against any and all costs and/or liabilities in connection with, or related in any way to, the operation (or otherwise) of the Brightway Location.
q. Non-competition covenants during the term of the franchise	Section 12(a) Section 12(c)	During the term of the Franchise Agreement, neither you, your guarantors or any parent, child, spouse or sibling of you or your guarantors may engage, directly or indirectly, as an owner, operator, employee, producer, agent, manager, consultant, broker, or otherwise have any interest in any insurance-related business other than as an authorized owner of a Brightway Location; except that you may own equity securities of any insurance business, whose shares are traded on a stock exchange or on the over-the-counter market so long as your ownership interest is 2% or less of the total number of outstanding shares of such business.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		During the term of the Franchise Agreement, neither you, your guarantors or any parent, child, spouse or sibling of you or your guarantors may directly or indirectly solicit a prospect, customer or client, or accept an order from a prospect, customer or client: (i) of us or any Brightway Location as of the date of such termination, expiration, non-renewal or transfer; (ii) to whom we or any Brightway Location, as of the date of such expiration, termination, non-renewal or transfer, has submitted a bid or quotation; or (iii) that has previously been a customer or client of us or any Brightway Location at any time during the 24 months immediately preceding such expiration, termination, non-renewal or transfer.
r. Non-competition covenants after the franchise is terminated or expires	Section 12(b)	For a period of two years after the expiration and nonrenewal, transfer or termination of the Franchise Agreement, regardless of the cause, neither you, your guarantors or any parent, child, spouse or sibling of you or your guarantors may engage, directly or indirectly: (i) as an owner, operator, employee, producer, manager, consultant, broker, or otherwise have any interest in any business that is competing in whole or in part with Brightway by granting franchises or licenses to operate insurance agencies; or (ii) engage, directly or indirectly, as an owner, operator, employee, agent, producer, manager, consultant, broker, or otherwise have any interest in any insurance-related business at or within a 20-mile radius of your former premises or any other AAO-owned or company-owned Brightway Location that is in operation at the time the Franchise Agreement is terminated, expires, or is not renewed, other than as an authorized owner of another Brightway Location.
	Section 12(c)	For a period of two years after the expiration and nonrenewal, transfer or termination of the Franchise Agreement, regardless of the cause, neither you, your guarantors or any parent, child, spouse or sibling of you or your guarantors may directly or indirectly solicit a prospect, customer or client, or accept an order from a prospect, customer or client: (i) of us or any Brightway Location as of the date of such termination, expiration, non-renewal or transfer; (ii) to whom we or any Brightway Location, as of the date of such expiration, termination, non-renewal or transfer, has submitted a bid or quotation; or (iii) that has previously been a customer or client of us or any Brightway Location at any time during the 24 months immediately preceding such expiration, termination, non-renewal or transfer.
s. Modification of the agreement	Sections 10(b), 21(d), and 25(n)	The Franchise Agreement may not be modified without a written document signed by us and you, but we may modify the System and the Confidential Operating Manual.
t. Integration/merger clause	Section 26(h)	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside of the Disclosure Document and Franchise Agreement may not be enforceable. Nothing in the Franchise agreement is intended to

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		disclaim the representations we make in the Disclosure Document.
u. Dispute resolution by arbitration or mediation	Section 24(b) and 24(c)	You must bring all disputes before our President prior to bringing a claim before a third party. After exhausting this internal dispute resolution procedure, at our option, all claims or disputes between you and us must be submitted first to non-binding mediation in Duval County, Florida, in accordance with the American Arbitration Association's Commercial Mediation Rules then in effect (subject to state law). The parties will not be required to first attempt to mediate a controversy, dispute, or claim through mediation if the underlying controversy, dispute or claim concerns an allegation that a party has violated (i) any federally protected intellectual property rights in the Licensed Marks, the Brightway System, or in any Confidential Information; or (ii) any of the restrictive covenants contained in the Franchise Agreement.
v. Choice of forum	Section 24(d)	You may file suit in the state or federal court of the county where we have our principal place of business (currently, Duval County, Florida, or the United States District Court for the Middle District of Florida). We may file suit in either of such courts, or any other court in which jurisdiction and venue are proper (subject to state law).
w. Choice of law	Section 24(a)	Florida law applies (subject to state law).

**ITEM 18:
PUBLIC FIGURES**

We do not use any public figure to promote our franchise.

**ITEM 19:
FINANCIAL PERFORMANCE REPRESENTATIONS**

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

This Item sets forth certain historical revenue, expense and related information for Brightway Locations, some of which has been provided to us by our AAOs using Brightway's prescribed chart of accounts. We believe that the following financial data has been compiled using generally accepted accounting principles, but we have not audited the data and no assurance can be offered that the data does not contain inaccuracies that an audit might disclose.

Written substantiation of the data used in preparing the information found in this Item 19 will be made available upon reasonable request.

As of December 31, 2019, we had 203 franchised Brightway Locations. The data presented in the tables below sets forth the financial performance of certain subsets of the 177 Brightway Locations that commenced operations prior to December 31, 2018 and were open and operating for the entire 2019 calendar year (the “Included Locations”). Because none of our Office Agencies were open prior to December 31, 2018, all of the Included Locations are Retail Agencies. In addition to excluding all Brightway Locations that were not open and operating for the entire 2019 year, we also excluded the Brightway-owned home office location.

TABLE 1
SUMMARY OF ANNUALIZED PREMIUM BY AAO (2019)^{1,2}

The information presented below shows the Annualized Premium of the 162 AAOs operating the 177 Included Locations for the 2019 calendar year. The 177 Included Locations in Table 1 were open for more than twelve months as of December 31, 2019. The Annualized Premium of our multi-unit owners are combined because our multi-unit owners are permitted to share business across their locations, and the number of multi-unit owners in each subset are shown below.

Table 1 provides a snapshot of the size of the book of business associated with each of the Included Location, which is a commonly-referenced metric used in the insurance industry to determine agency size. Annualized Premium is defined as the amount of premium customers pay for policies in one year; if a policy is issued in a six-month term, the premium amount is doubled.

Annualized Premium for 2019 Calendar Year	Number of AAOs	Number of Multi-Unit AAOs in Subset
Over \$27M	2	1
\$20M - \$27M	0	0
\$15M - \$20M	2	1
\$10M - \$15M	9	4
\$5M - \$10M	29	6
\$3M - \$5M	22	1
\$2M - \$3M	18	1
\$1M - \$2M	33	0
Under \$1M	47	0

TABLE 1A
SUMMARY OF ANNUAL COMMISSION REVENUE BY AAO (2019)^{1,2}

The information presented below shows the Annual Commission Revenue of the 162 AAOs operating the 177 Included Locations for the 2019 calendar year. The 177 Included Locations in Table 1A were open for more than twelve months as of December 31, 2019. The Annual Commission Revenue of our multi-unit owners are combined because our multi-unit owners are permitted to share business across their locations, and the number of multi-unit owners in each subset are shown below.

Table 1A shows the commission revenue generated by each Included Location, before taking into account the percentage of commissions retained by Brightway.

Annual Commission Revenue for 2019 Calendar Year	Number of AAOs	Number of Multi-Unit AAOs in Subset
Over \$2.5M	2	1
\$1.75M - \$2.5M	1	0
\$1.25M - \$1.75M	11	6
\$750K - \$1.25M	18	3
\$500K - \$750K	14	2
\$300K - \$500K	29	2
\$100K - \$300K	46	0
\$50K - \$100K	21	0
Under \$50K	20	0

TABLE 2
NEW BUSINESS POLICY PRODUCTION BY PRODUCER (2019)^{3,4}

Table 2 profiles the number of New Business policies and New Business Annualized Premiums generated by Producers of 99 of the Included Locations that meet the criteria outlined in Footnote 4, which includes the requirement that the Included Location meets Brightway's then-current staffing requirements. For the purposes of Item 19, "Producer" is defined as an individual who sells property and casualty insurance in Brightway Locations, including owners.

Included in Table 2 are 296 Producers who have been in the Brightway System for more than twelve months as of December 31, 2019, and who sold a minimum of 50 policies in 2019. This was done to include only those people who have New Business production as a meaningful part of their jobs.

New Business Annualized Premium is defined as the amount of premium customers pay for a new policy in one year; if a policy is issued in a six-month term, the premium amount is doubled.

In addition to the numbers noted in the table below, we had 20 Producers who generated \$1,000,000 or more in New Business Annualized Premium in 2019; 34 Producers who generated \$750,000 or more in New Business Annualized Premium in 2019; and 84 Producers who generated \$500,000 or more in New Business Annualized Premium in 2019.

Category	Average	Top 25%	Bottom 25%	Median	High	Low
New Business Policies Sold per Producer in 2019	299	617	101	226	3,176	57
New Business Annualized Premiums per Producer	\$436,618	\$914,889	\$144,413	\$340,760	\$3,734,198	\$58,926
Number of Producers	296	74	74	296	1	1

TABLE 3
PROFITABILITY OF ESTABLISHED BRIGHTWAY LOCATIONS (2019)⁴

Table 3 of this Item sets forth profitability, revenue and expense information for established Brightway Locations.

Included in Table 3 are 64 of the Included Locations that were open for five full years as of December 31, 2019 that meet the criteria outlined in Footnote 4, which includes the requirement that the Included Location meets Brightway's then-current staffing requirements.

The primary purpose of Table 3 is to show the profitability of mature, tenured Brightway Locations that have been in business five years or more.

Profitability of Established Brightway Locations (Open 5+ Years)				
Measurement Period: 2019 Calendar Year				
	Overall Average		Median	
	\$	%	\$	%
Agency Revenues⁵	492,890	100.0	401,486	100.0
Operating Expenses				
Compensation Expense ⁶	174,086	35.3	91,178	22.7
Other Operating Expense ⁷	115,798	23.5	60,314	15.0
Total Agency Operating Expenses (excluding Owner Compensation)	289,885	58.8	151,492	37.7
Pre-Tax Operating Profit⁸	203,005	41.2	249,994	62.3

Profitability of Established Brightway Locations (Open 5+ Years)				
Measurement Period: 2019 Calendar Year				
	Top 25% Average		Bottom 25% Average	
	\$	%	\$	%
Agency Revenues⁵	959,105	100.0	173,036	100.0
Operating Expenses				
Compensation Expense ⁶	334,780	34.9	64,219	37.1
Other Operating Expense ⁷	198,748	20.7	63,081	36.5
Total Agency Operating Expenses (excluding Owner Compensation)	533,528	55.6	127,300	73.6
Pre-Tax Operating Profit⁸	425,577	44.4	45,736	26.4

Profitability of Established Brightway Locations (Open 5+ Years)				
Measurement Period: 2019 Calendar Year				
	High		Low	
	\$	%	\$	%
Agency Revenues⁵	1,891,274	100.0	96,499	100.0
Operating Expenses				
Compensation Expense ⁶	377,292	19.9	39,797	41.2
Other Operating Expense ⁷	202,488	10.7	41,501	43.0
Total Agency Operating Expenses (excluding Owner Compensation)	579,780	30.7	81,298	84.2
Pre-Tax Operating Profit⁸	1,311,494	69.3	15,201	15.8

TABLE 4
ANNUAL COMMISSIONS PAID TO AAO BY LOCATION (2010-2019)^{9, 10}

The information below reflects average commissions earned by Brightway Location by Tenure. Amounts shown are the commissions paid to AAO during the calendar years ranging from 2010 to 2019, after taking into account the percentage of commissions retained by Brightway.

We have segregated the data by the Brightway Location “Tenure,” defined as the number of twelve-month periods, or Tenure years, in which a Brightway Location received commissions.

For all information presented in Item 19, Tenure reflects full calendar years of business. We do this to account for the ramp-up when a Brightway Location first commences operation and to normalize results. Therefore, if a store opened in July, that Location’s first full year starts in January of the following year. For the number of Brightway Locations in each Tenure, along with relative performance, see Footnote 10.

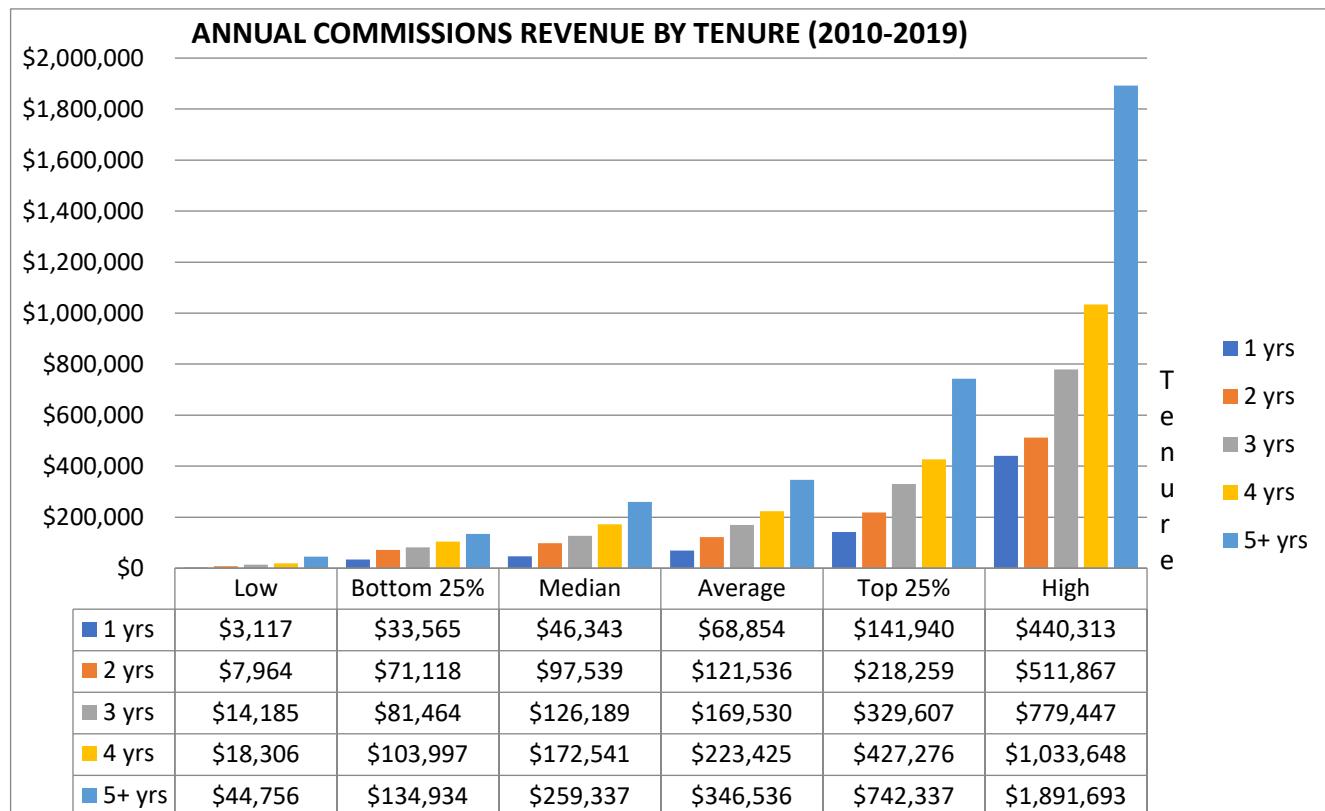


TABLE 5
AVERAGE ANNUAL EXPENSE INFORMATION (2019)^{4,11}

Table 5 of this Item includes certain reported expense information regarding Brightway Locations, specifically Compensation Expense, Marketing Expense, Rent, and Other Operating Expenses, during the 2019 year. Table 5 includes 99 of the Included Locations that meet the criteria outlined in Footnote 4, which includes the requirement that the Included Location meets Brightway's then-current staffing requirements.

Expense Type	Average	Median
Compensation Expense (per employee) ⁶	\$44,438	\$23,064
Marketing Expense ¹²	\$19,991	\$7,516
Rent ¹³	\$31,644	\$25,501
Other Operating Expenses ¹⁴	\$46,318	\$17,517

TABLE 6
NEW BUSINESS POLICY PRODUCTION BY LOCATION (2019)^{4, 15}

The information below shows 2019 New Business policy production by Brightway Location. Included in Table 6 are the 99 Included Locations that meet the criteria outlined in Footnote 4, which includes the requirement that the Included Location meets Brightway's then-current staffing requirements.

New Business Annualized Premium is defined as the amount of premium customers pay for a new policy in one year; if a policy is issued in a six-month term, the premium amount is doubled.

Category	Average	Top 25%	Bottom 25%	Median	High	Low
New Business Policies Sold per Location in 2019	876	1,690	331	666	2,310	59
New Business Annualized Premiums per Location	\$1,284,885	\$2,590,665	\$464,034	\$945,864	\$5,389,825	\$83,032
Number of Locations	99	25	24	99	1	1

TABLE 6A
NEW BUSINESS POLICY PRODUCTION BY EMPLOYEE COUNT (2019)^{1, 16}

The information below shows 2019 New Business policy production for all of the 177 Included Locations, separated based on the number of individuals working at each of the Included Locations (i.e., both the owner and all employees).

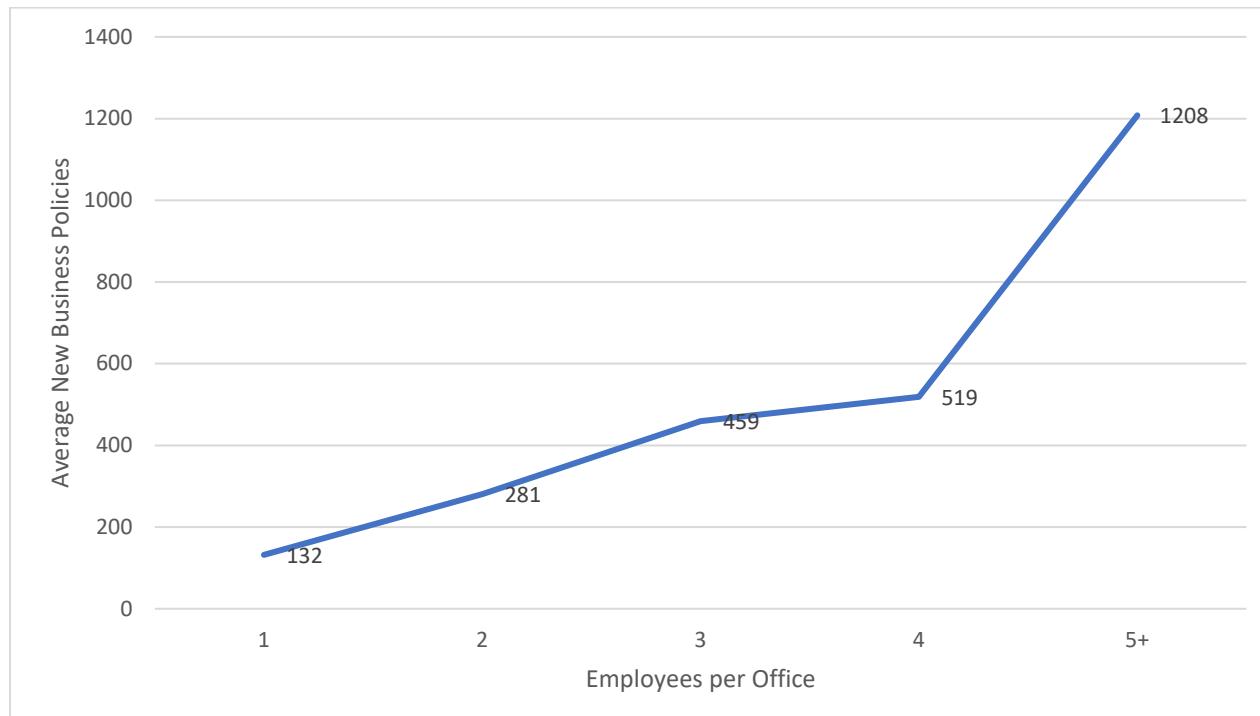


TABLE 7
AVERAGE % COMMISSION RETAINED BY BRIGHTWAY (2019)^{1, 17, 18}

The Average % Commission Retained by Brightway is a number calculated to represent the average percentage of commission withheld in the commission split with our AAOs (New: 85%/15%; Renewal: 55%/45%), and reflects a blend of new and renewal revenue paid to the 177 Included Locations open more than twelve months. The more New Business the AAO generates, the lower the % Commission Retained by Brightway. We have segregated the data by the Brightway Location's "Tenure," which is the number of twelve-month periods for which a Brightway Location had received commissions as of the end of the 2019 calendar year. The average % of Commission Retained by Brightway for the entire Brightway System in 2019 (other than the Brightway-owned home office) is 36.3%.

Tenure Group	Median	Average
1	21.0%	21.0%
2	28.1%	26.6%
3	31.7%	30.9%
4	34.6%	30.8%
5+	38.4%	37.3%

FOOTNOTES TO ALL ITEM 19 TABLES

- Tables 1, 6A, and 7 show the results of all 177 Included Locations that commenced operations and received commissions by December 31, 2018 and were open and operating for the entire 2019 calendar year.
- The average "Tenure" of the Included Locations in each subset of Tables 1 and 1A, which is the number of twelve-month periods for which a Brightway Location had received commissions as of the end of the 2019 calendar year, is as follows:

Annualized Premium (2019)	Average Tenure	Commission Revenue (2019)	Average Tenure
Over \$27M	10	Over \$2.5M	11
\$20M - \$27M	n/a	\$1.75M - \$2.5M	11
\$15M - \$20M	10	\$1.25M - \$1.75M	9
\$10M - \$15M	8	\$750K - \$1.25M	9
\$5M - \$10M	9	\$500K - \$750K	9
\$3M - \$5M	8	\$300K - \$500K	8
\$2M - \$3M	8	\$100K - \$300K	5
\$1M - \$2M	5	\$50K - \$100K	2
Under \$1M	2	Under \$50K	1

3. In Table 2, of the 296 Producers included, 33 out of 74 (45%) exceeded the Bottom 25% Average New Business Policies Sold, 102 out of 296 (34%) exceeded the Average New Business Policies Sold, and 18 out of 74 (24%) exceeded the Top 25% Average New Business Policies Sold.

In Table 2, of the 296 Producers included, 40 out of 74 (54%) exceeded the Bottom 25% Average New Business Annualized Premium, 107 out of 296 (36%) exceeded the Average New Business Annualized Premium, and 21 out of 74 (28%) exceeded the Top 25% Average New Business Annualized Premium.

In this table, the high and low results are exact numbers and not averages.

4. Tables 2, 3, 5, and 6 contain information for all or a subset of 99 Brightway Locations that commenced operations and received commissions by December 31, 2018 and were open and operating for the entire 2019 calendar year, and that reported their full 2019 expenses to Brightway in response to a survey sent to all Brightway Locations. Excluded from these Tables are the following: (a) AAOs who have not been receiving commissions for one full calendar year as of December 31, 2019; (b) AAOs whose survey results were incomplete or materially deficient; and (iii) AAOs who were not “fully staffed,” which means they did not have three or more Producers earning commissions as of December 31, 2019.

Table 3 includes 64 Brightway Locations, of which 16 are Top 25% Agencies (based on 2019 Pre-Tax Operating Profit). When examining these figures, please note that Revenues already account for the percentage of commissions that is retained by Brightway as a royalty, comprising 15% of the Brightway Sales Commissions for New Business and 45% of the Brightway Sales Commissions for Renewal Business (as described more fully in Item 6). In this table, the high and low results are exact numbers and not averages.

5. The term “Revenues” means the total commissions paid to AAOs during the 2019 calendar year in each subset. Of the 64 Brightway Locations presented in Table 3, 26 (41%) exceeded the Overall Average Revenue. Of the 16 Top 25% Brightway Locations presented in Table 3, 5 (31%) exceeded the Top 25% Average Revenue.
6. The term “Compensation Expense” means the total payroll, payroll taxes and pension, and insurance and benefits incurred during the 2019 calendar year by the Brightway Locations in each subset, excluding owner compensation (but including the owner’s taxes, pension and benefits), divided by the total number of Brightway Locations in each subset. In Table 5, “Compensation Expense per Employee” represents the Compensation Expense for each Location divided by the number of employees at such Location.
7. The term “Other Operating Expenses” means the Rent, Marketing Expense, total AAO Shared Expenses, dues and subscriptions, telephone, automation and service agreement expenses, accounting, legal, and finance related expenses, Errors & Omissions and other insurance expenses and other office expenses (e.g., continuing education, supplies, printing, postage and miscellaneous) incurred during the 2019 calendar year by the Brightway Locations in each subset, divided by the total number of Brightway Locations in each subset. Other non-operating expenses, such as interest expenses, are not included.
8. The term “Pre-Tax Operating Profit” means Revenue minus all expenses (excluding owner compensation). Of the 64 Brightway Locations presented in Table 3, 23 (36%) exceeded the Overall Average Pre-Tax Operating Profit. Of the 16 Top 25% Brightway Locations presented in Table 3, 7 (44%) exceeded the Top 25% Average Pre-Tax Operating Profit.

9. In Table 4, we calculate the data in terms of “Locations,” and each Location represents performance data during one calendar year (2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, and 2019) for one Brightway Location. We have segregated the data by the Brightway Location’s “Tenure,” which is the number of twelve-month periods, or Tenure years, for which a Brightway Location received commissions as of the end of the particular calendar year in question. As an example, if a Brightway Location opened in 2012, its first four full calendar years of performance (2013 through 2016) would be represented in Table 4 in Tenure years 1 through 4, and it would be counted as one “Location” in each of these Tenure years. As another example, if a particular Brightway Location has performance data for Tenure years 5 through 7, then its performance for those three years would be represented in the Table as three Locations in the 5+ Tenure subset. Excluded from Table 4 are franchised Brightway Locations that were open for less than one year as of the end of a particular calendar year. In Table 4, the Top 25% were identified based on the Locations with the highest commission revenue in a particular year, calculated independently for each Tenure group and each calendar year between 2010 and 2019. In this table, the high and low results are exact numbers and not averages.

10. In Table 4, there were 178 Locations with a Tenure of 1, and 48 were Top 25% Locations; 62 Locations (34%) exceeded the average annual commission and 18 Top 25% Locations (38%) exceeded the average Top 25% annual commission.

There were 147 Locations with a Tenure of 2, and 39 were Top 25% Locations; 53 Locations (36%) exceeded the average annual commission and 15 Top 25% Locations (38%) exceeded the average Top 25% annual commission.

There were 127 Locations with a Tenure of 3, and 34 were Top 25% Locations; 47 Locations (37%) exceeded the average annual commission and 14 Top 25% Locations (41%) exceeded the average Top 25% annual commission.

There were 109 Locations with a Tenure of 4, and 26 were Top 25% Locations; 38 Locations (35%) exceeded the average annual commission and 11 Top 25% Locations (42%) exceeded the average Top 25% annual commission.

There were 482 Locations with a Tenure of 5+, and 93 were Top 25% Locations; 176 Locations (37%) exceeded the average annual commission and 32 Top 25% Locations (34%) exceeded the average Top 25% annual commission.

The average annual commission presented in Table 4A is the portion of the amounts paid by Contracted Companies to Brightway that Brightway then pays to AAO for the sale of policies. This is the “net” commission amount, after Brightway retains its percentage of New Business and Renewal Business commissions. For New Business, this represents 85% of the commissions paid to Brightway, and for Renewal Business this represents 55% of the commissions paid to Brightway.

11. Table 5 includes expense data from the survey described in Footnote 4 above. There are 99 Brightway Locations included in Table 5 that met these criteria. For Compensation Expense per Employee, 38 (38%) Locations exceeded the Average. For Marketing Expense, 30 (30%) Locations exceeded the Average. For Rent, 39 (39%) Locations exceeded that Average. For Other Operating Expenses, 35 (35%) Locations exceeded the Average.

12. The term “Marketing Expense” means the sum of any costs incurred in the marketing or the selling of

insurance services during the 2019 calendar year by the Brightway Locations in each subset, divided by the total number of Brightway Locations in each subset.

13. The term "Rent" means the expenses incurred during the 2019 calendar year by Brightway Locations in each subset in connection with renting a Premises, divided by the total number of Brightway Locations in each subset.
14. The term "Other Operating Expenses" means the total AAO Shared Expenses, dues and subscriptions, telephone, automation and service agreement expenses, accounting, legal, and finance related expenses, Errors & Omissions and other insurance expenses and other office expenses (e.g., continuing education, supplies, printing, postage and miscellaneous) incurred during the 2019 calendar year by the Brightway Locations in each subset, divided by the total number of Brightway Locations in each subset. Other non-operating expenses, such as interest expenses, are not included.
15. In Table 6, of the 99 Included Locations and 25 Top 25% Included Locations, 35 out of 99 (35%) exceeded the Average New Business Policy Production, and 8 out of 25 (32%) exceeded the Top 25% New Business Policy Production.

In Table 6, of the 99 Included Locations 25 Top 25% Included Locations, 36 out of 99 (36%) exceeded the Average New Business Annualized Premium, and 8 out of 25 (32%) exceeded the Top 25% Average New Business Annualized Premium.

In this table, the high and low results are exact numbers and not averages.

16. In Table 6A, of the 16 Included Locations with one employee, 7 (44%) exceeded the Average New Business Policies. Of the 44 Included Locations with two employees, 20 (45%) exceeded the Average New Business Policies. Of the 46 Included Locations with three employees, 21 (46%) exceeded the Average New Business Policies. Of the 32 Included Locations with four employees, 11 (34%) exceeded the Average New Business Policies. Of the 39 Included Locations with five or more employees 18 (46%) exceeded the Average New Business Policies
17. As noted above, "Tenure" means the number of full calendar years for which a Brightway Location had received commissions as of the end of the 2019 calendar year. For example, if a Location opened in June 2015, it would have a Tenure of "3" in Table 7. Excluded from Table 7 are AAOs who were not receiving commissions for a full calendar year as of December 31, 2019.
18. In Table 7 there were 32 Brightway Locations with a Tenure of 1, and 14 Brightway Locations (44%) had a lower % of Commissions Retained by Brightway (meaning they paid less than 21.0% of commission revenue to Brightway as a royalty) than the average. There were 26 Brightway Locations with a Tenure of 2, and 15 (58%) had a lower % of Commissions Retained by Brightway than the average. There were 13 Brightway Locations with a Tenure of 3, and 10 (77%) had a lower % of Commissions Retained by Brightway than the average. There were 5 Brightway Locations with a Tenure of 4, and 4 (80%) had a lower % of Commissions Retained by Brightway than the average. There were 101 Brightway Locations with a Tenure of 5+, and 66 (65%) had a lower % of Commissions Retained by Brightway than the average.

GENERAL NOTES TO ITEM 19

- Some AAOs have earned the above amounts. Your individual results may differ. There is no assurance that you will earn as much.**
- We suggest that you consult your financial advisor or accountant concerning the preparation of your financial projections, including any applicable taxes that you may incur in operating a Brightway Location.
- Other than the preceding financial performance representation, Brightway Insurance, Inc. does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing Brightway Location, however, we may provide you with the actual records of that Brightway Location. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Michael Miller at our corporate offices at Brightway Insurance, Inc., 3733 University Boulevard West, Suite 100, Jacksonville, Florida 32217, 904-764-9554, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

Table No. 1-A – Retail Agency Systemwide Location Summary
For Fiscal Years Ended December 31, 2017, 2018, and 2019

Location Type	Year	Locations at Start of Year	Locations at End of Year	Net Change
Franchised	2017	134	152	+18
	2018	152	177	+25
	2019	177	192	+15
Company-Owned	2017	2	1	-1
	2018	1	1	0
	2019	1	1	0
Total	2017	136	153	+17
	2018	153	178	+25
	2019	178	193	+15

Table No. 1-B – Office Agency Systemwide Location Summary
For Fiscal Years Ended December 31, 2017, 2018, and 2019

Location Type	Year	Locations at Start of Year	Locations at End of Year	Net Change
Franchised	2017	0	0	+0
	2018	0	0	+0
	2019	0	11	+11
Company-Owned	2017	0	0	+0
	2018	0	0	+0

	2019	0	0	+0
Total	2017	0	0	+0
	2018	0	0	+0
	2019	0	11	+11

Table No. 2-A Retail Agency
Transfers of Locations from Franchisees to New Owners
 For Fiscal Years Ended December 31, 2017, 2018, and 2019
 (Other than to Brightway or its Affiliates)

State	Year	Number of Transfers
Alabama	2017	0
	2018	0
	2019	1
Florida	2017	4
	2018	5
	2019	4
Total	2017	4
	2018	5
	2019	5

Table No. 2-B – Office Agency
Transfers of Locations from Franchisees to New Owners
 For Fiscal Years Ended December 31, 2017, 2018, and 2019
 (Other than to Brightway or its Affiliates)

State	Year	Number of Transfers
Total	2017	0
	2018	0
	2019	0

Table No. 3-A – Retail Agency
Status of Franchised Locations
 For Fiscal Years Ended December 31, 2017, 2018, and 2019

State	Year	Locations at Start of Year	Locations Opened	Terminations	Non-Renewals	Reacquired by Brightway	Ceased Operations – Other Reason	Locations at End of Year
Alabama	2017	0	1	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Arizona	2017	3	1	0	1	0	0	3

State	Year	Locations at Start of Year	Locations Opened	Terminations	Non-Renewals	Reacquired by Brightway	Ceased Operations – Other Reason	Locations at End of Year
	2018	3	0	1	0	0	1	1
	2019	1	0	0	0	0	0	1
California	2017	0	2	0	0	0	0	2
	2018	2	2	0	0	0	0	4
	2019	4	0	0	0	0	1	3
Colorado	2017	2	1	0	0	0	1	2
	2018	2	1	0	0	0	0	3
	2019	3	3	0	0	0	1	5
Delaware	2017	1	0	0	0	0	1	0
	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
Florida	2017	109	4	0	2	0	4	107
	2018	107	10	1	1	0	3	112
	2019	112	9	0	0	0	4*	116
Georgia	2017	4	1	0	0	0	1	4
	2018	4	0	0	0	0	1	3
	2019	3	0	0	0	0	0	3
Illinois	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Indiana	2017	0	1	0	0	0	0	1
	2018	1	1	0	0	0	0	2
	2019	2	0	0	0	0	0	2
Kansas	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Louisiana	2017	3	1	0	0	0	0	4
	2018	4	3	0	0	0	0	7
	2019	7	1	0	0	0	0	8
Michigan	2017	2	3	0	0	0	0	5
	2018	5	0	0	0	0	1	4
	2019	4	1	0	0	0	0	5
Missouri	2017	1	0	0	0	0	0	1
	2018	1	1	0	0	0	1	1
	2019	1	1	0	0	0	0	2

State	Year	Locations at Start of Year	Locations Opened	Terminations	Non-Renewals	Reacquired by Brightway	Ceased Operations – Other Reason	Locations at End of Year
New Jersey	2017	0	2	0	0	0	0	2
	2018	2	0	0	0	0	0	2
	2019	2	1	0	0	0	1	2
New York	2017	1	1	0	0	0	0	1
	2018	1	1	0	0	0	0	2
	2019	2	0	0	0	0	1	1
North Carolina	2017	4	1	0	0	0	0	5
	2018	5	1	0	0	0	0	6
	2019	6	0	0	0	0	0	6
Oklahoma	2017	1	1	0	0	0	0	2
	2018	2	1	0	0	0	0	3
	2019	3	0	0	0	0	0	3
Pennsylvania	2017	2	1	0	0	0	1	2
	2018	2	0	2	0	0	0	0
	2019	0	0	0	0	0	0	0
South Carolina	2017	0	2	0	0	0	0	2
	2018	2	4	0	0	0	0	6
	2019	6	0	0	0	0	1*	5
Tennessee	2017	0	1	0	0	0	0	1
	2018	1	1	0	0	0	0	2
	2019	2	1	0	0	0	0	3
Texas	2017	2	4	0	0	0	0	6
	2018	6	9	0	0	0	0	15
	2019	15	6	0	0	0	0	21
Washington	2017	0	1	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Wisconsin	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
Total	2017	134	29	0	3	0	8	152
	2018	152	37	4	1	0	7	177
	2019	177	20	0	0	0	5	192

* Three locations in Florida and one location in South Carolina each converted from a Retail Agency to an Office Agency in 2019.

Table No. 3-B – Office Agency
Status of Franchised Locations
For Fiscal Years Ended December 31, 2017, 2018, and 2019

State	Year	Locations at Start of Year	Locations Opened	Terminations	Non-Renewals	Reacquired by Brightway	Ceased Operations – Other Reason	Locations at End of Year
Arkansas	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
California	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
Florida	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	4*	1	0	0	0	3
Georgia	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
Indiana	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
Louisiana	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
New York	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
South Carolina	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1*	0	0	0	0	1
Texas	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
Total	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	12	1	0	0	0	11

* Three locations in Florida and one location in South Carolina each converted from a Retail Agency to an Office Agency in 2019.

Table No. 4 - Status of Company-Owned Locations
For Fiscal Years Ended December 31, 2017, 2018, and 2019

State	Year	Locations at Start of Year	Locations Opened	Locations Reacquired from Franchisees	Locations Closed	Locations Sold to Franchisees	Locations at End of Year
Florida	2017	1	0	0	0	0	1
	2018	1	0	0	0	0	1
	2019	1	0	0	0	0	1
Georgia	2017	1	0	0	1	0	0
	2018	0	0	0	0	0	0
	2019	0	0	0	0	0	0
Total	2017	2	0	0	1	0	1
	2018	1	0	0	0	0	1
	2019	1	0	0	0	0	1

Table No. 5-A – Retail Agency
Projected New Franchised Locations as of December 31, 2019

STATE	Franchise Agreements Signed but Location not Opened	Projected New Franchised Locations in the Next Fiscal Year	Projected New Company-Owned Locations in the Next Fiscal Year
Alabama	0	2	0
California	0	1	0
Colorado	0	2	0
Florida	0	4	0
Georgia	0	1	0
Louisiana	0	1	0
Maryland	0	1	0
Nevada	0	1	0
North Carolina	0	4	0
New York	0	1	0
Oklahoma	0	0	0
South Carolina	0	2	0
Tennessee	0	2	0
Texas	0	3	0
Virginia	0	1	0
Utah	0	1	0
Total	0	27	0

Table No. 5-B – Office Agency
Projected New Franchised Locations as of December 31, 2019

STATE	Franchise Agreements Signed but Location not Opened	Projected New Franchised Locations in the Next Fiscal Year	Projected New Company-Owned Locations in the Next Fiscal Year
Alabama	0	0	0
California	0	1	0
Colorado	0	1	0
Florida	0	3	0
Georgia	0	1	0
Louisiana	0	2	0
Maryland	0	0	0
Nevada	0	0	0
North Carolina	0	1	0
New York	0	1	0
Oklahoma	0	0	0
South Carolina	0	1	0
Tennessee	0	0	0
Texas	0	2	0
Virginia	0	0	0
Utah	0	0	0
Total	0	13	0

Attached as Exhibit E is a list of the franchisees that have entered into agreements with us as of the end of our most recent fiscal year. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In the past three years, current and former franchisees have signed confidentiality clauses restricting their ability to speak openly about their experience with the Brightway System. You may wish to speak with current and former franchisees but be aware that not all such franchisees will be able to communicate with you.

There is currently no trademark specific franchisee organization associated with the Brightway System.

ITEM 21:
FINANCIAL STATEMENTS

Attached as Exhibit A to this Disclosure Document are (i) our audited financial statements for our fiscal years ended December 31, 2017, 2018 and 2019, and (ii) an unaudited balance sheet and profit and loss statement dated April 30, 2020. Our fiscal year ends on December 31.

ITEM 22:
CONTRACTS

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

- Exhibit B: Franchise Agreement
- Exhibit C: Sample Termination and Release Agreement
- Exhibit F: National Account Participation Agreement
- Exhibit I: Multi-Unit Program Agreement
- Exhibit J: Option Agreement
- Exhibit L: Affidavit Regarding Existing Contractual Obligations

ITEM 23:
RECEIPTS

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

Compliance
Brightway Insurance, Inc.
3733 University Boulevard West, Suite 100
Jacksonville, Florida 32217
904-483-3584
compliance@brightway.com

EXHIBIT A:
FINANCIAL STATEMENTS

THE FOLLOWING PROFIT AND LOSS STATEMENT AND BALANCE SHEET FOR BRIGHTWAY INSURANCE, INC. FOR THE INTERIM PERIOD BEGINNING ON JANUARY 1, 2020 AND ENDING ON APRIL 30, 2020, ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

GL#	All Divisions	Balance as of 04/30/2020
ASSETS		
Current Assets		
Cash Accounts		
11110000	Petty Cash	260.00
11136000	SunTrust Operating	0.00
11137000	Chase Brokerage	959,214.55
11138000	Chase Operating	7,830,743.12
11140000	Prepaid Expense- Commissions	165,184.76
	Total Cash Accounts	8,955,402.43
Accounts Receivable		
Accounts Receivable - Agency Business		
11211000	AR - Agency Business	-416,511.36
11212000	Deferred Standard AR - Agency Business	-7,861.54
	Total Accounts Receivable - Agency Business	-424,372.90
Direct Bill Commissions Receivable		
11241000	DB Comm Receivable - Insurance Companies	-312,703.48
11242000	DB Comm Receivable - Brokerage Companies	-94,407.14
11250000	Year End Commission Receivables	6,912,958.27
11251000	Year End Contingency Income Receivable	19,578.10
11252000	Chargeback allowance - receivables	-722,427.43
11260000	Agent Receivables	26,609.30
	Total Direct Bill Commissions Receivable	5,829,607.62
11291000	BV Receivable	21,423.30
11292000	FCI Receivable	14,746.47
	Total Accounts Receivable	5,441,404.49
Notes Receivable		
11310000	Note Receivable Franchise Fee	428,166.18
11312000	Note Receivable- Commission Advance	166,806.92
11313000	Note Receivable Multi-Unit Franchise Fee	654,000.00
11313100	Allowance for Note Receivable Multi-Unit Franchise Fee	-654,000.00
11319000	Note Receivable- Brightway Ventures	0.00
	Total Notes Receivable	594,973.10
Prepaid Expenses		
11410000	Prepaid Expenses - Insurance	105,693.00
11420000	Prepaid Expenses - Field Technology	80,250.77
11430000	Prepaid Expenses - Other	684,964.94
11440000	Prepaid Expenses - Software	284,920.63
11450000	Prepaid Expense- Pass Through Charges	705,568.32
11460000	Prepaid- Furniture deposits	3,937.03
11470000	Prepaid- Office Equipment deposits	4,672.54
	Total Prepaid Expenses	1,870,007.23
11850000	Construction in Process	1,311.27
11860000	Software Work in Process	347,077.87
11870000	Internal Software Projects in Process	214,432.26
11880000	IA Contract in Process	89,340.28
12100000	Deferred Contract Expense	572,573.47
	Total Current Assets	18,086,522.40
Fixed Assets		
Automobiles		
13110000	Vehicle	62,452.00
13120000	Accum Depre Vehicle	-34,842.87
	Total Automobiles	27,609.13
Furniture & Fixtures		
13210000	Furniture & Fixtures	1,082,798.03
13220000	Allowance for Depreciation - F & F	-424,366.94
	Total Furniture & Fixtures	658,431.09
Leasehold Improvements		
13410000	Leasehold Improvements	2,135,062.55
13420000	Allowance for Depreciation - Improvement	-104,124.26
	Total Leasehold Improvements	2,030,938.29
Office Equipment		
13610000	Office Equipment Detail	1,444,029.31
13620000	Accum Depr Office Equipment	-561,995.76

GL#	All Divisions	Balance as of 04/30/2020
	Total Office Equipment	882,033.55
	Computer Software	
13710000	Computer Software	809,814.86
13720000	Accum Dept Computer Software	-380,872.36
	Total Computer Software	428,942.50
13810000	Internal Software Projects	899,113.85
13812000	Internal Software Projects Accum Depreciation	-212,648.36
	Total Fixed Assets	4,714,420.05
	Intangible Assets	
	Other Assets	
	Goodwill	
18101000	Middleburg Asset Intangible	39,666.80
	Total Goodwill	39,666.80
18200000	Trademark	5,933.30
18300000	Domain	22,392.19
18400000	Employee Loans	4,825.50
18500000	Deposits	15,830.34
	Aquired Books of Business	
18606000	Service First BOB	205,000.00
18607000	General Insurance BOB	187,249.00
18610000	Ken Toney/Chris Palumbo BOB	72,570.07
18611000	Non-compete Portion of Jim Pihl Territory Buyout	870,624.00
18612000	Non-compete Portion of Rhonda Sexton Territory Buyout	420,847.00
18613000	Non-compete Portion of Kevin Feuser Territory Buyout	429,555.00
18614000	Non-compete Portion of Billy Wagner Territory Buyout	517,194.00
	Total Aquired Books of Business	2,703,039.07
	Accumulated Amortization on Acquired Books of Business	
18706000	Service First BOB Accumulated Amortization	-205,000.00
18707000	General Insurance BOB Accumulated Amortization	-187,249.00
18710000	Ken Toney/Chris Palumbo Accumulated Amortization	-46,566.00
18711000	Non-compete Portion of Jim Pihl Territory Buyout Accum Amort	-621,874.20
18712000	Non-compete Portion-Rhonda Sexton Territory Buyout Acc Amort	-300,605.20
18713000	Non-compete Portion Kevin Feuser Territory Buyout Acc Amortz	-296,597.89
18714000	Non-compete Portion- Billy Wagner Territ Buyout Accum Amort	-110,827.26
	Total Accumulated Amortization on Acquired Books of Business	-1,768,719.55
	Total Other Assets	1,022,967.65
	TOTAL ASSETS	23,823,910.10
	LIABILITIES	
	Current Liabilities	
	Accounts Payable	
	Accounts Payable to Companies	
21111000	Accounts Payable to Insurance Companies	-142.48
21112000	Accounts Payable to Brokerage Companies	282,392.43
	Total Accounts Payable to Companies	282,249.95
21131000	Commissions Payable - All Business	
	Commissions Payable - Agency Business	2,042,109.21
	Total Commissions Payable - All Business	2,042,109.21
21141000	Commission Payable at Year End	4,542,210.91
21142000	Chargeback allowance - Payables	-474,676.42
21150000	401k Payable	0.00
21151000	Garnishments Payable	-472.41
21163000	TOR Agreement Liabilities	228,597.06
21191000	Uncashed Refund Checks (Unclaimed Property)	11,022.51
	Total Accounts Payable	6,631,040.81
21300000	Accrued Expenses	1,077,383.82
21310000	Accrued Payroll Liability	846,609.51
	Deferred Income	
21500000	Deferred Revenue	27,717.79
21530000	Deferred Revenue - New Office Franchise Fee	244,000.00
21531000	Deferred Contract Fee Revenue	667,086.06
	Total Deferred Income	938,803.85
	Notes Payable - Short term	

GL#	All Divisions	Balance as of 04/30/2020
21710000	ST Note Payable 1	9,722.22
21715000	PPP Loan	2,810,420.00
	Total Notes Payable - Short term	2,820,142.22
	Total Current Liabilities	12,313,980.21
	Long Term Liabilities	
	Notes Payable - Long term	
25130000	Chase Term Loan	27,375,000.00
25132000	Chase Revolving Loan	985,806.29
	Total Notes Payable - Long term	28,360,806.29
	Total Long Term Liabilities	28,360,806.29
	TOTAL LIABILITIES	40,674,786.50
	EQUITY	
	Paid In Capital	
31300000	Common Stock	100.00
31700000	Dividend On Common Stock	-2,895,780.12
	Total Paid In Capital	-2,895,680.12
	Retained Earnings	
	Undistributed Net Profit (Loss)	2,279,101.91
35100000	Retained Earnings	-16,234,298.19
	Total Retained Earnings	-13,955,196.28
	TOTAL EQUITY	-16,850,876.40
	TOTAL LIABILITIES & EQUITY	23,823,910.10

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YTD

1/1/2020 - 4/30/2020

GL	All Divisions, Branches, Departments, and Groups	1/1/2020 - 4/30/2020	YTD % Total
INCOME			
Property & Casualty Commission			
P&C Agency Bill Commission Income			
40111000	P&C AB Commission Inc - Insurance Co	5,349.12	0.0
40112000	P&C AB Commission Inc - Brokerage Co	515,479.44	1.9
40110000	Total P&C Agency Bill Commission Income	520,828.56	1.9
P&C Direct Bill Commission Income			
40121000	P&C DB Commission Inc - Insurance Co	22,267,309.47	81.2
40122000	P&C DB Commission Inc - Brokerage Co	1,217,848.66	4.4
40120000	Total P&C Direct Bill Commission Income	23,485,158.13	85.7
40100000	Total Property & Casualty Commission	24,005,986.69	87.6
Life and Health Commission			
L&H Agency Bill Commission Income			
L&H Direct Bill Commission Income			
40222000	L&H DB Commission Inc - Brokerage Co	31,967.13	0.1
40220000	Total L&H Direct Bill Commission Income	31,967.13	0.1
40200000	Total Life and Health Commission	31,967.13	0.1
Other Commission			
Other Agency Bill Commission Income			
40311000	Other AB Commission Inc - Insurance Co	89.10	0.0
40312000	Other AB Commission Inc - Brokerage Co	412.20	0.0
40310000	Total Other Agency Bill Commission Income	501.30	0.0
Other Direct Bill Commission Income			
40321000	Other DB Commission Inc - Insurance Co	1,483.53	0.0
40322000	Other DB Commission Inc - Brokerage Co	1,424,959.45	5.2
40320000	Total Other Direct Bill Commission Income	1,426,442.98	5.2
40300000	Total Other Commission	1,426,944.28	5.2
Financial Services Commission			
FS Agency Bill Commission Income			
FS Direct Bill Commission Income			
40400000	Total Financial Services Commission	0.00	0.0
Bridge Fee Income			
All Other Income			
Other Income			
41160000	Premium Finance Income	8,998.20	0.0
41170000	Contingency Income	1,878,673.70	6.9
41180000	Training Fee Income	5,600.00	0.0
41100000	Total All Other Income	1,893,271.90	6.9
Other Fee Income			
41220000	Small Balances Waived	-22.71	0.0
41300000	Interest Income	3,872.10	0.0
41310000	Franchise Fee Interest Income	20,611.66	0.1
41410000	AAO Franchise Fee Income	30,500.00	0.1
41200000	Total Other Fee Income	54,961.05	0.2

40000000	Total INCOME	27,413,131.05	100.0
SALES EXPENSE			
Sales Salaries & Commissions			
	Agency Bill Commission Expense		
51110000	AB Commission Expense - Agency Business	312,200.78	1.1
51100000	Total Agency Bill Commission Expense	312,200.78	1.1
	Direct Bill Commission Expense		
51210000	DB Commission Expense - Agency Business	15,455,850.33	56.4
51220000	DB Commission Expense - Broker Business	2.59	0.0
51200000	Total Direct Bill Commission Expense	15,455,852.92	56.4
51000000	Total Sales Salaries & Commissions	15,768,053.70	57.5
	Other Sales Expense		
54000000	Sales Incentive Program Expense	225,025.43	0.8
54250000	Brightway Internal AOR Expense	-933.12	0.0
54500000	Post-termination payment	78,722.09	0.3
55000000	MVR Expense	10,207.87	0.0
50000000	Total SALES EXPENSE	16,081,075.97	58.7
ADMINISTRATIVE EXPENSE			
Administrative Salaries			
61100000	Executive Salaries	830,346.86	3.0
61200000	Office Salaries	4,494,202.68	16.4
61300000	Payroll Admin Fee	10,805.73	0.0
61000000	Total Administrative Salaries	5,335,355.27	19.5
62000000	Accounting Fees	107,400.00	0.4
62100000	Legal Fees	70,048.39	0.3
62110000	Agency Management System Expense	144,781.00	0.5
62120000	Software Management Program	215,808.04	0.8
62200000	Bad Debts	5,701.67	0.0
62300000	Bank Charges	-24,844.66	-0.1
62500000	Amortization Expense	111,834.24	0.4
62510000	Depreciation Expense	252,550.68	0.9
62600000	Dues and Subscriptions	30,033.20	0.1
	Insurance		
62710000	Benefits Insurance	348,519.03	1.3
62720000	Owner Benefits	31,422.76	0.1
62730000	E&O	17,055.10	0.1
62740000	Professional Liability Policies	26,430.83	0.1
62750000	Automobile Insurance	4,677.68	0.0
62700000	Total Insurance	428,105.40	1.6
62800000	Interest	463,739.83	1.7
63000000	Licenses, Permits, and Appointment fees	14,412.61	0.1
	Office Supplies- New		
63102000	Office Supplies-Admin	4,765.10	0.0
63103000	Office Supplies-Department	2,436.60	0.0
63101000	Total Office Supplies- New	7,201.70	0.0
	Office Equipment-New		
63112000	Office Equipment-Admin	1,442.87	0.0
63113000	Office Equipment- Department	13,605.73	0.0
63111000	Total Office Equipment-New	15,048.60	0.1
63200000	Postage	1,797.40	0.0
63300000	Employer 401K Match	111,929.62	0.4
63400000	Rent	276,373.88	1.0
63500000	Repair & Maintenance	8,200.77	0.0
	Taxes		
63610000	Taxes - FICA	393,574.94	1.4
63630000	Unemployment Tax	19,305.52	0.1
63640000	Business Tax	39.91	0.0

63600000	Total Taxes	412,920.37	1.5
63700000	Data Services	137,680.85	0.5
63800000	Business Meals	7,637.32	0.0
63801000	Business Travel	3,909.24	0.0
63870000	Printing Expense	13,505.29	0.0
64000000	Consulting Fees	9,860.00	0.0
64100000	Professional Fees	137,186.65	0.5
64300000	Moving Expense	29,832.74	0.1
64410000	Sales/Service Error Management	5,131.38	0.0
64420000	Agent Premium Collection Acct	38.79	0.0
64440000	Misc Expense	30,245.23	0.1
64510000	IT Services-NEW	325,056.78	1.2
Software Expense- New			
64603000	Software Expense- Department	14.99	0.0
64601000	Total Software Expense- New	14.99	0.0
64700000	Sales Technology	-2,430.00	0.0
64800000	Education	12,102.46	0.0
64900000	Recruitment & Hiring	70,319.85	0.3
65200000	Employee Relations	27,786.34	0.1
65300000	Marketing Development	20,547.10	0.1
65500000	Business Development	146,766.50	0.5
Field Expenses			
66100000	Company Owned Car Expense	381.69	0.0
66110000	Mileage Reimbursement	2,486.88	0.0
66150000	DC Meals	767.66	0.0
66200000	DC Lodging	4,080.22	0.0
66250000	DC Travel	5,934.70	0.0
66000000	Total Field Expenses	13,651.15	0.0
Franchise Sales Expense			
67100000	Referral Fees	4,873.97	0.0
67200000	Franchise Marketing	6,810.70	0.0
67300000	Franchise Advertising	49,018.66	0.2
67400000	Franchise Business Development	14,236.67	0.1
67500000	Franchise Marketing Professional Services	772.50	0.0
67000000	Total Franchise Sales Expense	75,712.50	0.3
60000000	Total ADMINISTRATIVE EXPENSE	9,052,953.17	33.0
Total SALES & ADMINISTRATIVE EXPENSE			
	Operating Profit (Loss)	2,279,101.91	8.3

Brightway Insurance, Inc.

Financial Statements

Years Ended December 31, 2019 and 2018

DHG
DIXON HUGHES GOODMAN LLP

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Independent Auditors' Report

Stockholders
Brightway Insurance, Inc.
Jacksonville, Florida

We have audited the accompanying financial statements of Brightway Insurance, Inc. (the "Company"), which comprise the balance sheets as of December 31, 2019 and 2018 and related statements of income, stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018 and the results of its operations and cash flows for the years then ended in conformity with U.S. GAAP.

Tampa, Florida
April 13, 2020

Brightway Insurance, Inc.
Balance Sheets
December 31, 2019 and 2018

	2019	2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 6,254,849	\$ 4,897,292
Restricted cash	904,716	767,685
Deferred commission expense	572,573	-
Commissions receivable, net	5,946,647	5,035,872
Notes receivable	90,924	112,892
Notes receivable from related party	1,060,847	-
Prepaid expenses and other current assets	910,269	511,062
Other assets	<u>60,852</u>	<u>58,943</u>
Total current assets	<u>15,801,677</u>	<u>11,383,746</u>
Net property and equipment	<u>5,075,124</u>	<u>4,194,548</u>
Other assets:		
Notes receivable, net of current	435,817	391,329
Notes receivable from related party	-	1,060,847
Goodwill, net	70,826	79,325
Other intangible assets, net	<u>1,043,320</u>	<u>1,385,173</u>
Total other assets	<u>1,549,963</u>	<u>2,916,674</u>
Total assets	<u>\$ 22,426,764</u>	<u>\$ 18,494,968</u>

Brightway Insurance, Inc.
Balance Sheets
December 31, 2019 and 2018

(Continued)

	2019	2018
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current portion of notes payable	\$ 2,250,000	\$ 1,628,626
Commissions payable, net	5,958,250	4,599,023
Accounts payable and accrued expenses	1,912,576	1,288,880
Deferred revenue	144,154	479,129
Deferred contract fee revenue	667,086	-
Territory rights obligation	<u>152,398</u>	<u>139,698</u>
 Total current liabilities	<u>11,084,464</u>	<u>8,135,356</u>
 Long-term liabilities:		
Line of credit	1,574,500	2,000,000
Territory rights obligation	126,998	292,096
Notes payable, net	<u>25,875,000</u>	<u>28,125,000</u>
 Total long-term liabilities	<u>27,576,498</u>	<u>30,417,096</u>
 Stockholders' equity:		
Common stock, \$0.001 par value; 500,000 shares authorized;		
100,000 shares issued	100	100
Accumulated deficit	<u>(16,234,298)</u>	<u>(20,057,584)</u>
 Total stockholders' equity	<u>(16,234,198)</u>	<u>(20,057,484)</u>
 Total liabilities and stockholders' equity	<u>\$ 22,426,764</u>	<u>\$ 18,494,698</u>

Brightway Insurance, Inc.
Statements of Income
Years ended December 31, 2019 and 2018

	2019	2018
Revenues:		
Franchise royalty fees	\$ 25,939,821	\$ 22,169,297
Commission income	3,667,434	3,627,099
Contingency income	1,847,871	1,865,842
Initial franchise fees	1,605,417	2,165,648
Other	<u>52,259</u>	<u>51,187</u>
Total revenues	33,112,802	29,879,073
 Operating expenses:		
General and administrative expenses	<u>23,054,494</u>	<u>21,622,289</u>
Total operating expenses	23,054,494	21,622,289
Income from operations	10,058,308	8,256,784
Other income (expense):		
Interest expense	(1,498,143)	(514,970)
Interest income	<u>106,876</u>	<u>43,970</u>
Total other income (expense)	(1,391,267)	(471,000)
Net income	\$ 8,667,041	\$ 7,785,784

Brightway Insurance, Inc.
Statements of Stockholders' Equity
December 31, 2019 and 2018

Statements of stockholders' equity

	Common stock		Accumulated deficit	Total stockholders' equity
	Shares	Amount		
Balance, December 31, 2017	100	\$ 100	\$ 729,496	\$ 729,596
Dividends			(28,572,864)	(28,572,864)
Net income			7,785,784	7,785,784
Balance, December 31, 2018	100	100	(20,057,584)	(20,057,484)
Additional Shares Issued	99,900	-	-	-
Dividends			(4,757,658)	(4,757,658)
Cumulative effect of adoption of the revenue recognition standard			(86,097)	(86,097)
Net income			8,667,041	8,667,041
Balance, December 31, 2019	<u>100,000</u>	<u>\$ 100</u>	<u>\$ (16,234,298)</u>	<u>\$ (16,234,198)</u>

Brightway Insurance, Inc.
Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Net income	\$ 8,667,041	\$ 7,785,784
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss on disposal of assets	17,820	51,234
Depreciation and amortization	887,015	669,828
Bad debt reserve	300,000	300,000
Changes in operating assets and liabilities:		
Commissions receivable	(910,775)	(454,088)
Prepaid expenses and other current assets	(973,688)	223,560
Notes receivable	(322,520)	281,607
Commissions payable	1,359,227	421,773
Contract liabilities and deferred revenue	246,014	(506,039)
Accounts payable and accrued expenses	<u>623,694</u>	<u>212,103</u>
Net cash provided by operating activities	<u>9,893,828</u>	<u>8,985,762</u>
Cash flows from investing activities:		
Purchase of property and equipment	(1,435,058)	(2,715,817)
Proceeds from sale of property and equipment	-	10,500
Payments of territory rights obligation	<u>(152,398)</u>	<u>(85,400)</u>
Net cash used by investing activities	<u>(1,587,456)</u>	<u>(2,790,717)</u>
Cash flows from financing activities:		
Borrowings from line of credit	(3,428,626)	(404,541)
Repayments to line of credit	1,374,500	-
Proceeds from note payable	-	30,000,000
Repayments of notes payable	-	(5,511,005)
Net loans to related parties	-	(259,780)
Dividends to stockholders	<u>(4,757,658)</u>	<u>(28,572,864)</u>
Net cash used by financing activities	<u>(6,811,784)</u>	<u>(4,748,190)</u>

Brightway Insurance, Inc.
Statements of Cash Flows
Years Ended December 31, 2019 and 2018
(Continued)

	2019	2018
Net increase in cash and cash equivalents and restricted cash	1,494,588	1,446,855
Cash and cash equivalents and restricted cash, beginning of the year	<u>5,664,977</u>	<u>4,218,122</u>
Cash and cash equivalents and restricted cash, end of the year	\$ 7,159,565	\$ 5,664,977
Supplemental disclosures:		
Cash paid for interest	<u>\$ 1,498,143</u>	<u>\$ 514,970</u>
Non-cash investing activities related to:		
Assumed obligation in connection with purchase of territory rights	<u>\$ 279,396</u>	<u>\$ 431,794</u>

Brightway Insurance, Inc.
Notes to Financial Statements

Notes to Financial Statements

1. Nature of Business and Summary of Significant Accounting Policies

General

Brightway Insurance, Inc. (the "Company") was organized on August 1, 2003 and started franchising in 2008. The Company sells multiple lines of insurance including auto, home and life policies on behalf of various insurance companies and is also a franchisor engaged in developing, marketing and supervising office locations throughout Alabama, Arkansas, Arizona, California, Colorado, Florida, Georgia, Illinois, Indiana, Kansas, Louisiana, Michigan, Missouri, New Jersey, New York, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Washington, and Wisconsin. The majority of the Company's business activities are from insurance sales in Florida.

The Company grants franchise agreements that are for an initial term of five years to associate agency owners (the franchisees) at locations approved by the Company. In addition to initial franchise fees, the Company retains a fixed portion of commissions related to policies executed by the franchisees, ranging from 15% to 45% based on the policy status for franchisees under the Retail Agency program and ranging from 20% to 50% for franchisees under the Office Agent program.

The Company had one hundred and seventy-eight franchises in operation as of December 31, 2018. During 2019, the Company sold thirty-one franchises, six franchises left the system, and there was one home office location. The Company had two hundred and three franchises in operation as of December 31, 2019.

Basis of accounting

The Company's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

Use of estimates

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and, the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions. Significant estimates underlying the accompanying financial statements include the application of guidance for revenue recognition and allowances for estimated policy cancellations.

Cash and cash equivalents and restricted cash

The Company regularly maintains bank deposits in excess of Federal Deposit Insurance Corporation (FDIC) limits. The Company considers all highly liquid investments purchased with an original maturity of ninety days or less to be cash equivalents. Restricted cash includes amounts that are legally restricted as to use or withdrawal. Restricted cash represents cash collected from customers that is payable to insurance companies and for which segregation of this cash is required by contract with the relevant insurance company providing coverage or by law within the state.

Brightway Insurance, Inc.
Notes to Financial Statements

Commissions' receivable

Commissions' receivable consist of amounts owed to the Company related to insurance policies executed as of December 31, 2019 and 2018, which is generally received by the Company within 90 days of policy execution. Commissions receivable are stated at the amounts billed to the insurance companies less an estimated allowance for charge backs and bad debt expense. The allowance for charge backs was \$722,427 and \$608,826 at December 31, 2019 and 2018, respectively. There was no allowance for bad debt for commission receivable for December 31, 2019 or 2018.

Property and equipment

Property and equipment are stated at cost. Depreciation is computed principally by the straight-line method. Estimated useful lives by asset type are as follows:

Furniture and equipment	5 to 10 years
Leasehold improvements	40 years
Automobiles	5 years
Computer software	3 years

The Company develops various software applications for internal use and accounts for costs incurred to develop such computer software. The Company capitalizes costs incurred during an application's development stage, which include costs to design the software configuration and interfaces, coding, installation, and testing. Costs incurred during the preliminary and post-implementation stages of internal-use computer software are expensed as incurred. Costs incurred to maintain existing software are expensed as incurred.

Notes receivable

Notes receivable consists of loans to franchisees, secured by their franchise agreements, personal guarantees, and the assets of the business. These notes accrue interest at rates ranging from 5.25% to 10%. Terms on the notes range from 10 months to 7 years. An allowance for doubtful notes receivable is estimated based on management's judgment of the collectability of these receivables. Notes receivable are stated at the amount due based on the contract less an estimated allowance doubtful notes receivable. The allowance for doubtful notes receivable was \$600,000 and \$300,000 for the years ended December 31, 2019 and 2018, respectively. Bad debt expense was \$31,117 and \$8,603 for the years ended December 31, 2019 and 2018, respectively.

Goodwill

Goodwill represents the excess of the cost over the fair value of the net assets of the acquired businesses.

Effective January 1, 2015, the Company adopted the provisions of Accounting Standards Update (ASU) No. 2014-02, *Intangibles-Goodwill and Other (Topic 350): Accounting for Goodwill*, which provides an alternative to accounting for goodwill for private companies. The alternative allows an entity to amortize goodwill over a period not to exceed 10 years. An entity that elects the alternative is also required to make an election to test goodwill for impairment at the entity level or the reporting unit level. Under the alternative, goodwill is tested for impairment only when a triggering event occurs or circumstances change that indicate that the fair value of the entity (or reporting unit) may be less than its carrying amount.

The Company adopted the accounting alternative for goodwill as of January 1, 2015 and is amortizing goodwill existing at that date on a straight-line basis over 10 years. The Company did not have a triggering event during 2019 and 2018.

Intangible assets

Intangible assets represent the fair value of books of business, territory rights, a domain name and a trademark acquired by the Company.

Brightway Insurance, Inc. Notes to Financial Statements

The domain name and trademark are deemed to have an indefinite life and therefore are not amortized. These intangible assets were assessed for impairment as of December 31, 2019 and 2018 and no impairments were identified.

Books of business agreements are being amortized over their estimated useful lives. The Company considered policy renewals, types of acquired policies, the history of the books of business and industry statistics in determining their estimated useful lives. These intangible assets are reviewed for impairment when events or circumstances indicate their carrying amount may not be recoverable. No impairment triggering events were identified during 2019 and 2018.

During 2018, the Company repurchased territory rights associated with one territory owner representative agreement in exchange for a combination of a one-time payment and fixed monthly payments over a two-year period. The Company has capitalized these payments which are being amortized over the estimated useful life of the repurchased rights. The Company considered the initial buyout payment period as well as the non-compete agreement period in determining the useful life of the repurchased rights. These intangible assets are reviewed for impairment when events or circumstances indicate their carrying amount may not be recoverable. No impairment triggering events were identified during 2019 and 2018.

Commissions payable

Commissions payable consist of amounts due to agents of the Company related to the commissions receivable. Commissions payable are stated at the amounts due to the agents less an estimated allowance for charge backs. The allowances for charge backs is \$474,676 and \$389,393 at December 31, 2019 and 2018, respectively.

Deferred contract fee revenue

Amounts received relating to franchises fees are recorded as deferred revenue and recognized in subsequent periods when earned.

Advertising costs

The Company expenses advertising and marketing costs as incurred. Advertising and marketing expense charged to operations and recorded in general and administrative expenses in the accompanying statements of income amounted to \$246,697 and \$129,194 for the years ended December 31, 2019 and 2018, respectively.

Distributions

Distributions to shareholders are recorded when declared.

Variable interest entities

In 2016, the Company adopted the provisions of Accounting Standards Update (ASU) No. 2014-07, Consolidation (Topic 810): Applying Variable Interest Entities Guidance to Common Control Leasing Arrangements. This ASU provides an accounting alternative for private companies, whereby if certain criteria are met, an entity need not evaluate a lessor entity under variable interest entity (VIE) accounting guidance.

The Company has a leasing arrangement with Brightway Ventures, LLC, an entity under common control. Because the Company has determined the relationship qualifies for the VIE accounting alternative, it has not included Brightway Ventures, LLC in its financial statements.

Income taxes

Brightway Insurance, Inc. has elected to be taxed as an S Corporation. Under such election, the Company's federal taxable income, tax credits, and substantially all state taxable income are passed through to the individual stockholders.

Brightway Insurance, Inc.
Notes to Financial Statements

Accounting guidance prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in an income tax return. Consideration is given to the recognition and measurement of tax positions that meet a “more-likely-than-not” threshold. A tax position is a position taken in a previously filed tax return or a position expected to be taken in a future tax return that is reflected in measuring current or deferred income tax and liabilities. Tax positions taken for various jurisdictions consider the amounts and probabilities of outcomes that could be realized upon settlement using the facts, circumstance, and information available at the reporting date. The Company has determined that it does not have any material uncertain tax positions as of December 31, 2019 and 2018.

New accounting pronouncements

Cash Flow Statement

In August 2016, the FASB issued ASU 2016-15, *Statements of Cash Flows: Classification of Certain Cash Receipts and Cash Payments* (“Topic 230”). In November 2016, the FASB issued ASU 2016-18, *Statements of Cash Flows: Restricted Cash* (“Topic 230”). ASU 2016-15 and ASU 2016-18 were issued to address diversity in practice of how certain cash receipts and cash payments are currently presented and classified in the statement of cash flows. ASU 2016-15 primarily addresses the classification and presentation of certain items as well as application of the predominance principle, while ASU 2016-18 primarily addresses the treatment and disclosure of restricted cash. This standard is effective for annual periods beginning after December 15, 2018. The Company adopted this update on January 1, 2019, with the impact presented on the statements of cash flows.

Leases

In February 2016, the FASB issued ASU 2016-02, *Leases*, intended to improve financial reporting about leasing transactions. The core principle of the guidance is that lessees will be required to recognize assets and liabilities on the balance sheet for all leases with terms of more than twelve months. A lessee would recognize a liability to make lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term. The accounting applied by the lessor is largely unchanged from current GAAP, with some targeted improvements. Disclosures will be required by lessees and lessors to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. In transition, both lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The amendments are effective for the Company for annual reporting periods beginning after December 15, 2020. The Company is currently assessing the impact that the recently issued accounting standard will have on its financial statements.

Subsequent events

The Company evaluated the recognition and disclosure of subsequent events for its financial statements through April 13, 2020, the date the financial statements were available to be issued. Subsequent to the year ended December 31, 2019, the World Health Organization declared that the recent coronavirus disease 2019 (“COVID-19”) outbreak was a global health emergency. On March 11, 2020, the World Health Organization raised the COVID-19 outbreak to “pandemic” status. Due to the recency of these events, the Company is unable to estimate the potential impact, if any, to the Company’s financial position at this time.

On February 28, 2020, the Company forgave its note receivable owed of \$1,060,847 from its affiliate Brightway Ventures.

Brightway Insurance, Inc.
Notes to Financial Statements

2. Revenue and cost recognition

Recently adopted accounting pronouncements

Revenue from Contracts with Customers (ASU 2014-09) ("Topic 606"): This standard supersedes the existing revenue recognition guidance and provides a new framework for recognizing revenue. The core principle of the standard is that an entity should recognize revenue for the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. Additionally, the guidance requires improved disclosure to help users of financial statements better understand the nature, amount, timing and uncertainty of revenue that is recognized. Guidance subsequent to ASU 2014-09 has been issued to clarify various provisions in the standard, including principal versus agent considerations, identifying performance obligations, licensing transactions, as well as various technical corrections and improvements. According to the superseding standard ASU 2015-14 that deferred the effective dates of the preceding, and because the Company is a private company, the standard became effective for the Company January 1, 2019.

This standard may be adopted using either a retrospective or modified retrospective method. The Company adopted this standard by recognizing the cumulative effect as an adjustment to opening accumulated deficit at January 1, 2019, under the modified retrospective method for contracts not completed as of the day of adoption. Under the modified retrospective method, the Company was not required to restate comparative financial information prior to the adoption of these standards and, therefore, such information presented prior to January 1, 2019 continue to be reported under the Company's previous accounting policies. The details of the significant changes and quantitative impact of the changes are discussed below.

Impact on Financial Statements

Upon adoption of the revenue recognition standard, the Company decreased opening accumulated deficits in the amount of \$86,097 related to a decrease to previously recognized revenues in the amount of \$609,849 and previously recognized expenses in the amount of \$523,752. During 2019, the adoption of the revenue recognition standard decreased revenues in the amount of \$57,237 and expenses in the amount of \$48,820 compared to previous revenue recognition standards. As of December 31, 2019 the cumulative net impact to the Company's accumulated deficit was \$94,513.

The following tables summarize the impacts of adopting the revenue recognition standard on the company's balance sheet:

	<u>Legacy GAAP</u>	<u>Adjustments due to Topic 606</u>	<u>As Reported</u>
Balance Sheet			
December 31, 2019			
Assets:			
Deferred cost to obtain contracts	\$ -	\$ 572,573	\$ 572,573
Other assets			
Liabilities:			
Deferred contract fee revenue	-\$ -	-\$ (667,086)	-\$ (667,086)
Stockholders' equity	\$ (16,139,685)	\$ (94,513)	\$ (16,234,198)

Brightway Insurance, Inc.
Notes to Financial Statements

Disaggregation of Revenue

The following table disaggregates revenue by segment and source for 2019:

	Franchise Channel	Corporate Channel	Total
Year Ended December 31, 2019			
<i>Type of revenue stream:</i>			
Commissions			
New and renewal commissions	\$ -	\$ 3,667,433	\$ 3,667,433
Contingent Commissions	1,847,871	-	1,847,871
Franchise revenues			
Royalty fees	25,939,821	-	25,939,821
Initial franchise fees	995,568	-	995,568
Other franchise revenues	52,259	-	52,259
Total revenues	<u>\$ 28,835,519</u>	<u>\$ 3,667,433</u>	<u>\$ 32,502,952</u>
<i>Timing of revenue recognition:</i>			
Transferred at a point in time	28,168,433	3,667,433	31,835,866
Transferred over time	667,086	-	667,086
Total Revenues	<u>\$ 28,835,519</u>	<u>\$ 3,667,433</u>	<u>\$ 32,502,952</u>

Franchise revenues

Franchise revenues include initial franchise fees and ongoing new and renewal royalty fees from franchisees. The Company recognizes franchise royalties by applying the sales-and usage-based royalties exception, estimating the sales of policies when the policy is executed, net of chargebacks. Revenue from initial franchise fees is generated from a contract between the Company and a franchisee. The Company's initial performance obligation is to provide initial training, onboarding, and general marketing guidance. The Company's ongoing performance obligation is to provide ongoing support and use of the Company's brand and business operations over the period of the franchise agreement. The transaction price is set by the franchise agreement. Revenue associated with the Company's initial performance obligation is recognized in the month the agency owner opens for business. Revenue associated with the Company's ongoing performance obligation is recognized over the life of the franchise agreement. Prior to the adoption of Topic 606, initial franchise fees were recognized as revenue in the month the agency owner opened for business. As a result of the adoption of Topic 606, approximately eighty percent (80%) of the initial franchise fee is recognized in the month the agent opens for business and twenty percent (20%) of initial franchise fees are recognized as revenue over the 5-year life of the franchise contract, beginning on the start date of the contract, this amount is captured in deferred contract fee revenue on the balance sheet

Under the Franchise Channel, the Company concluded they are acting in an agent capacity as the Company is not considered to transfer control of the services provided, therefore royalty fees are presented net of franchise agent commission expense of \$25,939,821 during the year ended December 31, 2019.

Commissions

The Company earns new and renewal commissions paid by insurance carriers for the binding of insurance coverage. The transactions price is set as the estimated commissions to be received over the term of the policy, net of a constraint for cancellations. These commissions are earned at a point in time upon the effective date of bound insurance coverage, as no performance obligation exists after coverage is bound.

Brightway Insurance, Inc.
Notes to Financial Statements

Contingency Commissions

The Company also earns contingent commissions from the insurance carriers based on the growth and the profitability of the premiums being placed with the insurance carrier. The performance obligations for contingent commissions will vary by contract, but generally include the Company increasing profitable written premium with the insurance carrier. The transaction price for contingent commissions is estimated based on all available information and is recognized at a point in time upon when the amount of consideration that will be received such that a significant reversal of revenue is not possible.

Deferred Contract Expense

Additionally, the Company has evaluated ASC Topic 340 - Other Assets and Deferred Cost ("ASC 340") which requires companies to defer certain incremental cost to obtain customer contracts, and certain costs to fulfill customer contracts.

Incremental cost to obtain - The adoption of ASC 340 resulted in the Company deferring certain costs to obtain franchise contracts primarily as they relate to the Franchise Channel compensation expense that is directly related to obtaining new franchise agreements. These incremental costs are deferred and amortized over a 5-year period, which is consistent with the term of the contact.

Costs to fulfill - The Company has evaluated the need to capitalize costs to fulfill customer contracts and has determined that there are no costs that meet the definition for capitalization under ASC 340.

Reclassification

Certain reclassification of prior year amounts has been made to conform to the current year presentation under ASC 606. Franchise royalty fees were previously reported gross of commission expenses for the year ended December 31, 2018 and were reclassified to be presented net of commission expenses in the amount of \$22,169,297 for franchise royalty fees upon the adoption of ASC 606 and have reclassified as such for comparative presentation.

3. Goodwill

The Company recognized goodwill and indefinite lived intangible assets upon the acquisition of the assets of a business located in Middleburg, Florida in December 2004. Goodwill at December 31, 2019 and 2018 is as follows:

	2019	2018
Domain name	\$ 22,393	\$ 22,392
Trademark	5,933	5,933
Goodwill	85,000	85,000
Accumulated amortization	<u>(42,500)</u>	<u>(34,000)</u>
Goodwill, net	<u>\$ 70,826</u>	<u>\$ 79,325</u>

The Company is amortizing the expense over 10 years and amortization expense related to goodwill was \$8,499 for the years ended December 31, 2019 and 2018.

Brightway Insurance, Inc.
Notes to Financial Statements

The following is a schedule by year of future amortization of goodwill:

2020	\$ 14,165
2021	14,165
2022	14,165
2023	14,165
2024	<u>14,166</u>
	<u>\$ 70,826</u>

4. Intangible Assets

Intangible assets as of December 31, 2019 is as follows:

	<u>2019</u>	<u>2018</u>	<u>Amortization Period</u>
Books of business	\$ 464,819	\$ 464,819	10 years
Territory rights	<u>2,238,220</u>	<u>2,238,220</u>	7 years
Accumulated amortization	<u>2,703,039</u>	2,703,039	
	<u>(1,659,719)</u>	<u>(1,317,866)</u>	
Other intangibles assets, net	<u>\$ 1,043,320</u>	\$ 1,385,173	

Amortization expense related to intangible assets was \$350,352 and \$313,157 for the years ended December 31, 2019 and 2018, respectively.

Future expected amortization expense of the Company's books of business and territory rights intangible assets are as follows:

2020	\$ 327,003
2021	327,003
2022	173,323
2023	80,537
2024	73,885
Thereafter	<u>61,569</u>
	<u>\$ 1,043,320</u>

Brightway Insurance, Inc.
Notes to Financial Statements

5. Property and Equipment

Major classifications of property and equipment are summarized as follows for the years ended December 31:

	2019	2018
Property and equipment:		
Furniture and equipment	\$ 2,394,545	\$ 2,089,677
Leasehold improvements	2,135,063	2,008,344
Automobiles	62,452	62,452
Computer software	907,829	447,597
Construction in progress	<u>1,041,535</u>	<u>522,486</u>
Total Property and equipment	6,541,424	5,130,556
Less: accumulated depreciation	<u>1,466,300</u>	<u>936,008</u>
Net property and equipment	\$ 5,075,124	\$ 4,194,548

Depreciation expense was \$536,663 and \$356,671 for the years ended December 31, 2019 and 2018, respectively. The Company disposed of property and equipment during the year ended December 31, 2019 resulting in a loss on disposal of \$17,820, which is included in general and administrative expenses on the accompanying statements of income and retained earnings (deficit). Depreciation expense for internal use software was \$35,071 and \$4,316 for the year ended December 31, 2019 and 2018, respectively, and is included as a component of depreciation expense in the statement of income.

6. Line of Credit

During 2018, the Company obtained a \$5,000,000 line of credit that matures in October 31, 2023. The purpose of the line of credit is to provide working capital and fund acquisitions. The line of credit accrues interest at 1-month LIBOR plus an interest rate of 2.35% (4.15% at December 31, 2019) based on the leverage ratio of the Company and is payable monthly. The line of credit is secured by substantially all of the Company's assets and subject to both financial and non-financial covenants. There was \$1,574,500 and \$0 outstanding on the Company's line of credit at December 31, 2019 and 2018, respectively.

Brightway Insurance, Inc.
Notes to Financial Statements

7. Notes Payable

During 2018, the Company entered into a new term loan with the bank to provide for a debt financed distribution. The proceeds of the \$30 million loan were used to repay the existing term loan with the balance distributed to the shareholders.

Notes payable consists of the following at December 31:

	<u>2019</u>	<u>2018</u>
Notes payable (1)	\$ -	\$ 3,626
Term loan (2)	<u>28,125,000</u>	<u>29,750,000</u>
Less: current portion	<u>28,125,000</u>	<u>29,753,626</u>
	<u>(2,250,000)</u>	<u>(1,628,626)</u>
	<u>\$ 25,875,000</u>	<u>\$ 28,125,000</u>

- (1) Various notes payable made in connection with purchased books of business were paid off in 2019.
- (2) On October 31, 2018 the Company entered into a term loan to borrow \$30,000,000. The note requires monthly principal payments of \$125,000 through October 30, 2019 and monthly principle payments of \$187,500 from November 30, 2019 through October 30, 2021 plus accrued and unpaid interest. And the note payment requires a balloon payment of 20,500,000 in October 2023. Interest is accrued at 1-month LIBOR plus an interest rate of 2.35% (4.17% at December 31, 2019) based on the leverage ratio of the Company. The note matures on October 31, 2023. The note is secured by substantially all of the Company's assets and subject to both financial and non-financial covenants.

The scheduled maturities of the Company's notes payable as of December 31, 2019 is as follows:

2020	\$ 2,250,000
2021	2,375,000
2022	3,000,000
2023	<u>20,500,000</u>
	<u>\$ 28,125,000</u>

8. Retirement Plan

The Company maintains a profit-sharing plan covering most employees after 90 days of service. The Company contributes a fixed matching contribution of 100% of participant deferrals up to 3% of compensation and 50% of participant deferrals on the next 2% of compensation. The Company's contributions to the plan were \$309,050 and \$293,462 for the years ended December 31, 2019 and 2018, respectively.

Brightway Insurance, Inc.
Notes to Financial Statements

9. Related Party Transactions

The Company leases its facility from Brightway Ventures, LLC. The lease requires the payment of monthly rent through 2024. The Company is also responsible for certain executory costs such as interest and sales tax. Future minimum lease payments are summarized as follows:

**Year Ending
December 31,**

2020	\$ 778,518
2021	836,186
2022	869,633
2023	904,419
2024	<u>940,596</u>
	<u>\$ 4,329,352</u>

Rental expense was \$587,924 and \$552,192 for the years ended December 31, 2019 and 2018, respectively.

At December 31, 2019 and 2018, the Company had \$0 due from this affiliate presented as a note receivable on the balance sheet. In 2018, the note receivable was refinanced. Based on the new agreement, the note receivable bears interest at 2.19% and interest payments are due annually. All principal and unpaid interest is due on November 1, 2026.

For the year ended December 31, 2019 and 2018, the Company received gross commissions of \$1,502,872 and \$1,209,102 from policies written through a related party.

10. Commitments

According to the terms of signed agreements between the Company and its franchisees, the Company is obligated to support the franchisees as outlined in the franchise agreements.

11. Stockholders' Equity

On May 1, 2019, the Company's board of directors amended and restated the Company's shareholder agreement amending the par value per share from \$1 per share to \$0.001. Under the amended and restated shareholder agreement, the Company has authorized capitalization up to 500,000 shares of common stock and issued 100,000 shares on May 1, 2019. As of December 31, 2019, the Company had 100,000 shares issued and outstanding at \$0.001 par value. As of December 31, 2018, the Company had 100 shares issued and outstanding at \$1 par value.

12. Litigation

The Company, in the normal course of business, is subject to claims and litigation. Management does not believe any such claims and litigation will have a material impact on the Company's financial statements.

Brightway Insurance, Inc.

Financial Statements

Years Ended December 31, 2018 and 2017

DHG
DIXON HUGHES GOODMAN LLP

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Independent Auditors' Report

Stockholders
Brightway Insurance, Inc.
Jacksonville, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Brightway Insurance, Inc. (the "Company"), which comprise the balance sheets as of December 31, 2018 and 2017 and related statements of income and retained earnings (deficit) and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017 and the results of its operations and cash flows for the years then ended in conformity with U.S. GAAP.

Dixon Hughes Goodman LLP

Jacksonville, Florida
March 29, 2019

Brightway Insurance, Inc.
Balance Sheets
December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 5,664,977	\$ 4,218,122
Commissions receivable, net	5,035,872	4,581,784
Notes receivable	112,892	233,118
Prepaid expenses and other current assets	511,062	598,654
Other assets	<u>58,943</u>	<u>194,911</u>
Total current assets	<u>11,383,746</u>	<u>9,826,589</u>
Property and equipment:		
Furniture and equipment	2,089,677	1,377,313
Leasehold improvements	2,008,344	541,378
Automobiles	62,452	84,092
Computer software	447,597	376,919
Construction in progress	<u>522,486</u>	<u>359,349</u>
Total property and equipment	<u>5,130,556</u>	<u>2,739,051</u>
Less: accumulated depreciation	<u>936,008</u>	<u>841,915</u>
Net property and equipment	<u>4,194,548</u>	<u>1,897,136</u>
Other assets:		
Notes receivable, net of current	391,329	852,710
Note receivable from related party	1,060,847	801,067
Goodwill, net	51,000	59,500
Other intangible assets, net	<u>1,413,498</u>	<u>1,200,961</u>
Total other assets	<u>2,916,674</u>	<u>2,914,238</u>
Total assets	<u><u>\$ 18,494,968</u></u>	<u><u>\$ 14,637,963</u></u>

Brightway Insurance, Inc.
Balance Sheets
December 31, 2018 and 2017

(Continued)

	<u>2018</u>	<u>2017</u>
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current portion of notes payable	\$ 1,628,626	\$ 712,233
Commissions payable, net	4,599,023	4,177,250
Accounts payable and accrued expenses	1,288,880	1,076,777
Deferred revenue	479,129	755,168
Territory rights obligation	<u>139,698</u>	-
 Total current liabilities	 <u>8,135,356</u>	 6,721,428
 Long-term liabilities:		
Deferred revenue, net of current	-	230,000
Line of credit	2,000,000	2,404,541
Territory rights obligation	292,096	-
Notes payable, net	<u>28,125,000</u>	<u>4,552,398</u>
 Total long-term liabilities	 <u>30,417,096</u>	 7,186,939
 Stockholders' Equity (Deficit):		
Common stock, \$1 par value; 7,500 shares authorized;		
100 shares issued	100	100
Retained earnings (deficit)	<u>(20,057,584)</u>	<u>729,496</u>
 Total stockholders' equity (deficit)	 <u>(20,057,484)</u>	 729,596
 Total liabilities and stockholders' equity (deficit)	 <u>\$ 18,494,968</u>	 <u>\$ 14,637,963</u>

Brightway Insurance, Inc.
Statements of Income and Retained Earnings (Deficit)
Years ended December 31, 2018 and 2017

	2018	2017
Revenues:		
Commission income	\$ 65,400,964	\$ 55,745,020
Contingency income	1,865,842	1,163,444
Franchise fees	2,165,647	1,457,624
Other	<u>51,187</u>	<u>46,518</u>
Total revenues	69,483,640	58,412,606
Cost of revenues:		
Commission expense	<u>39,604,567</u>	33,355,193
Total cost of revenues	39,604,567	33,355,193
Gross profit	29,879,073	25,057,413
Selling, general and administrative expenses	<u>21,622,289</u>	<u>19,589,712</u>
Operating income	8,256,784	5,467,701
Other income (expense):		
Interest expense	(514,970)	(211,318)
Interest income	43,970	48,871
Other income	<u>-</u>	<u>277,097</u>
Total other income (expense)	(471,000)	114,650
Net income	7,785,784	5,582,351
Distributions to stockholders	(28,572,864)	(5,015,197)
Retained earnings, beginning of year	729,496	162,342
Retained earnings (deficit), ending of year	\$ (20,057,584)	\$ 729,496

Brightway Insurance, Inc.
Statements of Cash Flows
Years Ended December 31, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Net income	\$ 7,785,784	\$ 5,582,351
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss on disposal of assets	51,234	71,649
Depreciation and amortization	669,828	606,391
Bad debt reserve	300,000	-
Changes in operating assets and liabilities:		
Commissions receivable	(454,088)	(248,296)
Prepaid expenses and other current assets	223,560	(418,075)
Notes receivable	281,607	(141,489)
Commissions payable	421,773	456,511
Deferred revenue	(506,039)	260,992
Accounts payable and accrued expenses	212,103	247,289
Net cash provided by operating activities	<u>8,985,762</u>	<u>6,417,323</u>
Cash flows from investing activities:		
Purchase of property and equipment	(2,715,817)	(1,360,760)
Proceeds from sale of property and equipment	10,500	13,797
Payments of territory rights obligation	<u>(85,400)</u>	<u>(201,311)</u>
Net cash used by financing activities	<u>(2,790,717)</u>	<u>(1,548,274)</u>
Cash flows from financing activities:		
Net borrowings (repayments) on line of credit	(404,541)	1,988,817
Proceeds from note payable	30,000,000	-
Repayments of notes payable	(5,511,005)	(747,460)
Net loans to related parties	(259,780)	(603,668)
Distributions to stockholders	<u>(28,572,864)</u>	<u>(5,015,197)</u>
Net cash used by financing activities	<u>(4,748,190)</u>	<u>(4,377,508)</u>
Net increase in cash	1,446,855	491,541
Cash and cash equivalents, beginning of year	<u>4,218,122</u>	<u>3,726,581</u>
Cash and cash equivalents, ending of year	<u>\$ 5,664,977</u>	<u>\$ 4,218,122</u>
Supplemental disclosures:		
Cash paid for interest	<u>\$ 514,970</u>	<u>\$ 211,318</u>
Non-cash investing activities related to:		
Assumed obligation in connection with purchase of territory rights	<u>\$ 431,794</u>	<u>\$ -</u>

Brightway Insurance, Inc.
Notes to Financial Statements

Notes to Financial Statements

1. Nature of Business and Summary of Significant Accounting Policies

General

Brightway Insurance, Inc. (the "Company") was organized on August 1, 2003 and started franchising in 2008. The Company sells multiple lines of insurance including auto, home and life policies on behalf of various insurance companies and is also a franchisor engaged in developing, marketing and supervising office locations throughout Alabama, Arizona, California Colorado, Florida, Georgia, Illinois, Indiana, Kansas, Louisiana, Michigan, Missouri, New Jersey, New York, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, and Washington. The majority of the Company's business activities are from insurance sales in Florida.

The Company grants franchise agreements that are for an initial term of five years to associate agency owners (the franchisees) at locations approved by the Company. In addition to initial franchise fees, the Company retains a fixed portion of commissions related to policies executed by the franchisees, ranging from 15% to 45% based on the policy status.

The Company had one hundred and fifty two franchises in operation as of December 31, 2017. During 2018, the Company sold thirty-eight franchises, twelve franchises left the system, and there was one home office location. The Company had one hundred and seventy eight franchises in operation as of December 31, 2018.

Basis of accounting

The Company's consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

Use of estimates

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect (1) the reported amounts of assets and liabilities; (2) disclosure of contingent assets and liabilities at the date of the financial statements; and, (3) the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Cash and cash equivalents

The Company regularly maintains bank deposits in excess of Federal Deposit Insurance Corporation (FDIC) limits. The Company considers all highly liquid investments purchased with an original maturity of ninety days or less to be cash equivalents.

Commissions' receivable

Commissions' receivable consist of amounts owed to the Company related to insurance policies executed as of December 31, 2018 and 2017, which is generally received by the Company within 90 days of policy execution. Commissions receivable are stated at the amounts billed to the insurance companies less an estimated allowance for charge backs and bad debt expense. The allowance for charge backs was \$608,826 and \$548,857 at December 31, 2018 and 2017, respectively. Bad debt expense was \$8,603 and \$31,280 for the years ended December 31, 2018 and 2017, respectively.

Property and equipment

Property and equipment are stated at cost. Depreciation is computed principally by the straight-line method. Estimated useful lives by asset type are as follows:

Brightway Insurance, Inc.
Notes to Financial Statements

Furniture and equipment	5 to10 years
Leasehold improvements	40 years
Automobiles	5 years
Computer software	3 years

Depreciation expense was \$356,671 and \$253,900 for the years ended December 31, 2018 and 2017, respectively, and is included in selling, general and administrative expenses on the accompanying statements of income and retained earnings (deficit).

The Company develops various software applications for internal use and accounts for costs incurred to develop such computer software. The Company capitalizes costs incurred during an application's development stage, which include costs to design the software configuration and interfaces, coding, installation, and testing. Costs incurred during the preliminary and post-implementation stages of internal-use computer software are expensed as incurred. Costs incurred to maintain existing software are expensed as incurred. Depreciation expense was \$4,316 for the year ended December 31, 2018 and is included as a component of depreciation expense in the statement of operations.

Notes receivable

Notes receivable consists of loans to franchisees, secured by their franchise agreements, personal guarantees, and the assets of the business. These notes accrue interest at rates ranging from 5.25% to 8%. Terms on the notes range from 10 months to 7 years. An allowance for doubtful notes receivable is estimated based on management's judgment of the collectability of these receivables. Notes receivable are stated at the amount due based on the contract less an estimated allowance doubtful notes receivable. The allowance for doubtful notes receivable was \$300,000 at December 31, 2018.

Goodwill

Goodwill represents the excess of the cost over the fair value of the net assets of the acquired businesses.

Effective January 1, 2015, the Company adopted the provisions of Accounting Standards Update (ASU) No. 2014-02, *Intangibles-Goodwill and Other (Topic 350): Accounting for Goodwill*, which provides an alternative to accounting for goodwill for private companies. The alternative allows an entity to amortize goodwill over a period not to exceed 10 years. An entity that elects the alternative is also required to make an election to test goodwill for impairment at the entity level or the reporting unit level. Under the alternative, goodwill is tested for impairment only when a triggering event occurs or circumstances change that indicate that the fair value of the entity (or reporting unit) may be less than its carrying amount.

The Company adopted the accounting alternative for goodwill as of January 1, 2015 and is amortizing goodwill existing at that date on a straight-line basis over 10 years. The Company did not have a triggering event during 2018.

Intangible assets

Intangible assets represent the fair value of books of business, territory rights, a domain name and a trademark acquired by the Company.

The domain name and trademark are deemed to have an indefinite life and therefore are not amortized. These intangible assets were assessed for impairment as of December 31, 2018 and 2017 and no impairments were identified.

Books of business agreements are being amortized over their estimated useful lives. The Company considered policy renewals, types of acquired policies, the history of the books of business and industry statistics in determining their estimated useful lives. These intangible assets are reviewed for impairment when events or circumstances

Brightway Insurance, Inc.

Notes to Financial Statements

indicate their carrying amount may not be recoverable. No impairment triggering events were identified during 2018 and 2017.

During 2018, the Company repurchased territory rights associated with one territory owner representative agreement in exchange for a combination of one-time payments and fixed monthly payments over a two-year period. The Company has capitalized these payments which are being amortized over their estimated useful lives. The Company considered the initial buyout payment period as well as the non-compete agreement period in determining the useful life. These intangible assets are reviewed for impairment when events or circumstances indicate their carrying amount may not be recoverable. No impairment triggering events were identified during 2018 and 2017.

Commissions' payable

Commissions' payable consist of amounts due to agents of the Company related to the commissions' receivable. Commissions payable are stated at the amounts due to the agents less an estimated allowance for charge backs. The allowances for charge backs is \$389,393 and \$353,749 at December 31, 2018 and 2017, respectively.

Deferred Revenue

Amounts received relating to franchises fees are recorded as deferred revenue and recognized in subsequent periods when earned.

Debt issuance costs

Debt issuance costs are presented on the balance sheet as a direct deduction from non-current term notes payable. Amortization of the debt issuance costs is recognized as interest expense in the statement of income and retained earnings (deficit). The Company paid off the note payable that these costs were related to during 2018 (note 5).

Advertising costs

The Company expenses advertising and marketing costs as incurred. Advertising and marketing expense charged to operations and recorded in selling, general and administrative expenses, in the accompanying statement of income and retained earnings amounted to \$129,194 and \$93,729 for the years ended December 31, 2018 and 2017, respectively.

Revenue and cost recognition

The Company recognizes commission income and expense, net of estimated chargebacks, related to insurance sales when the policy is executed. The Company recognizes initial franchise fees as revenue when substantial performance of franchisor obligations is complete. Commission income from franchisee business is recognized as income when earned.

Income taxes

Brightway Insurance, Inc. has elected to be taxed as an S Corporation. Under such election, the Company's federal taxable income, tax credits, and substantially all state taxable income are passed through to the individual stockholders.

Accounting guidance prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in an income tax return. Consideration is given to the recognition and measurement of tax positions that meet a "more-likely-than-not" threshold. A tax position is a position taken in a previously filed tax return or a position expected to be taken in a future tax return that is reflected in measuring current or deferred income tax and liabilities. Tax positions taken for various jurisdictions consider the amounts and probabilities of outcomes that could be realized upon settlement using the facts, circumstance, and information available at the reporting date. The Company has determined that it does not have any material uncertain tax positions as of December 31, 2018.

Brightway Insurance, Inc.
Notes to Financial Statements

Distributions

Distributions to shareholders are recorded when declared.

New accounting pronouncements

The Financial Accounting Standards Board ("FASB") issued Auditing Standards Update ("ASU") No. 2014-09 - *Revenue from Contracts with Customers*, to clarify the principles for recognizing revenue and to develop a common revenue standard for U.S. GAAP and International Financial Reporting Standards. ASU 2014-09 will supersede industry-specific U.S. GAAP guidance and provides a principle-based framework for revenue recognition using a 5 step process. The Company is evaluating the effect this amendment will have on its financial statements and which retrospective application method will be used. The effective date of the amendment for the Company is for annual reporting periods beginning after December 15, 2018.

The FASB issued ASU 2016-02 - *Leases* (Topic 842), which requires lessees to recognize assets and liabilities on the balance sheet for almost every lease and to disclose qualitative and quantitative information about lease transactions, such as information about variable lease payments and options to renew and terminate leases. The Company is evaluating the effect this amendment will have on its financial statements. The effective date of the amendment for the Company is for annual reporting periods beginning after December 15, 2019.

Variable interest entities

In 2016, the Company adopted the provisions of Accounting Standards Update (ASU) No. 2014-07, *Consolidation (Topic 810): Applying Variable Interest Entities Guidance to Common Control Leasing Arrangements*. This ASU provides an accounting alternative for private companies, whereby if certain criteria are met, an entity need not evaluate a lessor entity under variable interest entity (VIE) accounting guidance.

The Company has a leasing arrangement with Brightway Ventures, LLC, an entity under common control. Because the Company has determined the relationship qualifies for the VIE accounting alternative, it has not included Brightway Ventures, LLC in its financial statements.

Subsequent events

The Company has evaluated the effect subsequent events would have on the financial statements through March 29, 2019, which is the date the financial statements were available to be issued. No subsequent events requiring disclosure were noted during our evaluation.

2. Goodwill

The Company recognized goodwill upon the acquisition of the assets of a business located in Middleburg, Florida in December 2004. Goodwill at December 31, 2018 and 2017 is as follows:

	2018	2017
Gross carrying amount	\$ 85,000	\$ 85,000
Accumulated amortization	<u>(34,000)</u>	<u>(25,500)</u>
Goodwill, net	<u>\$ 51,000</u>	<u>\$ 59,500</u>

The Company is amortizing the expense over 10 years and amortization expense related to goodwill was \$8,500 for the years ended December 31, 2018 and 2017.

Brightway Insurance, Inc.
Notes to Financial Statements

The following is a schedule by year of future amortization of goodwill:

2019	\$ 8,500
2020	8,500
2021	8,500
2022	8,500
2023	8,500
Thereafter	<u>8,500</u>
	<u>\$ 51,000</u>

3. Intangible Assets

Intangible assets as of December 31, 2018 is as follows:

	<u>2018</u>	<u>2017</u>	Amortization Period
Domain name	\$ 22,392	\$ 22,392	None
Trademark	5,933	5,933	None
Books of business	464,819	464,819	10 years
Territory rights	<u>2,238,220</u>	<u>1,721,026</u>	7 years
Accumulated amortization	<u>2,731,364</u>	<u>2,214,170</u>	
	<u>(1,317,866)</u>	<u>(1,013,209)</u>	
Other intangibles assets, net	<u>\$ 1,413,498</u>	<u>\$ 1,200,961</u>	

Amortization expense related to intangible assets was \$313,157 and \$352,493 for the years ended December 31, 2018 and 2017, respectively.

Future expected amortization expense of the Company's books of business and territory rights intangible assets are as follows:

2019	\$ 349,145
2020	319,711
2021	327,003
2022	173,322
2023	80,537
Thereafter	<u>135,455</u>
	<u>\$ 1,385,173</u>

4. Line of Credit

Brightway Insurance, Inc.
Notes to Financial Statements

The Company had a \$3,000,000 revolving line of credit agreement that was paid off in 2018. During the year, the Company obtained a \$5,000,000 line of credit that matures in October 31, 2023. The purpose of the line of credit is to provide working capital and fund acquisitions. The line of credit accrues interest at 1-month LIBOR plus an interest rate of 2.35% (4.87% at December 31, 2018) based on the leverage ratio of the company and is payable monthly. The line of credit is secured by substantially all of the Company's assets and subject to both financial and non-financial covenants. There was \$2,000,000 and \$2,404,541 outstanding on the Companies' lines of credit at December 31, 2018 and 2017, respectively.

5. Notes Payable

During 2018, the Company entered into a new term loan with the bank to provide for a debt financed distribution. The proceeds of the \$30 million loan were used to repay the existing term loan with the balance distributed to the shareholders.

Notes payable consists of the following at December 31:

	<u>2018</u>	<u>2017</u>
Term loan (1)	\$ -	\$ 5,321,346
Notes payable (2)	3,626	14,631
Term loan (3)	<u>29,750,000</u>	<u>-</u>
	<u>29,753,626</u>	<u>5,335,977</u>
Less: unamortized debt issuance costs	-	(71,346)
	<u>29,753,626</u>	<u>5,264,631</u>
Less: current portion	<u>(1,628,626)</u>	<u>(712,233)</u>
	<u>\$ 28,125,000</u>	<u>\$ 4,552,398</u>

- (1) On June 12, 2015, the Company entered into a term loan to borrow \$7,000,000. The note requires quarterly principal payments of \$175,000 plus accrued and unpaid interest. The note was secured by substantially all of the Company's assets as well as cross collateralized by Brightway Ventures assets and subject to both financial and non-financial covenants. This note was paid off in 2018.
- (2) Various notes payable made in connection with purchased books of business. The notes require monthly principal and interest payments of \$4,249 bearing interest at rates ranging from 6% to 8% that mature through December 2019.
- (3) On October 31, 2018 the Company entered into a term loan to borrow \$30,000,000. The note requires monthly principal payments of \$125,000 plus accrued and unpaid interest. Interest is accrued at 1-month LIBOR plus an interest rate of 2.35% (4.87% at December 31, 2018) based on the leverage ratio of the Company. The note matures on October 31, 2023. The note is secured by substantially all of the Company's assets and subject to both financial and non-financial covenants.

Brightway Insurance, Inc.
Notes to Financial Statements

The scheduled maturities of the Company's notes payable as of December 31, 2018 is as follows:

2019	\$ 1,628,626
2020	2,250,000
2021	2,375,000
2022	3,000,000
2023	<u>20,500,000</u>
	 <u>\$ 29,753,626</u>

6. Retirement Plan

The Company maintains a profit-sharing plan covering most employees after 90 days of service. The Company contributes a fixed matching contribution of 100% of participant deferrals up to 3% of compensation and 50% of participant deferrals on the next 2% of compensation. The Company's contributions to the plan were \$293,462 and \$279,260 for the years ended December 31, 2018 and 2017, respectively.

7. Related Party Transactions

The Company leases its facility from Brightway Ventures, LLC. The lease requires the payment of monthly rent through 2025. The Company is also responsible for certain executory costs such as interest and sales tax. Future minimum lease payments are summarized as follows:

<u>Year Ending December 31,</u>	
2019	\$ 220,000
2020	220,000
2021	220,000
2022	220,000
2023	220,000
Thereafter	<u>2,530,000</u>
	 <u>\$ 3,630,000</u>

Rental expense was \$552,192 and \$348,867 for the years ended December 31, 2018 and 2017, respectively.

At December 31, 2018 and 2017, the Company had \$1,060,847 and \$801,067 , respectively, due from this affiliate. In 2018, the note receivable was refinanced. Based on the new agreement, the note receivable bears interest at 2.19% and interest payments are due annually. All principal and unpaid interest is due on November 1, 2026.

For the year ended December 31, 2018, the Company received commissions of \$1,209,102 from policies written through a related party. There were none in 2017.

Brightway Insurance, Inc.
Notes to Financial Statements

8. Commitments

According to the terms of signed agreements between the Company and its franchisees, the Company is obligated to support the franchisees as outlined in the franchise agreements.

9. Litigation

The Company, in the normal course of business, is subject to claims and litigation. Management does not believe any such claims and litigation will have a material impact on the Company's financial statements.

EXHIBIT B:
FRANCHISE AGREEMENT

BRIGHTWAY INSURANCE, INC. FRANCHISE AGREEMENT

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Exhibits

- Exhibit 1: Guaranty of AAO's Undertakings
- Exhibit 2: Data Sheet and Acknowledgements
- Exhibit 3: Collateral Assignment of Lease
- Exhibit 4: Special Stipulations

Exhibit 5: Site Selection Addendum

Exhibit 6: Confidentiality and Non-Competition Agreement

Exhibit 7: Conditional Assignment of AAO's Telephone Numbers, Facsimile Numbers and Domain Names

Exhibit 8: Electronic Funds Transfer and Deposit Authorization

FRANCHISE AGREEMENT



BRIGHTWAY INSURANCE, INC.

a Florida corporation

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This **BRIGHTWAY INSURANCE INC. FRANCHISE AGREEMENT** (the “**Agreement**”) is made and entered into as of _____ (the “**Effective Date**”), by and between **BRIGHTWAY INSURANCE, INC.**, a Florida corporation with an address at 3733 University Boulevard West, Suite 100, Jacksonville, Florida 32217 (“**Brightway**”), and _____, a _____ with an address at _____ (“**Associate Agency Owner**” or “**AAO**”). The majority owner of AAO shall be recognized as the “**Controlling Interest**” of AAO, as set forth in **Exhibit 2**.

Recitals

- a) Brightway owns or has the right to license certain trade names, trademarks, service marks and/or indicia of origin identified in Item 13 of Brightway’s current form of franchise disclosure document, as well as such other marks as may be designated by Brightway (the “**Licensed Marks**”), the distinctiveness and value of which are acknowledged by AAO.
- b) In connection therewith, Brightway is engaged in the business of licensing others the right to use the Licensed Marks to operate Brightway Insurance stores (individually referred to as a “**Brightway Location**” and collectively referred to as “**System Locations**”) that primarily engage in the business of selling, procuring and servicing property and casualty insurance policies, but that may also offer certain other insurance products and services to their clients.
- c) Brightway has also developed a unique system for the establishment and operation of System Locations, which system includes, but is not limited to, assistance in site evaluation, marketing, advertising, sales and promotional techniques, training, data analytics, customer service, accounting and record-keeping methods, and other matters relating to the operation and promotion of System Locations (the “**Brightway System**”), all of which are designed to enhance the reputation and goodwill of the System Locations.
- d) AAO has investigated and become familiar with the Brightway System, and desires, within the terms and conditions set forth herein, to undertake the obligation to: (i) obtain a license to establish and operate a Brightway Location at a location approved by Brightway; (ii) use the Licensed Marks and the Brightway System in connection with the operation of the Brightway Location; and (iii) derive the business benefits of the Brightway System. Brightway is willing, within the terms and conditions set forth herein, to license AAO the right to operate a Brightway Location leveraging the Brightway System.

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

1. Definitions

“Affiliate” shall mean, with respect to any entity, any natural person or firm, corporation, partnership, limited liability company, association, trust or other entity which controls, is controlled by, or is under common control with, the subject entity; a natural person or entity which controls an Affiliate under the foregoing shall also be deemed to be an Affiliate of such entity. For purposes hereof, the term “control” shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of any such entity, or the power to veto major policy decisions of any such entity, whether through the ownership of voting securities, by contract, or otherwise.

“Agent of Record” or **“AOR”** shall mean the person or entity designated on a Contracted Company’s records as the agent or representative of a specific Policy and the owner of all commissions paid thereon.

“Brightway Sales Commissions” shall mean commissions paid by the Contracted Companies to Brightway. The parties acknowledge and agree that the Brightway Sales Commissions are based upon Commissionable Premiums.

“Brightway Sales Commissions Paid to AAO” shall mean commissions paid by the Contracted Companies to Brightway and due to AAO for the sale or renewal of a specific policy.

“Brightway Technology Specifications” shall mean Brightway’s prescribed technology that suits the unique needs of System Locations and thereby is now a key feature of the Brightway System. The components that make up Brightway Technology Specifications are subject to change at any time at Brightway’s discretion.

“Brightway Web Presence” shall mean Brightway’s web presence in its entirety including, without limitation, Brightway’s corporate sites, the Brightway Location’s sites, the sites of other System Locations, and any Brightway-related social media presence.

“Client Account” shall mean any and all information relating to a person who, or an entity that, has considered purchasing a Policy, is currently a customer, or has previously purchased a Policy from Brightway through any System Location. All Client Accounts shall be owned exclusively by Brightway, and not by AAO.

“Commissionable Premiums” shall mean that portion of the gross premiums upon which each Contracted Company will pay Brightway the Brightway Sales Commissions.

“Confidential Information” shall mean Brightway’s proprietary and confidential information relating to the Brightway System and the development and operation of System Locations, including, but not limited to: (i) site selection criteria for System Locations and plans and specifications for the development of System Locations; (ii) sales, marketing and advertising programs and techniques for System Locations; (iii) information about Contracted Companies, other suppliers, and knowledge of specifications and pricing for authorized products, supplies and equipment; (iv) methods of management of System Locations; (v) Brightway Technology Specifications and other information regarding computer systems and software programs,

including the Internet-based Agency Management System; (vi) the Confidential Operating Manual; (vii) lists of Client Accounts and client prospects; (viii) policy expiration lists, and (ix) all other Client Account records, documents and information.

“Confidential Operating Manual” shall mean Brightway’s proprietary document containing policies and procedures for operation of the Brightway Location, as Brightway may change from time to time in its sole discretion.

“Contracted Companies” shall mean: (i) insurance companies issuing, brokering, selling or making a market for Policies, which have a current contract with Brightway; and (ii) any other company with which Brightway may contract with in the future to provide products and services available for sale through System Locations or through Brightway.

“Controlling Interest” shall mean the individual with ownership of at least fifty-one percent (51%) of the outstanding capital stock or other equity interests in AAO. A Primary Contact must be named by AAO and specified in Exhibit 2. In instances in which there is no Controlling Interest (no one person with 51% ownership), references to Controlling Interest in this Agreement will refer to AAO’s Primary Contact.

“Designated Agency Principal” or **“DAP”** shall mean the person specified in Exhibit 2 of this Agreement, who shall be an individual appointed by AAO, who: (i) has been licensed by all applicable governmental and other regulatory authorities; (ii) successfully completes all of the training required pursuant to the terms of this Agreement; and (iii) is approved in writing by Brightway. Designated Agency Principal can have an ownership interest in AAO but is not required to do so. Designated Agency Principal must execute Exhibit 6 to this Agreement, unless otherwise required to execute Exhibit 1 to this Agreement.

“Franchise Disclosure Document” shall mean Brightway’s legal document presented to prospective buyers of franchises in the pre-sale disclosure process, as required by the Federal Trade Commission’s Franchise Rule.

“Guarantors” shall mean those persons executing the Guaranty of AAO’s Undertaking attached to this Agreement as Exhibit 1, which shall include all equity owners of AAO and their spouses.

“Insurance Services” shall include, but are not limited to, the sale, renewal, service or delivery of insurance policies, insurance brokering services, and other insurance products and services.

“New Business” shall mean the first term of a Policy sold in connection with the operation of the Brightway Location. If an existing Policy is moved from one Contracted Company to another Contracted Company (whether such move is made at the request of the policyholder or at the suggestion of AAO), this is considered “Renewal Business” and not “New Business.” The term “New Business” may be further modified or supplemented from time to time in the Confidential Operating Manual.

“Office Agency” shall mean a Brightway Location operated from a professional office space, characterized by certain Office Specifications, Premises requirements, staffing requirements, and Brightway Sales Commissions Paid to AAO, which distinguish the Office Agency from a Retail Agency. The type of Brightway Location governed by this Agreement is set forth in Exhibit 2 to this Agreement.

“Office Specifications” shall mean Brightway’s required office layout, including but not limited to signage, furniture, and fixtures.

“Policy” or “Policies” shall include, but are not limited to, any and all insurance policies, services, coverages or products associated therewith sold, renewed, serviced or delivered by AAO or Brightway to any person or entity.

“Premises” shall mean a Brightway-approved establishment located at the address listed in **Exhibit 2** hereto, and shall include the real estate, furniture, fixture and equipment, together with all appurtenances thereto and all easements, entrances, exits, rights of ingress and egress thereto and any improvements thereon.

“Primary Contact” shall mean that person identified in **Exhibit 2** to this Agreement, who shall be at all times during the term of this Agreement Brightway’s primary point of contact for any business matters relating to the Brightway Location. This person has the authority to make all business decisions on behalf of AAO. Primary Contact must execute **Exhibit 1** to this Agreement, unless Primary Contact does not have any ownership stake in AAO, in which case Primary Contact must execute **Exhibit 6** to this Agreement.

“Renewal Business” shall mean all subsequent/renewal terms of a Policy sold in connection with the operation of the Brightway Location; provided, however, that the term “Renewal Business” may be modified or supplemented from time to time in the Confidential Operating Manual.

“Retail Agency” shall mean a Brightway Location operated from a retail office space, characterized by certain Office Specifications, Premises requirements, staffing requirements, and Brightway Sales Commissions Paid to AAO, which distinguish the Retail Agency from an Office Agency. The type of Brightway Location governed by this Agreement is set forth in **Exhibit 2** to this Agreement.

“Staff” shall refer to the individuals referenced in this contract and by the Confidential Operating Manual necessary to successfully operate the Brightway Location.

“Transfer Fee” shall mean the amounts due for eligible transfers as outlined in Section 13 of this Agreement.

2. Grant of Franchise

- a) **Grant.** Subject to all of the terms and conditions herein, Brightway grants to AAO the nonexclusive right to use the Licensed Marks (in the manner prescribed from time to time by Brightway) and, in connection therewith, to operate a Brightway Location solely at the approved Premises. Except for the operation of the Brightway Location, AAO may not conduct or operate any other business at the Premises and may not relocate the Brightway Location without Brightway’s prior written consent, as described in Section 6(b)(xiii) below.
- b) **No Right to Operate Additional Locations.** AAO acknowledges and agrees that the foregoing grant relates solely to the Premises and the Brightway Location located thereon and affords AAO no right to construct or operate any additional expanded or modified facilities on the Premises, nor any right to construct or operate another Brightway Location at any location other than the Premises. AAO must obtain Brightway’s written permission before opening any additional Brightway Locations, which, if granted, Brightway will condition upon: (i) AAO’s construction and buildout of the additional location in accordance with Brightway’s then-current standards; (ii) AAO’s designation of a Designated Agency Principal who has successfully completed Brightway’s initial training program to manage the location; (iii) AAO’s execution of a franchise agreement in Brightway’s then-current form and payment of Brightway’s then-current initial franchise fee (unless AAO qualifies to enter into Brightway’s then-current form of Option Agreement or Multi-Unit Program Agreement, which may provide for certain reductions to the initial franchise fee); and (iv) AAO’s purchase of all supplies, equipment, inventory,

signage and other materials required to open the additional location. Nothing in this Agreement grants AAO any rights to own additional Brightway Locations.

- c) **Non-Exclusivity of Grant.** AAO expressly acknowledges and agrees that its rights are nonexclusive. Further, AAO agrees that Brightway may itself own and operate Brightway Locations and grant others the right to use the Licensed Marks and to own and operate Brightway Locations, as well as any business not using the Licensed Marks, at any location other than the Premises.
- d) **Reserved Rights.** AAO expressly acknowledges and agrees that Brightway and Brightway's Affiliates shall have the right, at Brightway's sole discretion, to: (i) use the Licensed Marks and Brightway System in connection with ancillary services and products, promotional and marketing efforts or related items, or in any alternative channels of distribution, without regard to location; (ii) acquire, be acquired by, merge with, engage in joint ventures with, or otherwise affiliate with, and thereafter own and operate and franchise others the right to own and operate, any business of any kind, including businesses that offer products or services that are similar to those provided by a Brightway Location; and (iii) use the Licensed Marks and Brightway System, and license others to use the Licensed Marks and Brightway System, to engage in any other activities not expressly prohibited in this Agreement. Nothing in this Agreement provides AAO with the right to conduct any of the foregoing activities nor to share in the revenue generated by any of these activities.

3. Term and Renewal

- a) **Initial Term.** This Agreement shall commence on the Effective Date and shall terminate five (5) years after the Effective Date (the "**Initial Term**"), unless previously terminated pursuant to the terms hereof.
- b) **Renewal.** If AAO is not in default under this Agreement, and if AAO has the right to continue to occupy the Premises, AAO may renew this Agreement for successive renewal terms of five (5) years each (each referred to as a "**Renewal Term**"). AAO shall exercise the option to seek renewal by giving Brightway written Notice of AAO's election to renew not less than six (6) months nor more than twelve (12) months prior to the expiration of the Initial Term or applicable Renewal Term. In the event AAO exercises the option to renew, then at least thirty (30) days prior to the expiration of the Initial Term and each Renewal Term, as applicable, AAO shall comply with Brightway's then-current terms and conditions for granting renewal franchises, which shall include, but is not limited to: (i) execution of Brightway's then-current form of franchise agreement, the terms of which may materially differ from this Agreement (without the requirement for the payment of an additional Initial Fee), (ii) execution of a general release, in a form satisfactory to Brightway, of any and all claims against Brightway and its Affiliates and their officers, directors, attorneys, shareholders and employees; (iii) AAO must not be in default of any provision of this Agreement, including provisions governing monetary obligations; (iv) AAO demonstrates a right to operate the Brightway Location at the Premises for the duration of the Renewal Term; and (v) AAO must refurbish the Brightway Location to conform to Brightway's then-current Office Specifications and Brightway Technology Specifications within the timeframes prescribed by Brightway.

4. Initial Fee Payable by AAO

In consideration of the execution of this Agreement, AAO agrees to pay Brightway an initial fee in the amount set forth in **Exhibit 2** to this Agreement (the "**Initial Fee**"), which shall be paid in full on or before the Effective Date. Upon execution of this Agreement by all parties, the Initial Fee shall be nonrefundable and deemed fully earned upon payment in consideration of administrative and other expenses Brightway incurs in granting the franchise, as well as for Brightway's lost or deferred opportunity to franchise others. The Initial Fee will

primarily be used to offset a portion of Brightway's internal pre-opening costs related to site selection and buildout, training, marketing and public relations.

5. Brightway's Obligations

- a) **Prior to Commencing Operations of Brightway Location.** Brightway (or its designee) shall, to the extent Brightway deems appropriate at Brightway's sole discretion, provide AAO with the following assistance:
 - i. **Location Approval.** Brightway may assist, to the extent it determines necessary in its sole discretion, with respect to site evaluation, preliminary plans and layouts for the Brightway Location.
 - ii. **Fixtures/Furnishings.** Brightway shall provide information concerning sources of required signage, equipment, fixtures, furnishings, improvements and other products and services necessary in connection with the buildout and operation of the Brightway Location.
 - iii. **Initial Training Program.** Brightway shall provide such initial business planning and training as Brightway determines necessary, which may include, without limitation, training related to business planning, financial modeling, goal setting, insurance products, sales and marketing, sales processing, management systems, office procedures, Brightway Technology Specifications and other computer software or systems, and other matters as Brightway deems necessary and appropriate. All training materials are proprietary and confidential and may not be used for any purpose other than providing Staff training. Such training shall be conducted exclusively by Brightway or its designee remotely via an intranet or other online portal or, if provided at a physical location, shall be held at Brightway's corporate offices, the Premises, or such other site designated by Brightway or its designee. Notwithstanding the foregoing:
 - 1) Brightway's initial training program shall be provided to AAO, AAO's Designated Agency Principal, and all other qualified trainees that attend the initial training program at the same time as AAO, at no cost to AAO. All Staff are required to undertake Brightway's training program and AAO shall be required to pay Brightway's then-current new hire fee for each additional trainee that does not attend initial training at the same time as AAO, which shall be set forth in the Confidential Operating Manual and is subject to change from time to time at Brightway's sole discretion. Thereafter, Brightway shall be permitted to charge AAO a reasonable additional training fee for any training sessions provided to any of AAO's Staff, whether such training sessions are required by Brightway or requested by AAO. Such additional training fees shall be set forth by Brightway in the Confidential Operating Manual.
 - 2) AAO shall, with regard to all training, pay all of its and its Staff's costs incurred to attend such training, such as travel, room, board, wages and living expenses (if applicable).
 - 3) AAO shall thereafter comply with Brightway's then-current staffing requirements, which Brightway may change from time to time in its sole discretion, as set forth in the Confidential Operating Manual or otherwise in writing.
 - iv. **Access to Proprietary Materials.** Brightway may make available to AAO certain proprietary materials as Brightway deems appropriate, and such materials may be amended from time to time.
 - v. **Brightway Technology Specifications.** Brightway shall make available to AAO information about all technology that may be required by Brightway to be used by AAO in the operation of

- the Brightway Location, including, but not limited to Brightway Technology Specifications and information about other technology and programs, which may be updated or modified by Brightway from time to time during the term of this Agreement. Any such programs shall remain the property of Brightway and shall be loaned to AAO only for the term of this Agreement.
- vi. **Web Presence.** Brightway shall provide access to, and inclusion in, the Brightway Web Presence as described in the Confidential Operating Manual.
 - vii. **Commencing Operations of the Brightway Location.** Brightway shall provide such on-site assistance as Brightway determines necessary with respect to commencing operations of the Brightway Location in the form that Brightway, at its sole discretion, deems appropriate.
- b) **After Commencing Operations of the Brightway Location.** Brightway (or its designee) shall, to the extent Brightway deems appropriate at Brightway's sole discretion, provide AAO with the following assistance:
- i. **Store Standards.** Brightway reserves the right to establish, and to require AAO to maintain, certain standards of quality, appearance and service at the Brightway Location, thereby maintaining the public image and reputation of the Brightway System and the demand for the products and services provided thereunder. Further, Brightway reserves the right to conduct periodic inspections of the Brightway Location Premises and its operations.
 - ii. **Marketing Support.** Brightway may provide periodic assistance in local advertising and marketing, to the extent Brightway determines necessary in its sole discretion.
 - iii. **Business Consulting.** Brightway may provide periodic individual or group coaching in the operation of a Brightway Location by any means Brightway deems appropriate, which may include advice concerning the operation of a Brightway Location, advice and guidance with respect to new and improved methods of operation or business procedures and processes developed by Brightway, and advice regarding the use of the Confidential Operating Manual, management materials, promotional materials, advertising formats and Licensed Marks.
 - iv. **Group Purchasing.** Brightway may provide AAO with the opportunity to participate in group purchasing programs for equipment, supplies, and insurance that Brightway may, from time to time, use, develop, sponsor or provide, all upon such terms and conditions as may be determined solely by Brightway.
- c) **General**
- i. **Access to Contracted Companies.** Brightway shall use its commercially reasonable best efforts to provide AAO with access to, and the opportunity to write insurance business for, the Contracted Companies; provided, however, that Brightway shall not be required to undertake such efforts with regard to any insurance business for which AAO's Staff is not properly licensed or sufficiently trained, as determined in Brightway's sole discretion. Brightway shall have the sole discretion to determine which Contracted Companies to provide AAO with access to, and AAO acknowledges that not all AAOs will have access to the same Contracted Companies.
 - ii. **Service Center.** Brightway shall provide AAO with access to Brightway's "Service Center," which provides service and support to all Client Accounts generated by AAO and all other System Locations.
 - iii. **Policy Documentation.** Brightway shall provide services, to the extent Brightway deems necessary at its sole discretion, with respect to accounting for, and processing of, all applications for Policies and all Policies issued, renewed, endorsed, changed, serviced, delivered or canceled on behalf of Client Accounts generated by AAO.

- iv. **Errors & Omissions Insurance.** Subject to the prior approval of the Contracted Company involved, Brightway shall endorse Brightway's Errors & Omissions (E&O) insurance policy to provide such insurance coverage for AAO and Staff as appropriate. Brightway shall calculate AAO's share of the Errors & Omissions insurance policy premium in a reasonable manner and shall deduct such premium share from the compensation AAO is entitled to receive pursuant to the terms of Section 8(e) below. AAO shall provide Brightway with copies of the Errors & Omissions documents that Brightway deems necessary for documentation purposes. AAO may be required to participate in Errors & Omissions loss control seminars from time to time at the request of Brightway. In the event AAO fails to participate in such seminars, AAO may be assessed an additional amount for Errors & Omissions coverage. AAO shall be responsible for the payment of all deductibles payable on Errors & Omissions claims against (or arising as a result of the actions or failure to act of) AAO or any of its officers, directors, shareholders, Staff, other employees or independent contractors.
- v. **Access to Client Records.** Upon written request, Brightway shall provide AAO with information regarding Client Accounts generated by AAO, including statements and other information received from Contracted Companies relating to such Client Accounts. Such information shall be provided in a form and manner as Brightway determines.
- vi. **Communication About Brightway Location.** AAO agrees that Brightway may rely on statements, representations, requests, instructions, commitments and agreements (without verification or confirmation of the same) of AAO's Designated Agency Principal, Primary Contact, owners, officers, directors, employees, Staff or independent contractors as if the same had been made or delivered to Brightway by AAO unless and until written instructions limiting Brightway's right to rely on such statements, representations, requests, instructions, commitments and agreements have been provided by AAO and received by Brightway. In all of its communications and written notices to AAO, Brightway shall be entitled to communicate solely with AAO's Primary Contact and shall have no obligation to communicate or provide such Notices to any of AAO's other owners, officers, directors, employees, Staff or independent contractors.

6. AAO's Obligations

Brightway shall establish and AAO shall maintain standards of quality, appearance and operation for its Brightway Location. For the purpose of giving distinctiveness to the Licensed Marks, enhancing the public image and reputation of businesses operating in the Brightway System, and for the purpose of increasing the demand for Insurance Services provided by Brightway Locations and Brightway, AAO agrees to operate its Brightway Location in strict conformity with Brightway's standards and all rules, regulations and policies that are by their terms mandatory, including, without limitation, those contained in the Confidential Operating Manual. Without limiting the foregoing, AAO also agrees as follows:

- a) **Prior to Commencing Operations.** Before commencing operation of AAO's Brightway Location, AAO shall, at its expense, comply with the pre-opening obligations set forth below.
 - i. **Proposed Site.** AAO must obtain Brightway's written approval of a proposed site for the operation of the Brightway Location, which shall comply with such site criteria as Brightway may prescribe from time to time. If Brightway has not approved the final site for AAO's Brightway Location as of the date AAO signs this Agreement, the parties shall enter into the Site Selection Addendum attached as **Exhibit 5** to this Agreement, the terms of which shall govern the parties' site selection obligations, which shall vary as follows depending on the type of Brightway Location AAO shall operate:

- a. If AAO is operating a Retail Agency, AAO may operate the Brightway Location from a home office for a period no longer than (90) days, and thereafter from a professional office space ("Professional Space") for a period not to exceed twelve (12) months. Thereafter, AAO must operate the Brightway Location from a retail office space ("Retail Space") that meets Brightway's then-current site selection criteria. AAO must obtain Brightway's written approval for each proposed site and relocation of the Brightway Location, which shall in each instance be conditioned on AAO's compliance with Brightway's then-current minimum staffing requirements as well as all obligations set forth in this Section 6. Notwithstanding anything contrary set forth in Section 6(b)(xiii), AAO may not cease operating the Brightway Location, or disrupt the operation of the Brightway Location in any way, in connection with AAO's relocation to a new Premise pursuant to this Section 6(a)(i)(a).
 - b. If AAO is operating an Office Agency, AAO may operate the Brightway Location from a home office for a period no longer than (90) days, and AAO must thereafter operate the Brightway Location from a Professional Space. AAO must obtain Brightway's written approval for the Professional Space and any relocation of the Brightway Location. Notwithstanding anything contrary set forth in Section 6(b)(xiii), AAO may not cease operating the Brightway Location, or disrupt the operation of the Brightway Location in any way, in connection with AAO's relocation to a new Premise pursuant to this Section 6(a)(i)(b).
- ii. **Plans and Specifications.** AAO must submit to Brightway all preliminary and final plans and specifications (including all changes and modifications) with respect to the proposed Brightway Location, which must be approved in writing by Brightway but shall be prepared at AAO's sole cost. AAO shall follow instructions provided by Brightway and promptly submit required photographs, descriptions and costs. AAO will then be advised, in writing, of any changes necessary to make the site compliant with Brightway's then-current standards. Modifications may not be made to such plans without Brightway's prior written consent.
- iii. **Permits and Certifications.** AAO must provide Brightway with copies of all permits and certifications as may be required for the lawful operation of the Brightway Location, together with copies of any building inspection reports and certifications from all governmental authorities having jurisdiction over the Premises and its operations; AAO is responsible for ensuring that all necessary permits have been obtained and that all requirements for construction and operation have been met.
- iv. **Lease Agreement.** AAO must provide Brightway with a copy of any proposed lease agreement within five (5) days of execution, which must also be approved by Brightway prior to signing and shall provide Brightway the right to enter the Premises to make any modifications necessary to protect the Licensed Marks. AAO must also provide Brightway a Collateral Assignment of Lease in the form substantially the same as that attached hereto as **Exhibit 3**, executed by AAO and the lessor of the Premises, providing Brightway notice of AAO's default under the lease, a right to cure such default, and the right to assume the lease and to sublease or assign the lease to another Brightway System franchisee. If AAO is operating a Retail Agency and chooses to temporarily operate from a Professional Space before relocating to the final Retail Space, AAO is not required to provide a Collateral Assignment of Lease for the temporarily occupied Professional Space.

- v. **Fixtures and Furnishings.** AAO must obtain and install, at AAO's expense, all fixtures, furnishings, and equipment, as may be required by Brightway, which must meet the specifications of the approved site layout and plan, as well as all other such items as Brightway may prescribe from time to time; and AAO must refrain from installing, or permitting to be installed, on or about or in connection with the Premises or the Brightway Location, any such item not meeting Brightway's standards and specifications.
- vi. **Store Signage.** Subject to compliance with applicable laws and regulations, AAO shall acquire all signage, as required by Brightway, for use at or in connection with the Brightway Location. All signage must conform to the Brightway System signage specifications and must be submitted to Brightway for approval prior to purchase and installation.
- vii. **Telephone Number.** AAO must obtain a new telephone number and telephone listing at AAO's expense to be used exclusively in connection with AAO's operation of the Brightway Location. Upon the expiration, transfer or termination of this Agreement for any reason, AAO shall terminate AAO's use of such telephone number and listing and assign same to Brightway or Brightway's designee. AAO must execute the Conditional Assignment of AAO's Telephone Numbers, Facsimile Numbers, and Domain Names attached as **Exhibit 7** to this Agreement.
- viii. **Completion of Buildout.** AAO shall complete or arrange for the completion of the construction of the Brightway Location at each Premises in accordance with the approved site and building plans. AAO shall secure for Brightway and its agents the right to inspect the construction of the Brightway Location at any reasonable time. AAO shall correct, upon request and at AAO's expense, any deviation from the approved site layout and plan, and shall furnish to Brightway a copy of the certificate of completion from AAO's architect that the Brightway Location was built in accordance with the approved final plans and specifications and in compliance with all applicable laws, including the Americans With Disabilities Act, and obtain Brightway's approval of the completed construction prior to opening all or any part of the Brightway Location for business.
- ix. **Completion of Business Planning and Training.** Prior to commencing operations, AAO and AAO's Staff must successfully complete Brightway's initial training program and must meet Brightway's then-current qualifications for: (i) the sale of Insurance Services; and (ii) agency management.
- x. **Authorization to Open.** The Brightway Location may commence operations only after receipt of written authorization to do so by Brightway, which authorization will not be unreasonably withheld provided AAO meets all of the conditions set forth in this Section 6(a). AAO must commence operation of the Brightway Location no later than one hundred and eighty (180) days after the Effective Date of this Agreement.

b) Ongoing Compliance

- i. **Maintaining Store Standards.** AAO shall make such repairs and replacements to the Premises and the Brightway Location as Brightway may require in order to maintain Brightway's standards.
- ii. **Exclusive Use of the Premises.** AAO agrees to use the Premises solely for the operation of the Brightway Location.
- iii. **Appearance of the Store.** AAO agrees to maintain the Premises, and all fixtures, furnishings, signs and equipment thereon, in conformity with Brightway's then-current standards at all times during the term of this Agreement, and to make such repairs and replacements thereto as Brightway may require.

- iv. **Maintaining Brightway Standards.** AAO agrees to operate the Brightway Location in conformity with such methods, standards and specifications as Brightway may from time to time prescribe in its Confidential Operating Manual, as it may be amended by Brightway, to ensure that Brightway's required degree of quality, service and image is maintained, and AAO shall refrain from operating in any manner that adversely reflects on Brightway's name, goodwill, or Licensed Marks.
- v. **Maintaining Licenses and Other Required Documentation.** AAO and AAO's Staff must acquire and maintain all necessary licenses and certifications and other required documentation as outlined by applicable governmental and other regulatory authorities, and must complete all continuing education requirements necessary to maintain such licenses and certifications.
- vi. **Premises Upkeep.** AAO shall keep its Brightway Location at all times in a high degree of sanitation, repair, order and condition, including, without limitation, such periodic repainting of the exterior and interior of the Brightway Location and such maintenance and repairs to (or replacement of) all fixtures, furnishings, signs and equipment as Brightway may from time to time direct. AAO shall not make any structural improvements to the Brightway Location or the Premises without Brightway's prior approval. AAO agrees that, in order to maintain a modern, progressive, sanitary and uniform image, Brightway shall have the right, at any time and from time to time, to require AAO to perform such remodeling, repairs, replacements and redecoration in and upon the Premises as well as all equipment and furnishings used by AAO, as Brightway shall deem necessary and practical to bring the Premises up to the then-current standards of new System Locations that are comparable to the Brightway Location. Further, AAO must maintain in sufficient supply, and use at all times, products, materials, and supplies that conform with Brightway's then-current standards and specifications, and AAO must refrain from using non-conforming items without Brightway's prior written consent.
- vii. **Vendor Payments.** AAO shall pay all of AAO's vendors and suppliers on a prompt and timely basis, and at AAO shall at all times comply with the terms and conditions of any agreements (whether oral or written) between AAO and such vendors and suppliers.
- viii. **Business Hours.** Unless otherwise specifically approved by Brightway, the Brightway Location shall be open for the conduct of business at such times and for the minimum number of hours specified by Brightway in the Confidential Operating Manual, as it may be amended from time to time or, if different, for such hours as may be required by the terms of any lease of the Premises. AAO shall at all times operate the Brightway Location diligently so as to maximize the revenues and profits therefrom.
- ix. **Staffing.** AAO agrees that the Brightway Location shall be operated by the number and type of Staff as required by Brightway in the Confidential Operating Manual, that these Staffing requirements may vary depending on whether AAO is operating an Office Agency or Retail Agency, and that all Staff must meet Brightway's then-current training standards. Further, all Staff must comply with then-current Brightway policies and procedures in performing their duties for the Brightway Location, including but not limited to those set forth in the Confidential Operating Manual. In the event that any of the required Staff resigns or is otherwise terminated from the Brightway Location, AAO shall hire a replacement within thirty (30) days. The hiring of certain Staff members may require the written approval of Brightway, as set forth in the Confidential Operating Manual or otherwise in writing.
- x. **Additional Training.** Subsequent to the date the Brightway Location commences operation, and at any time during the term of this Agreement, Brightway shall have the

- right to require that AAO and/or Staff attend and complete, to Brightway's satisfaction, any and all additional training deemed necessary or appropriate by Brightway at its discretion. Brightway reserves the right to charge a reasonable fee in connection with such additional training.
- xii. **Responding to Customer Inquiries.** AAO shall respond promptly to customer inquiries and complaints and shall take such other steps as may be required to ensure positive customer relations. AAO shall also respond promptly to inquiries or communications from the Contracted Companies or from Brightway's home office service team and shall otherwise follow Brightway's code of conduct and customer response policies set forth in the Confidential Operating Manual.
- xiii. **Deviation of Specifications.** Because complete and detailed uniformity under many varying conditions may not be possible or practical, and in order to remain competitive and respond to new technologies, customer needs and market conditions, Brightway 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 standards for any Brightway Location based upon the peculiarities of a particular site or circumstance, density of population, business potential, existing business practices or any other conditions that Brightway deems to be of importance to the successful operation of such Brightway Location. AAO shall have no recourse against Brightway on account of any variation from standard specifications and practices granted to any other franchisee and shall not be entitled to require Brightway to grant AAO a like or similar variation hereunder.
- xiv. **Relocating the Brightway Location.** AAO may not relocate the Brightway Location without Brightway's prior written consent. If AAO chooses to temporarily operate from a home office (or temporarily operate a Retail Agency from a Professional Space), or if AAO cannot continue to occupy the Premises for any reason, AAO must first obtain Brightway's prior written consent to relocate and then must relocate the Brightway Location to a mutually acceptable Premises to complete the unexpired portion of the term of this Agreement. Brightway's consent to any relocation shall be conditioned on AAO's satisfaction of all requirements set forth in this Section 6 (as supplemented by the Confidential Operating Manual), including, without limitation, compliance with Brightway's minimum staffing requirements for the type of Brightway Location operated by AAO. If AAO relocates from a home office to a Professional Space or Retail Space, or from a Professional Space to a Retail Space, in each case in accordance with Section 6(a)(i) of this Agreement, AAO may not for any period of time cease operating the Brightway Location, or disrupt the operation of the Brightway Location in any way, in connection with such a relocation. Notwithstanding the foregoing, if Brightway grants AAO the right to relocate for any other exigent reason, AAO must notify Brightway of AAO's intention to relocate, and open for business at the new Premises within thirty (30) days of closing business at AAO's existing Premises. All signage and all other items containing the Licensed Marks must be completely removed from the prior Premises at AAO's expense.
- xv. **Maintaining Technology Specifications.** AAO shall ensure that the computer system and telephone system acquired and used by the Brightway Location must be a system then-authorized for use by Brightway, and AAO shall be required to pay an ongoing fee for such computer system and telephone system services in such amount and in the manner directed by Brightway (such fees and related fees will generally be classified as AAO Shared Expenses as described in Section 8(e) below). Upon Brightway's request, AAO agrees to promptly acquire, install, update or replace any equipment designated by Brightway, including telephone systems, computer hardware or computer software, and to

otherwise comply with the Brightway Technology Specifications, as they may be amended from time to time.

7. Additional AAO Obligations

In addition to its obligations set forth elsewhere in this Agreement, AAO hereby agrees to the following:

- a) **Insurance Agency Activities.** In the operation of the Brightway Location, AAO shall carry out the customary activities of an insurance agent selling Insurance Services and Policies offered by the Contracted Companies through Brightway. Such activities include, but are not limited to, prospecting, soliciting, selling and providing service to prospects and existing Client Accounts. AAO shall only do business under the name "Brightway Insurance" and the unique agency name approved by Brightway. AAO shall file all fictitious name registrations as required by Brightway or the Contracted Companies. Under no circumstances shall any business be conducted at the Brightway Location unless such business is under the direct supervision of Staff who meets the qualifications set forth in the Confidential Operating Manual. AAO shall bear any and all costs and expenses associated with the operation of the Brightway Location, including, but not limited to, rent, common area maintenance, utilities, salaries, wages, benefits, advertising, postage, furniture, fixtures, equipment, inventory and supplies, insurance, taxes and other administrative expenses.
- b) **Maintain Exclusivity to Brightway and the Contracted Companies.** AAO and AAO's Staff shall not be licensed as an agent, solicitor, representative or broker for any insurance company or business other than Brightway and the Contracted Companies that have appointed the Brightway Location as a representative, and AAO will not directly or indirectly apply for coverages or place any insurance whatsoever with or through any insurance company or act as agent, representative, or broker thereof, other than Brightway and the Contracted Companies, unless authorized and directed to do so by Brightway in writing. AAO acknowledges and expressly agrees that Brightway, at its sole discretion and along with its Contracted Companies' approval, shall decide: (i) which Contracted Companies the Brightway Location may use; and (ii) which lines of insurance business and specific Policy types AAO's Staff may sell with such Contracted Companies. Upon request, Brightway shall provide AAO with a written list of the Contracted Companies, lines of business and Policy types that have been approved for use and sale at the Brightway Location, and Staff shall use commercially reasonable efforts to sell insurance products and services for the Contracted Companies, lines of business, and Policy types authorized by Brightway. Brightway shall provide AAO with Notice of any changes made by Brightway to such list from time to time, and AAO and Staff shall immediately cease selling any discontinued Policies and cease using any discontinued Contracted Companies. Staff shall abide by and conform to the conditions and limits of authority for binding that are set forth by Brightway and/or the Contracted Companies. Upon Brightway's request, Staff shall execute any acknowledgements, contracts and agreements required by the Contracted Companies to permit Staff to represent the Contracted Companies.
- c) **Approved Vendors.** With respect to the general operation of the Brightway Location, AAO agrees to purchase various products and services, which may include certain signs, furnishings, supplies, fixtures, computer hardware and software, insurance brokerage services, technology services, and other products and services, from Brightway or from approved or designated third-party suppliers as Brightway shall specify, from time to time, in the Confidential Operating Manual and otherwise in writing. AAO hereby acknowledges that Brightway, Brightway's Affiliates and/or a third party may be one of several, or the only, approved supplier of any item. AAO further acknowledges and agrees that Brightway and/or Brightway's Affiliates have the right to realize a profit on any items that Brightway,

Brightway's Affiliates or Brightway's approved suppliers supply to AAO, including but not limited to any contingency programs implemented by the Contracted Companies.

- d) **Non-Approved Vendors.** In the event AAO wishes to purchase any approved items from an unapproved supplier, AAO must provide Brightway the name, address and telephone number of the proposed supplier, a description of the item AAO wishes to purchase, and the purchase price of the item. If Brightway incurs any costs in connection with evaluating an unapproved item or supplier at AAO's request, or supplying information, art or other materials to the unapproved supplier, AAO or the supplier must reimburse Brightway for Brightway's reasonable costs, regardless of whether Brightway subsequently approves the item or supplier. Brightway will notify AAO of approval or disapproval within fifteen (15) business days of receiving all requested information and its failure to do so will be deemed a disapproval. Nothing in the foregoing shall be construed to require Brightway to approve any particular supplier. Brightway may revoke Brightway's approval of particular products or suppliers at any time in the event Brightway determines, at Brightway's sole discretion, that such products or suppliers no longer meet Brightway's standards. Upon receipt of written notice of such revocation, AAO must cease purchasing products from such supplier. AAO must use products purchased from approved suppliers solely in connection with the operation of AAO's Brightway Location and not for any competitive business purpose.
- e) **Maintaining Required Hardware and Software.** AAO shall obtain (via purchase or lease), license, install and maintain all hardware and software that may be required to meet the Brightway Technology Specifications and other computer hardware or software required by Brightway from time to time, if any. AAO shall only use Brightway's designated vendor(s) with respect to the acquisition and installation of such hardware and software. AAO shall not sell, lease or authorize the use of such programs and software to anyone else. AAO shall not configure, program or change any such programs or software. AAO can only access Client Account information through the Agency Management System via the Internet, and AAO may not move any Client Account information off of the Agency Management System without Brightway's prior written consent. AAO shall have the sole and complete responsibility for: (i) the acquisition, operation, maintenance, and upgrading of any computer hardware and software used in connection with operation of the Brightway Location; and (ii) any and all consequences that may arise if the computer hardware and software is not properly maintained, operated, and upgraded. Brightway has the right to require AAO to enter into a separate maintenance agreement for computer hardware and software. AAO agrees to release, defend, indemnify, and hold Brightway and its Affiliates, and their respective owners, directors, officers, agents, employees, and shareholders harmless from and against, and promptly to reimburse such indemnitees for, all claims, actions, proceedings, damages, costs, expenses and other losses and liabilities, consequently, directly or indirectly incurred (including without limitation attorneys' and paralegals' fees, court costs and costs of investigation) by AAO and its Affiliates, and their respective directors, officers, agents, shareholders, employees and independent contractors as a result of, arising out of, or connected with an interruption in Internet services or from any unauthorized use of or access to Client Account information through the Internet. The provisions of this subsection shall continue in full force and effect subsequent to and notwithstanding the termination, expiration or non-renewal of this Agreement for any reason. AAO must obtain Internet access that meets the minimum speeds and other requirements set forth in the Brightway Technology Specifications.
- f) **Web Presence.** Brightway seeks to protect its brand by regulating the online presence of the Brightway Location. The Brightway brand includes but is not limited to the use of the Licensed Marks, the names of any Staff including AAO's name, the Premises location or any other information that could be identified with the Brightway Location and/or the operation thereof. Brightway has established the Brightway Web Presence, which provides information about the Brightway System and the Insurance Services offered by Brightway Locations. Brightway shall have sole discretion and control over the

- Brightway Web Presence and any other Internet websites Brightway may in the future create (including timing, design, content and continuation). Brightway also reserves the right to establish individual websites for each of the Brightway Location locations and to select a domain name, or URL, for each site. AAO expressly acknowledges that Brightway owns all URLs and content on any such sites. If such a site is established and Brightway permits AAO to develop site content, all site content and revisions must receive prior written approval from Brightway before being implemented. If AAO is provided with a URL by Brightway, AAO agrees to use only this URL exclusively on any materials used to market the Brightway Location, including but not limited to business cards, brochures, banners, emails and other marketing materials. AAO agrees to not establish any other URL in conjunction with the operation or marketing of its Brightway Location. Use of any unapproved marketing materials or any materials containing a URL other than the URL provided by Brightway will be considered a breach of this Agreement.
- g) **Internet Presence Only as Assigned.** Except as approved in advance in writing by Brightway, AAO must not establish or maintain a separate website, domain name, URL, splash page, profile or other presence on the Internet, or otherwise advertise on the Internet or any other public computer network in connection with the Brightway Location, including any profile on any social media platform including, but not limited to Facebook, Twitter, LinkedIn, Instagram, YouTube or any other social media and/or networking site. If such approval is granted by Brightway, AAO must: (i) establish and operate such website or social media page in accordance with Brightway System standards and any other policies Brightway designates in the Confidential Operating Manual or otherwise in writing; (ii) use any templates that Brightway provides to AAO to create and/or modify such site(s) or page(s); and (iii) make any and all updates required by Brightway from time to time, including the revision or removal of disallowed content.
- h) **Ownership of URLs.** AAO acknowledges that Brightway and/or Brightway's Affiliates are the lawful, rightful and sole owners of the Internet domain names www.brightwayinsurance.com, www.brightwaydifference.com, www.brightway.com, the specific domain name associated with AAO's Brightway Location, as well as any other Internet domain names registered by Brightway and its Affiliates, and unconditionally disclaims any ownership interest in such domain names and any Internet domain names colorably similar thereto. Except as approved in advance in writing by Brightway, AAO agrees not to register any Internet domain name or social media and/or networking website of any kind that contains words used in or similar to any brand name owned by Brightway or Brightway's Affiliates or any abbreviation, acronym, phonetic variation or visual variation of those words.
- i) **Data Security.** AAO must comply with Brightway's standards and policies related to privacy and data security/cybersecurity. This includes, but is not limited to, updating hardware and software when required and taking any actions that are necessary to ensure that the Brightway Location is compliant with all Payment Card Industry Data Security Standards (PCI DSS) requirements. AAO must also comply with all relevant statutory and regulatory requirements, including but not limited to taking all steps required to protect consumers' Nonpublic Personal Information (NPI).
- j) **Licenses and Approved Activity.** AAO shall secure and keep in effect for all Staff any required licenses and shall not provide any Insurance Services with regard to any type of insurance or investments: (i) which have not been approved by Brightway; or (ii) for which AAO is not licensed by the appropriate insurance, securities or other regulatory authorities. AAO and Staff must have all applicable licenses and approvals for AAO to be entitled to the compensation it is to be paid under this Agreement.
- k) **Additional Staff.** AAO shall hire or engage, and retain, competent and qualified personnel for the sale, renewal, service and delivery of Policies and to serve as a point of contact with all Client Accounts. Brightway shall be entitled to approve or disapprove any application for AAO's Designated Agency Principal at its sole discretion. AAO shall also submit to Brightway an application (in a form approved

by Brightway) for any licensed individuals AAO wishes to hire or contract, demonstrating that such individuals hold the necessary licenses.

- I) **Authorized Products and Services.** AAO must offer for sale only those products and services that Brightway prescribes, and only in accordance with the requirements of this Agreement and the procedures set forth in the Confidential Operating Manual. AAO acknowledges and agrees that the commissions for the sale of those products and services that Brightway may authorize during the term of this Agreement may differ from how AAO is currently compensated. Brightway may also require AAO, at AAO's cost, to participate in additional training, obtain additional licenses and/or meet additional qualifications to offer other products and/or services.
- m) **Client Account Ownership and Transitioning any Existing Clients.** All Client Accounts shall be the exclusive property of Brightway, and not of AAO. All lists of Client Accounts and prospects, Policy expiration lists and other records of the Client Accounts shall be the exclusive property of Brightway, and not of AAO. On or before the Effective Date of this Agreement, AAO shall, subject to the approval of Brightway and the Contracted Companies involved, change the Agent of Record for all AAO's existing customer accounts (if any) to Brightway, and all such customer accounts shall be deemed Client Accounts for purposes of this Agreement. After the Effective Date, AAO shall process all applications for Policies exclusively through the facilities of Brightway. AAO shall make Brightway the Agent of Record for all Policies sold, renewed, serviced or delivered through AAO with an effective date for coverage after the Effective Date, unless prior written approval is obtained from Brightway.
- n) **Payment of Funds/Forwarding of Communications.** All funds and/or correspondence, notices or other communications coming into the possession of AAO and relating to all Client Accounts and all prospective clients shall be paid or delivered, respectively, to Brightway in the timeframe defined in the Confidential Operating Manual or otherwise in writing. In the event funds and/or correspondence are not paid or delivered to Brightway as aforesaid, they shall, nevertheless, be considered property and funds of Brightway, and shall be deemed to be held in trust by AAO on behalf of Brightway. Brightway shall have a first lien on all compensation due or which may become due to AAO hereunder to the extent of all unpaid funds due to Brightway, and Brightway may deduct such funds from AAO's compensation under Section 8(e) of this Agreement.
- o) **Delivery of Policy Applications.** AAO shall provide Brightway with all Policy applications and all other records or documents originated, received or processed by AAO related to Client Accounts or the Brightway Location in the timeframe defined in the Confidential Operating Manual or otherwise upon request. AAO acknowledges the importance of complete and prompt transmittal of all such records and documents. AAO must enter all Policies into the Agency Management System within the timeframes set forth by Brightway in the Confidential Operating Manual or otherwise in writing.
- p) **Compliance with Laws and Contracted Company Requirements.** AAO shall be responsible for providing Brightway with any information regarding AAO, Staff, and AAO's owners, officers, employees and independent contractors, which may be required by Brightway to fulfill requests from any governmental or regulatory bodies or agencies, or any Contracted Companies. AAO shall be solely responsible for ensuring that AAO, Staff, and AAO's owners, officers, employees and independent contractors comply with all federal, state, local and Contracted Company requirements, including, but not limited to sales practices, education and licensing requirements. AAO shall provide evidence satisfactory to Brightway that AAO, Staff, and AAO's owners, officers, employees and independent contractors have complied with such requirements. If AAO does not comply with the terms of this subsection, it shall be grounds for immediate termination of this Agreement.
- q) **Best Efforts.** AAO shall use AAO's full time and best efforts in operating the Brightway Location and in recommending, promoting and encouraging patronage of all System Locations, which specifically includes the requirements that: (i) the Brightway Location remains open for the designated hours of business; (ii) AAO actively manages and supervises the Designated Agency Principal; and (iii)

Designated Agency Principal actively supervises AAO's Staff and any other employees of the Brightway Location. AAO agrees to refrain from any business or advertising practice that may be injurious to the Brightway Location or the goodwill associated with the Licensed Marks and Brightway System.

- r) **Reporting Legal or Regulatory Issues.** AAO shall fully report to Brightway any policyholder-related legal or regulatory issues such as potential or actual Errors & Omissions claims, insurance department or other regulatory complaints, or legal summons and/or subpoenas, in writing within two (2) days of the date that AAO is aware of any such issue. AAO shall not make any written or verbal comments or responses regarding said issues without Brightway's express permission. AAO acknowledges and agrees that Brightway shall coordinate and control responses to all such issues. AAO shall also notify Brightway, in writing, within two (2) days of the commencement of any action, suit or proceeding or the issuance of any order, suit or proceeding of any court, agency or other governmental body, including the receipt of any subpoena, notice or citation, which may adversely affect the operation or financial condition of AAO or the Brightway Location.
- s) **Financial Reports.** AAO shall provide Brightway with the type of financial reports specified by Brightway in the form specified by Brightway in the Confidential Operating Manual or otherwise in writing; the type of reports Brightway requires and the frequency with which they must be provided may change at any time at Brightway's sole discretion. This may include but is not limited to the following: (i) a monthly or quarterly balance sheet and income statement, in a format specified by Brightway; (ii) annual financial reports and operating statements in the form Brightway specifies and in accordance with Brightway's prescribed chart of accounts, within a certain time period after the close of each calendar year as required in writing by Brightway; (iii) state and local sales tax returns or reports and federal, state and local income tax returns for each year in which the Brightway Location operated, within a certain time period after their timely completion; and (iv) such other reports as Brightway may from time to time require, in the form and on the timeline Brightway prescribes. AAO's fiscal year must be the calendar year. AAO acknowledges and agrees that Brightway may use any information reported to Brightway to prepare and develop financial performance representations for the Brightway System in Brightway's Franchise Disclosure Document or other documents. To help AAO in recording and keeping accurate and detailed financial records for reports and tax returns, Brightway, at Brightway's discretion, may specify the form in which the business records are to be maintained, and provide a uniform set of business records for AAO to use. Brightway shall have full access to all of AAO's data, system, and related information by means of direct access, whether in person, or by telephone/modem installed and maintained at AAO's sole expense.
- t) **Maintaining GAAP Financial Records.** AAO shall, in accordance with Generally Accepted Accounting Principles, maintain full and complete books and records, accounts, data, licenses, contracts and invoices that shall accurately reflect all particulars relating to the conduct of the Brightway Location, and such statistical and other information or records as Brightway may require, and shall keep all such information for not less than seven (7) years, even if this Agreement is no longer in effect. The aforementioned books and records of the Brightway Location shall be kept at the Premises or at such other place as the parties may hereafter mutually approve. Brightway or Brightway's designees have the right to inspect and/or audit AAO's business records at any time during normal business hours, to determine whether AAO is operating in compliance with the terms of this Agreement and the Confidential Operating Manual. Upon Brightway's request, AAO shall furnish Brightway with complete copies of the books and records described in this paragraph, as well as any state or federal income tax returns covering the operation of the Brightway Location, all of which AAO shall certify as true and correct.
- u) **Maintaining Working Capital.** AAO must at all times maintain such working capital as may be reasonably necessary to enable AAO to properly and fully carry out and perform all of AAO's duties,

obligations and responsibilities hereunder and to operate the Brightway Location in a businesslike, proper and efficient manner.

- v) **AAO's Staff and Ongoing Compliance.** The duties and obligations of AAO set forth in this Agreement apply to AAO and Staff, as well as AAO's owners, officers, directors, employees and independent contractors. In as much as this Agreement is between AAO and Brightway, AAO is responsible for the compliance of Staff and AAO's owners, officers, directors, employees and independent contractors with the terms of this Agreement and any rules and procedures adopted from time to time by Brightway, whether such rules and procedures are contained in the Confidential Operating Manual or otherwise. AAO agrees that it is fully responsible for the acts and omissions of Staff and AAO's owners, officers, directors, employees and independent contractors.

8. Compensation and Other Fees

This Section covers compensation and other fees paid by Brightway to AAO in the course of transacting the sale of Policies through Contracted Companies and otherwise operating the Brightway Location.

- a) **New Business.** Except as set forth below, Brightway shall pay AAO the percentage of all Brightway Sales Commissions received on all New Business from Client Accounts generated by AAO set forth in Exhibit 2 to this Agreement, and Brightway shall be entitled to retain the remaining balance of all Brightway Sales Commissions received on New Business, as set forth in Exhibit 2 to this Agreement.
- b) **Renewal Business.** Except as set forth below, Brightway shall pay AAO the percentage of all Brightway Sales Commissions received on all Renewal Business from Client Accounts generated by AAO set forth in Exhibit 2 to this Agreement, and Brightway shall be entitled to retain the remaining balance of all Brightway Sales Commissions received on Renewal Business, as set forth in Exhibit 2 to this Agreement.
- c) **Commission Enhancement Fee.** If AAO is operating an Office Agency, AAO may, contemporaneously with the execution of this Agreement, choose to pay a "Commission Enhancement Fee" of Twenty-Five Thousand Dollars (\$25,000) and retain a higher percentage of the Brightway Sales Commissions (which shall be set forth in Exhibit 2) generated by AAO in connection with New Business. In the event AAO operates an Office Agency and elects not to pay the Commission Enhancement Fee at the time the Franchise Agreement is executed, AAO may later opt into the enhanced commission structure, subject to the following requirements: AAO must (a) not be in default of this Agreement or any other agreement between AAO and Brightway, (b) have achieved or exceeded Brightway's then-current minimum quality requirements, (c) have a book of business of at least Seven Hundred Fifty Thousand Dollars (\$750,000), and (d) pay a "Mid-Term Commission Enhancement Fee" of Forty Thousand Dollars (\$40,000). AAO acknowledges these minimum requirements may be revised by Brightway from time-to-time.
- d) **Policy Fees.** To the extent Brightway authorizes and as permitted in certain states, policy fees may be assessed to AAO's customers; in such event, Brightway shall have the right to pay or not pay AAO any portion of these policy fees at its sole discretion.
- e) **When New and Renewal Payments Stop.** Notwithstanding the foregoing, Brightway's obligation to pay Brightway Sales Commissions to AAO shall cease immediately after the date of the transfer, termination, expiration or non-renewal of this Agreement, and, if AAO is eligible, shall be replaced by Brightway's payment obligations set forth in Section 17 of this Agreement.
- f) **Shared Expenses.** Notwithstanding the foregoing, Brightway shall be permitted to deduct from such payments to AAO expenses borne or paid by Brightway which relate to the conduct of AAO's Brightway Location and all other amounts owed to Brightway under this Agreement, including costs related to indemnification (the "AAO Shared Expenses"), as outlined in the Confidential Operating

- Manual or this Agreement. AAO's portion of the aforementioned costs and expenses shall be determined by Brightway in good faith, and such determination may be based, solely or partially, upon the expenses incurred by Brightway and/or the then-current fair market value of the items provided to AAO. In addition to the aforementioned AAO Shared Expenses, Brightway shall also be permitted to deduct from such payments to AAO: (i) the costs and expenses incurred by Brightway (including, but not limited to, Brightway's reasonable internal labor and administrative costs) as a result of AAO's failure to conduct its Brightway Location in compliance with Brightway's procedures and standards of operation provided to AAO pursuant to the Confidential Operating Manual or as otherwise communicated by Brightway to AAO from time to time; and (ii) any payments made in good faith by Brightway to vendors or suppliers of AAO in order to cure AAO's failure to timely make such payments.
- g) **Payments Are Made Electronically.** Brightway shall pay AAO by electronic funds transfer to an account specified by AAO in the Electronic Funds Withdrawal and Deposit Authorization attached hereto as **Exhibit 8**, which shall effectuate Brightway's ability to deposit and withdraw funds from such bank account via electronic funds transfer. Brightway shall pay AAO the amounts to which it is entitled under Sections 8(a) and 8(b), less the AAO Shared Expenses described in Section 8(e) (and any other setoff amounts permitted under this Agreement), on or about the seventh (7th) and twenty-first (21st) day of each calendar month. In addition, on or about the seventh (7th) and twenty-first (21st) day of each calendar month, Brightway shall send AAO an e-mail including a statement containing a detailed calculation of the amounts paid to AAO pursuant to the terms of this Section 8. Such statement shall be in a form prescribed by Brightway and may change from time-to-time. Upon written Notice to AAO, Brightway may change the dates on or about which the electronic funds transfers are made and the statements are forwarded, as well as the interval at which Brightway Sales Commissions are distributed.
- h) **Policies for Which Payment Will Not Be Made.** Notwithstanding the foregoing, AAO shall not be entitled to receive the compensation set forth in Sections 8(a) and 8(b) on any Policies which are sold by AAO in violation of the terms of Sections 6 or 7 of this Agreement.
- i) **Brightway Sales Commissions for Retail Agency AAOs Continuing to Operate without a Retail Space.** Notwithstanding anything set forth in Section 8(a) and 8(b) above, in the event AAO has purchased a Retail Agency, chooses to operate the Retail Agency from a home office and/or Professional Space during the initial period of operations, and fails to either relocate to a Retail Space or comply with Brightway's staffing requirements for Retail Agencies within the time period prescribed in Section 6(a), Brightway shall pay AAO (i) eighty percent (80%) of all Brightway Sales Commissions received on all New Business from Client Accounts generated by AAO (with Brightway retaining the balance), and (ii) fifty percent (50%) of all Brightway Sales Commissions received on all Renewal Business from Client Accounts generated by AAO (with Brightway retaining the balanced), until such time as AAO commences operations from a Retail Space approved by Brightway and complies with Brightway's staffing requirements for Retail Agencies. Upon relocating to an approved Retail Space, the New Business and Renewal Business Brightway Sales Commission rates will revert to the amounts set forth in Sections 8(a) and 8(b) above.
- j) **National Account Customers.** Brightway may enter into certain national account agreements with affinity partners or others (each, a "National Account"), pursuant to which Brightway will receive insurance sales leads and potential customer information which Brightway may distribute to qualified AAOs which enter into Brightway's then-current form of "National Account Participation Agreement". AAO must meet Brightway's then-current operational eligibility requirements, provide all required reports, and achieve certain minimum performance criteria in connection with national account program sales to continue to receive leads in connection with a National Account Participation Agreement. AAO acknowledges that Brightway may be required to pay each National Account a certain fee pursuant to the terms and conditions of the National Account Agreement. AAO is not

required to pay Brightway or National Account any direct fee to participate in the National Account program; however, as consideration for Brightway's services under the National Account Participation Agreement, AAO shall receive only those Brightway Sales Commissions set forth therein in connection with all New Business and Renewal Business generated by leads AAO receives through the National Account program, which may differ from the Brightway Sales Commissions set forth in Sections 8(a) and 8(b) of this Agreement.

9. Licensed Marks

- a) **Brightway Owns the Licensed Marks.** AAO expressly acknowledges that Brightway owns all right, title, and interest in and to the Licensed Marks and Brightway System. AAO agrees not to represent in any manner that AAO has acquired any ownership rights in the Licensed Marks. AAO agrees not to use any of the Licensed Marks or any marks, names or indicia which are or may be confusingly similar to the Licensed Marks except as authorized in this Agreement. AAO further acknowledges and agrees that any and all goodwill associated with the Brightway System and/or the Licensed Marks (including all future distinguishing characteristics, improvements and additions to or associated with the Brightway System) shall be Brightway's property and shall inure directly and exclusively to the benefit of Brightway and that, upon the transfer, termination, expiration or non-renewal of this Agreement for any reason, no monetary amount shall be assigned as attributable to any goodwill associated with AAO's use of the Licensed Marks. The license of the Licensed Marks granted to AAO hereunder is nonexclusive and Brightway retains the rights, among others: (i) to use the Licensed Marks itself in connection with selling products and services; (ii) to grant other licenses for the Licensed Marks; and (iii) to develop and establish other products, services or systems using the Licensed Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses thereto without providing any rights therein to AAO.
- b) **Unauthorized Use of Licensed Marks.** AAO understands and agrees that any use of the Licensed Marks other than as expressly authorized by Brightway, without Brightway's prior written consent, will constitute an infringement of Brightway's rights therein and that the right to use the Licensed Marks granted herein does not extend beyond the transfer, termination, expiration or non-renewal of this Agreement. AAO expressly covenants that, during the term of this Agreement and thereafter, AAO shall not, directly or indirectly, commit any act of infringement or contest or aid others in contesting the validity of Brightway's right to use the Licensed Marks, or take any other action in derogation thereof. AAO shall use the Licensed Marks only for the benefit and operation of the Brightway Location and only at the Premises and in approved marketing materials. AAO agrees that it will not take any action that will bring disrepute to or otherwise damage the goodwill associated with the Licensed Marks.
- c) **Litigation Related to the Licensed Marks.** In the event of any litigation relating to AAO's use of the Licensed Marks, AAO shall execute any and all documents and do such acts as may, in Brightway's opinion, be necessary to carry out such defense or prosecution including, without limitation, becoming a nominal party to any legal action. If Brightway, in Brightway's sole discretion, determines that AAO has used the Licensed Marks in accordance with this Agreement, Brightway shall bear the cost of such defense or prosecution, including the cost of any judgment or settlement. If Brightway, in Brightway's sole discretion, determines that AAO has not used the Licensed Marks in accordance with this Agreement, AAO shall bear the cost of such defense or prosecution, including the cost of any judgment or settlement. AAO shall promptly notify Brightway of any claim, demand or cause of action that Brightway may have based upon or arising from any unauthorized attempt by any person or legal entity to use the Licensed Marks, any colorable variation thereof, or any other mark, name or indicia in which Brightway has or claims a proprietary interest. AAO shall help Brightway, upon request and at

Brightway's expense, in taking such action, if any, as Brightway may deem appropriate to halt such activities, but shall take no action nor incur any expenses on Brightway's behalf without Brightway's prior written approval. If Brightway undertakes the defense or prosecution of any litigation relating to the Licensed Marks, which Brightway has the right though not the obligation to do, AAO agrees to execute any and all documents and to do such acts and things as may, in the opinion of Brightway's legal counsel, be reasonably necessary to carry out such defense or prosecution.

- d) **AAO's Use of the Marks.** AAO further agrees and covenants to: (i) operate and advertise only under the names or marks designated by Brightway; (ii) adopt and use the Licensed Marks solely in the manner prescribed by Brightway (including, but not limited to, the specific fonts and/or colors prescribed by Brightway); (iii) refrain from using the Licensed Marks to perform any activity or to incur any obligation or indebtedness in such a manner as may, in any way, subject Brightway to liability therefore; (iv) observe all laws with respect to the registration of trade names and assumed or fictitious names, to include in any application therefore a statement that AAO's use of the Licensed Marks is limited by the terms of this Agreement, and to provide Brightway with a copy of any such application and other registration documents; and (v) observe such requirements with respect to trademark and service mark registrations and copyright notices as Brightway may, from time to time, require, including, without limitation, affixing "SM," "TM," or ®, adjacent to all such Licensed Marks in any and all uses thereof, and to use such other appropriate notice of ownership, registration and copyright as Brightway may require. AAO may not use the Licensed Marks in connection with the offer or sale of any services or products which Brightway has not authorized for use in connection with the Brightway System. AAO may not use the Licensed Marks as part of AAO's corporate or other legal name. AAO's corporate name and all fictitious names under which AAO proposes to do business must be approved by Brightway in writing before use. AAO must use AAO's corporate or limited liability company name as well as the "D/B/A" name or trade name that is reasonably approved by Brightway.
- e) **New, Modified or Replacement Marks.** Brightway reserves the right, at its sole discretion, to designate one or more new, modified or replacement Licensed Marks for use by Brightway Locations and to require the use by AAO of any such new, modified or replacement Licensed Marks in addition to or in lieu of any previously designated Licensed Marks. Any expenses or costs associated with the use by AAO of any such new, modified or replacement Licensed Marks shall be the sole responsibility of AAO. AAO shall discontinue using all Licensed Marks which Brightway has notified AAO, in writing, have been modified or discontinued within ten (10) days of receiving written notice and shall promptly begin using such additional, modified or substituted Licensed Marks.
- f) **Use of Other Marks.** Except as authorized by Brightway in writing, AAO shall not use any other marks in the marketing, advertising, or operation of the Brightway Location. Further, AAO shall not use any names, URLs, tag lines or any other moniker in any way relating to the operation of the Brightway Location, other than those provided or approved by Brightway.

10. Confidential Operating Manual and Confidential Information

- a) **Confidential Operating Manual on Loan to AAO.** To protect the reputation and goodwill of the System Locations operating under the Brightway System, and to maintain standards of operation under the Licensed Marks, AAO shall operate its Brightway Location in accordance with various written instructions and confidential manuals (hereinafter and previously referred to as the "**Confidential Operating Manual**"), including such amendments thereto, as Brightway may publish from time to time, all of which AAO acknowledges belong solely to Brightway and shall be on loan from Brightway to AAO during the term of this Agreement. When any provision in this Agreement requires that AAO comply with any standard, specification or requirement of Brightway, unless otherwise indicated, such

- standard, specification or requirement shall be such as is set forth in this Agreement or as may, from time to time, be set forth by Brightway in the Confidential Operating Manual or in other writings.
- b) **Confidential Operating Manual Modifications.** AAO acknowledges and agrees that Brightway may, from time to time, revise the contents of the Confidential Operating Manual and implement new or different requirements for the operation of the Brightway Location, and AAO expressly agrees to promptly comply with all such changed requirements provided that such requirements shall also be applied in a reasonably nondiscriminatory manner to comparable businesses operated under the Brightway System by other System Locations. The implementation of such requirements may require the expenditure of reasonable sums of money by AAO.
 - c) **Most Current Version of the Confidential Operating Manual.** AAO shall at all times ensure that it is using the most current and up-to-date version of the Confidential Operating Manual, which shall be uploaded to the file location designated by Brightway. In the event of any dispute as to the contents thereof, the terms and dates of the master copy maintained by Brightway at its principal place of business shall be controlling.
 - d) **Nondisclosure of Confidential Information.** AAO acknowledges that the Confidential Operating Manual contains Confidential Information and that all other manuals, materials, goods and information that AAO receives from Brightway that are designated confidential will be treated as Confidential Information. All Confidential Information is proprietary and a trade secret of Brightway. AAO shall not use or disclose any Confidential Information in an unauthorized manner, and AAO expressly acknowledges that the unauthorized use or disclosure of Brightway's Confidential Information or trade secrets will cause irreparable injury to Brightway and that damages are not an adequate remedy. Accordingly, AAO will: (i) not acquire any interest in the Confidential Information; (ii) not use the Confidential Information in any other business or capacity; (iii) exert its best efforts to maintain the confidentiality of the Confidential Information during and after the term of this Agreement (including limiting access to Confidential Information by AAO's employees and representatives to a need-to-know basis); (iv) not make unauthorized copies of, or extracts from, any portion of the Confidential Information disclosed in written or other tangible form; and (v) adopt and implement all reasonable procedures prescribed from time to time by Brightway to prevent unauthorized use or disclosure thereof by AAO, Staff, and AAO's officers and other employees, including the use of nondisclosure clauses in agreements with all such persons.
 - e) **Maintaining Positive Goodwill.** AAO agrees that AAO will not at any time make any false, misleading, disparaging or uncomplimentary statements or remarks about Brightway, other System Locations, or any of Brightway's officers, directors, shareholders, employees or affiliated entities or persons, or the Brightway System, with the intent to harm the status, reputation, goodwill or business of such entities or persons, or of the Brightway System.
 - f) **New Concepts.** If AAO, AAO's employees, or principals, develop any new concept, process or improvement in the operation or promotion of the Brightway Location, AAO will promptly notify Brightway, and provide Brightway with all of the information necessary to implement the improvement, without any compensation. Any such concept, process or improvement will become Brightway's sole property and Brightway will be the sole owner of all patents, patent applications, trademarks, copyrights and other intellectual property rights related thereto. AAO and AAO's principals and agents hereby assign to Brightway any rights they may have or acquire therein, including the right to modify such concept, process or improvement, and otherwise waive and/or release all rights of restraint and moral rights therein and thereto. AAO and AAO's principals and agents agree to assist Brightway in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in any and all countries and further agree to execute and provide Brightway with all necessary documentations for obtaining and enforcing such rights. AAO and AAO's principals and agents hereby irrevocably designate and appoint Brightway as AAO's agent and attorney-in-fact to

execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any such concept, process or improvement. In the event that the foregoing provisions of this Section are found to be invalid or otherwise unenforceable, AAO and AAO's principals and agents hereby grant to Brightway a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the concept, process or improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe AAO's rights therein.

11. Marketing and Advertising

Recognizing the value of standardized advertising and marketing programs to the furtherance of the goodwill and public image of the Brightway System, and in order to execute such programs in an effective and consistent manner, the parties agree as follows:

- a) **Local Advertising Materials.** At its discretion and from time to time, Brightway may provide AAO with local advertising and marketing materials, including without limitation, merchandising materials, sales aids, special promotions and similar advertising, and Brightway reserves the right to charge a reasonable price for providing such materials.
- b) **Advertising Requirements.** AAO is required to:
 - i. **List Brightway Location in Local and Online Directories.** Obtain listings of the Brightway Location, at AAO's expense, in appropriate business directories and publications (both Internet and non-Internet based), and engage in appropriate Internet strategies designed to drive business to its Brightway Location, all as specified from time to time by Brightway;
 - ii. **Maintain Required Promotional Materials.** At AAO's expense, obtain and maintain any special promotional materials of the kind and size as Brightway may from time to time require for comparable System Locations;
 - iii. **Use Approved Business Stationery.** At AAO's expense, use pre-approved vendors to print and maintain business cards, stationery, letterhead, and any required forms that are pre-approved by Brightway;
 - iv. **Use Phone Numbers and Internet Addresses.** Include in all advertising any phone numbers or Internet addresses required by Brightway.
- c) **All Promotional/Marketing/Advertising Materials Must be Pre-Approved.** AAO shall submit to Brightway for its prior approval samples of all advertising, promotional or marketing materials to be used by AAO that has not been prepared or previously approved by Brightway. If Brightway does not approve of AAO's proposed advertising materials in writing within thirty (30) days of receipt, the proposed advertising materials shall be deemed rejected, unless Brightway subsequently conveys otherwise in writing.
- d) **Advertising Fund.** Brightway reserves the right to establish an advertising and marketing fund (the "**Advertising Fund**") for the common benefit of System Locations. AAO may be required to participate in and contribute monthly to the Advertising Fund, in the manner Brightway prescribes, and in an amount specified by Brightway at the time such Advertising Fund is created. The amount of the Advertising Fund contributions shall be no more than three percent (3%) of Brightway Sales Commissions Paid to AAO (the "**Advertising Fee**"). If Brightway requires AAO to contribute to the Advertising Fund, the Advertising Fee shall be deducted from payments to AAO in the same manner as the AAO Shared Expenses, as specified in Section 8(e) of this Agreement. Brightway has the right to require that an advertising cooperative and/or franchisee advisory council be formed, changed, dissolved or merged.

- i. **Brightway's Use of Advertising Fund.** Brightway will use Advertising Fund contributions, at Brightway's sole discretion, to develop, produce and distribute national, regional and/or local advertising and to create advertising materials and public relations programs which promote, in Brightway's sole judgment, the services offered by System Locations. Brightway has the sole right to determine contributions to and expenditures from the Advertising Fund, or any other advertising program, and sole authority to determine, without limitation, the selection of the advertising materials and programs; provided, however, that Brightway will make a good faith effort to expend Advertising Fund contributions in the general best interests of the Brightway System on a national, regional or local basis. Brightway may use the Advertising Fund to satisfy any and all costs of maintaining, administering, directing, preparing, and producing advertising, including the cost of preparing and producing television, radio, magazine and newspaper advertising campaigns, the cost of direct mail and outdoor billboard advertising, the cost of public relations activities and advertising agencies, the cost of developing and maintaining an Internet website and other online advertising/marketing, and personnel and other departmental costs for advertising that Brightway internally administers or prepares. AAO acknowledges that not all System AAO's will benefit directly or on a pro-rata basis from such expenditures. While Brightway does not anticipate that any part of the Advertising Fund contributions will be used for advertising that is principally a solicitation for the sale of franchises, Brightway reserves the right to use the Advertising Fund for public relations or building recognition of the Brightway brand and to include a notation in any advertisement indicating "Franchises Available."
 - ii. **Surveys.** In the interest of continually improving the products and services Brightway offers, Brightway may periodically conduct customer surveys, customer interviews, and other similar initiatives ("Surveys"). The cost of such programs will be borne by the Advertising Fund. The cost of these programs may be charged directly to AAO if AAO's results from a Survey fall below system-established minimum standards for such Surveys.
 - iii. **Reimbursement of Reasonable Costs and Overhead.** Brightway has the right to reimburse itself from the Advertising Fund contributions for such reasonable costs and overhead, if any, including salaries, as Brightway may incur in activities reasonably related to the direction and implementation of the Advertising Fund.
 - iv. **Brightway's Contribution to the Fund.** Brightway's contribution to the Advertising Fund for subsequent company-owned or Affiliate-owned units will be equal to that provided for in Brightway's Franchise Disclosure Document in the year that the Advertising Fund is implemented. Should the advertising contribution for the System decrease at any time, Brightway has the right to reduce Brightway's contribution from company-owned and Affiliate-owned units to the rate specified for franchised locations.
 - v. **Advertising Fund Statements.** Upon AAO's request, Brightway will make available within one hundred and twenty (120) days of the end of the fiscal year, a statement of contributions and expenditures for the Advertising Fund. The Advertising Fund is not required to be independently audited. Although Brightway anticipates that all Advertising Fund contributions will be spent in the fiscal year they accrue, if Brightway does not spend all Advertising Fund contributions by the end of each fiscal year, the remaining amounts may be carried over to be expended during the next fiscal year.
- e) **Local Advertising Requirement.** In addition to the Advertising Fund contributions described above, Brightway reserves the right to require AAO to spend a certain amount every month, which shall be no more than three percent (3%) of Brightway Sales Commissions Paid to AAO, on local advertising and promotion in accordance with an annual plan approved by Brightway and in accordance with

Brightway's standards and specifications (the "Local Advertising Requirement"). AAO must spend the Local Advertisement Requirement as Brightway prescribes in the Confidential Operating Manual or otherwise in writing, which may include, without limitation, requirements for placing a certain number and/or type(s) of media advertisements. In the event the Local Advertising Requirement is implemented, AAO acknowledges and agrees that AAO's Local Advertising Requirement must be expended regardless of the amounts spent by other System Locations on local advertising. AAO may spend any additional sums AAO wishes on local advertising. AAO must use only such advertising and promotional materials as have been previously approved by Brightway, as described in Section 11(c) above. In the event the Local Advertising Requirement is implemented, AAO will submit to Brightway an annual plan for AAO's expenditure of AAO's local marketing budget, which Brightway must approve in writing. AAO must send Brightway proof of these expenditures within fifteen (15) days of the end of each quarter.

- f) **Opening Advertising Program.** Brightway strongly recommends that AAO conduct an opening advertising program to promote the opening of AAO's Brightway Location during the first sixty (60) days following AAO's soft opening. If AAO elects to conduct such advertising, Brightway and AAO shall work together to determine an appropriate program during the time period following the execution of this Agreement and prior to AAO's opening. All advertising must be approved by Brightway in writing prior to publication, as described in Section 11(c) above.
- g) **Co-op Advertising and Other Marketing Programs.** Brightway will have the right, in its discretion, to designate any geographical area for purposes of establishing a regional advertising and promotional cooperative ("Cooperative"), and to determine whether a Cooperative is applicable to the Brightway Location. If a Cooperative is established applicable to the Brightway Location, AAO must participate in the Cooperative. Cooperative contributions will be credited towards the Local Advertising Requirement. Cooperative contributions will not exceed the maximum Local Advertising Requirement unless a majority of the Cooperative votes to increase the required Cooperative contributions. If implemented, the following provisions will apply to each Cooperative:
 - i. Each Cooperative will be organized and governed in a form and manner, and will commence operation on a date, approved in advance by Brightway;
 - ii. Each Cooperative will be organized for the exclusive purpose of administering regional advertising programs and developing, subject to Brightway's approval, standardized advertising materials for use by the members in local advertising;
 - iii. No promotional or advertising plans or materials may be used by a Cooperative or furnished to its members without Brightway's prior approval. All such plans and materials must be submitted to Brightway in accordance with Section 11(c);
 - iv. Cooperative activities will be determined by a majority vote of the member franchisees in the Cooperative;
 - v. Each member franchisee must submit to the Cooperative, no later than the tenth (10th) of each calendar month, for the preceding calendar month, its respective contribution as provided in this Agreement together with such other statements or reports as Brightway may require or as may be required by the Cooperative with Brightway's approval; and
 - vi. Brightway may grant to AAO or any other franchisee an exemption from participating in a Cooperative at its sole discretion, upon a written request stating the reasons supporting such exemption. Brightway's decision concerning such request for exemption will be final.
- h) **Requirement to Use Only Brightway-Assigned Website and URL.** AAO will not develop, create, generate, own, license, lease or use in any manner any computer medium or electronic medium (including any Internet home page, e-mail address, website, social media page, bulletin board, newsgroup or other Internet-related medium) which in any way uses or displays, in whole or part, the Licensed Marks, or any words, slogans, symbols, logos, designs or terms confusingly similar thereto, or

which relates to the Brightway Location in any way, without Brightway's express prior written consent, and then only in such manner and in accordance with such procedures and policies as Brightway may establish from time to time. Without limiting the generality of the foregoing, AAO will not cause, permit or allow any of the Licensed Marks, or any words, slogans, symbols, logos, designs or terms confusingly similar thereto, to be used or displayed in whole or part: (i) as, or as a part of, an Internet domain name or URL; (ii) on or in connection with Facebook, Instagram, Twitter or any other social media platform; or (iii) on or in connection with any Internet home page, website content, bulletin board, newsgroup, chat group, blogs, buddy list, instant messenger, meta-tag (or the comparable identifier in any future technology) or other Internet-related activity, without Brightway's express prior written consent, and then only in such manner and in accordance with such procedures and policies as Brightway may establish from time to time. All Brightway Location business conducted via the Internet as aforesaid shall be done only through the assigned Brightway Website, URL and Brightway Web Presence.

- i) **Marketing Representatives Must be Pre-Approved.** AAO shall not employ or engage any person to act as a representative of AAO in connection with local promotion of the Brightway Location in any public media without the prior written approval of Brightway. Any and all signs, equipment, supplies or materials purchased, leased or licensed by AAO must meet the standards specified by Brightway in the Confidential Operating Manual or otherwise in writing.
- j) **Displays at the Premises.** If required by Brightway, AAO shall, in such form and manner as may be specified, notify the public that AAO is operating the Brightway Location as an independently owned franchisee of Brightway, and shall identify its business location in the manner specified by Brightway in the Confidential Operating Manual.

12. Covenants

During the Term of this Agreement, AAO and all Guarantors executing that Guaranty of AAO's Undertakings attached hereto as **Exhibit 1** (the "**Guaranty**"), as well as all parents, children, spouses, and siblings of AAO and all Guarantors, as applicable (collectively, the "**Covenantors**"), each individually covenant:

- a) **In-Term Non-Compete.** Not to engage, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person or entity, as an owner, operator, employee, producer, agent, manager, consultant, or broker, or to otherwise have any interest in any insurance-related business other than as an authorized owner of a Brightway Location; provided, however, that Covenantors shall not be prohibited hereby from owning equity securities of any insurance agency, whose shares are publicly traded on a stock exchange or on the over-the-counter market so long as a Covenantor's ownership interest represents two percent (2%) or less of the total number of outstanding shares of such business.
- b) **Post-Term Non-Compete.** In the event this Agreement is terminated, expires and is not renewed, or if AAO assigns or transfers its interest herein to any person or business organization (except pursuant to Section 13(f) hereof), then for a period of two (2) years after such termination, expiration and non-renewal, or Transfer, not to: (i) engage, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person or entity, as an owner, employee, producer, manager, consultant, or broker, or otherwise have any interest in any business that is competing in whole or in part with Brightway by granting franchises or licenses to operate insurance agencies anywhere in the United States; or (ii) engage, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation, as an owner, operator, employee, producer, agent, manager, consultant, or broker, or otherwise have any interest in any insurance-related business at or within a twenty (20)-mile radius of the former Premises or any other franchisee-owned or company-owned Brightway Location that is in operation at the time this Agreement is

terminated, expires and is not renewed, or transferred, other than as an authorized owner of another Brightway Location. It is understood and agreed that the purpose of this covenant is not to deprive Covenantor of a means of livelihood and will not do so, but is rather to protect the goodwill and interests of Brightway and the Brightway System.

- c) **Non-Solicitation of Customers.** Not knowingly, during the term of this Agreement and for a two (2) year period following the termination, expiration and non-renewal, or Transfer of this Agreement, for any competitive purpose whatsoever, directly or indirectly solicit a prospect, customer or client for any competitive purpose, or accept an order from a prospect, customer or client: (i) of Brightway or any Brightway Location as of the date of such termination, expiration, non-renewal or Transfer; (ii) to whom Brightway or any Brightway Location, as of the date of such expiration, termination, non-renewal or Transfer, has submitted a bid or quotation; or (iii) that has previously been a customer or client of Brightway or any Brightway Location at any time during the twenty-four (24) months immediately preceding such expiration, termination, non-renewal or Transfer.
- d) **Maintain Confidentiality; Staff Confidentiality Agreements.** During the term of this Agreement and thereafter, not to communicate, directly or indirectly, nor to divulge to or use for their benefit or the benefit of any other person or legal entity, any trade secrets that are proprietary to Brightway or any information, knowledge or know-how deemed Confidential Information under this Agreement, except as expressly permitted by Brightway in writing. Furthermore, in the event of any termination, expiration, non-renewal or Transfer of this Agreement, Covenantors must permanently cease all use of Brightway's Confidential Information, trade secrets, methods of operation or any proprietary components of the Brightway System. The protection granted hereunder shall be in addition to and not in lieu of all other protections for such trade secrets and Confidential Information as may otherwise be afforded in law or in equity. AAO's Staff as designated by Brightway must execute and comply with Brightway's prescribed form of Confidentiality and Non-Competition Agreement. Brightway shall be a third-party beneficiary of such agreement, and AAO shall not amend, modify or terminate any such agreement without Brightway's prior written consent.
- e) **Covenants are Independent of Other Covenants or Provisions of This Agreement.** The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement, and shall, where applicable, survive the termination, expiration, non-renewal or Transfer of this Agreement for any reason. Should any part of one or more of these restrictions be found to be unenforceable by virtue of its scope in terms of area, business activity prohibited or length of time, and should such part be capable of being made enforceable by reduction of any or all such restrictions, AAO and Brightway agree that the same shall be enforced to the fullest extent permissible under the law. In addition, Brightway may unilaterally, at any time and at its sole discretion, revise any of the covenants in this Section so as to reduce the obligations of Covenantors hereunder. The running of any period of time specified in this Section shall be tolled and suspended for any period of time in which a Covenantor is in violation of any restrictive covenant. AAO further expressly agrees that the existence of any claim it may have against Brightway, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Brightway of the covenants set forth in this Section.

13. Transfer and Assignment

- a) **Brightway's Right to Transfer.** This Agreement and all rights and duties hereunder may be freely assigned or transferred by Brightway, in whole or in part, without AAO's consent, to any person or legal entity that agrees to assume Brightway's obligations hereunder, including a competitor of Brightway, and shall be binding upon and inure to the benefit of Brightway's successors and assigns including, without limitation, any entity which acquires all or a portion of the capital stock of Brightway

or any entity resulting from or participating in a merger, consolidation or reorganization in which Brightway is involved, and to which Brightway's rights and duties hereunder (in whole or in part), are assigned or transferred.

- b) **Transfers Require Prior Written Approval.** AAO understands and acknowledges that the rights and duties created by this Agreement are personal to AAO, and that Brightway has granted AAO this franchise in reliance on many factors, including, without limitation, the individual or collective character, skill, aptitude and business and financial capacity of AAO. Accordingly, neither AAO nor any person owning any direct or indirect equity interest therein, shall directly or indirectly sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any interest in: (i) this Agreement or any portion or aspect thereof; (ii) the Brightway Location; (iii) the Premises; or (iv) any equity or voting interest in AAO; nor permit the Brightway Location to be operated, managed, directed or controlled, directly or indirectly, by any person other than the Designated Agency Principal (any such act or event is referred to as a "**Transfer**") without the prior written approval of Brightway, which may be withheld at Brightway's sole discretion, as described more fully in this Section 13. Any such purported Transfer occurring by operation of law or otherwise, including any Transfer by a trustee in bankruptcy, without Brightway's prior written consent, shall be a material default of this Agreement, but the transferor shall remain obligated under this Agreement until released by Brightway, or until this Agreement is terminated and all post-term obligations set forth in this Agreement are fulfilled.
- c) **Brightway's Right of First Refusal in the Event of Any Transfer.** If AAO proposes to transfer either this Agreement, any equity interest in AAO, all or substantially all of the assets used in connection with the Brightway Location, or any interest in AAO's lease to any third party (other than to a wholly owned entity as set forth in Section 13(f) below), AAO shall first offer to sell such interest to Brightway on the same terms and conditions as offered by such third party. AAO shall obtain from the third party and provide Brightway a statement in writing, signed by the third party and AAO, of the terms of the offer ("**Letter of Intent**"). If Brightway elects not to accept the offer within a thirty (30) day period, AAO shall have a period not to exceed sixty (60) days to complete the transfer described in the Letter of Intent subject to the conditions for approval set forth in Section 13(e) below. AAO shall effect no other sale or transfer as contemplated under the Letter of Intent without first complying with this Section 13(c). Any material change in the terms of the Letter of Intent shall be deemed a new proposal subject to Brightway's right of first refusal. So long as AAO has obtained Brightway's prior written consent, which shall not be unreasonably withheld, a transfer to an existing partner or shareholder, or a transfer as a result of the death, disability or incapacitation of a shareholder or partner, in accordance with the provisions set forth in this Section 13, is not subject to Brightway's first right of refusal.
- d) **AAO's Incapacitation.** In the event of AAO's death, disability or incapacitation (or the death, disability or incapacitation of AAO's shareholders, members, partners or personal guarantors), AAO's legal representative or AAO's partner's or guarantor's respective legal representative, as applicable, shall have the right to continue the operation of the Brightway Location as the AAO under this Agreement if: (i) within forty-five (45) days from the date of death, disability or incapacity (the "**45-Day Period**"), such person has obtained Brightway's prior written approval and has executed Brightway's then-current form of franchise agreement for a new five (5) year term, or has furnished a personal guaranty of any partnership, corporate or limited liability company AAO's obligations to Brightway and Brightway's Affiliates; and (ii) such person successfully completes Brightway's training program (which Brightway will provide at Brightway's then-current tuition rate). Such assignment by operation of law will not be deemed in violation of this Agreement, provided such heirs or legatees accept the conditions imposed by the franchise agreement and are acceptable to Brightway. Brightway is under no obligation to operate the Brightway Location or incur any obligation on behalf of any incapacitated AAO, during or after the 45-Day Period. If necessary, AAO (or AAO's legal representative, as applicable) shall appoint a previously approved acting interim manager to operate the Brightway

Location during the 45-Day Period. In the event of AAO's death, disability, or incapacitation, Brightway may (but is not required to) operate the Brightway Location on AAO's behalf and at AAO's expense for such period of time (and under such terms and conditions) as Brightway determines, including paying out the assets and/or revenues of the Brightway Location to cover any or all past, current and/or future obligations (including any amounts owed to Brightway and/or any Affiliate) in such priorities as Brightway determines from time-to-time at Brightway's sole and absolute discretion. In such a situation, Brightway may pay itself a reasonable amount to reimburse Brightway for Brightway's management services and other costs. Brightway may obtain approval of a court or arbitrator for any such arrangements, the attorneys' fees and other costs incurred in connection with obtaining such approval to be charged against the assets or revenues of the Brightway Location. AAO (or AAO's estate) will indemnify Brightway against any costs or liabilities incurred by it in connection with, or related in any way to, the operation of the Brightway Location as described herein.

- e) **Consent to Transfer.** AAO understands and acknowledges the vital importance of the performance of AAO to the market position and overall image of Brightway. AAO also recognizes that there are many subjective factors that comprise the process by which Brightway selects a suitable Brightway System franchisee. As of the effective date of the proposed Transfer, Brightway must have forwarded to AAO its approval, granted in its Reasonable Business Judgment, of the proposed Transfer to the proposed transferee, in accordance with the provisions of this Section 13. The consent of Brightway to any Transfer by AAO shall remain a subjective determination and shall include, but not be limited to, the following conditions:
 - i. **Transferee Must be Approved.** The proposed transferee is a person or entity that meets Brightway's then-current standards of qualification for similar Brightway System franchisees, including, without limitation, that transferee: (i) is properly licensed by all governmental and other regulatory agencies and organizations; (ii) meets Brightway's managerial and business standards then in effect for similarly situated Brightway franchisees; (iii) possesses a good moral character, business reputation, and satisfactory credit rating; (iv) is not a competitor of Brightway; (v) will comply with all training and other requirements of Brightway; and (vi) has the aptitude and ability to operate the Brightway Location (as may be evidenced by prior related business experience or otherwise).
 - ii. **Terms are Commercially Reasonable.** The proposed Transfer is at a price and upon such terms and conditions as Brightway shall deem commercially reasonable.
 - iii. **AAO's Obligations are Satisfied.** As of the effective date of the proposed Transfer, all obligations of AAO under this Agreement, and under any other agreements between AAO or its Affiliates and Brightway, are fully satisfied.
 - iv. **Transferee Obligations are Satisfied.** As of the effective date of the proposed Transfer, all obligations of the proposed transferee or its Affiliates to Brightway under all agreements of any kind between the proposed transferee or its Affiliates and Brightway are fully satisfied.
 - v. **Requirements for Transfer.** In addition to the foregoing, the requirements for all such Transfers under this Section are as follows:
 - a. AAO or the proposed transferee must request that Brightway provide the prospective transferee with Brightway's current form of Franchise Disclosure Document, and a receipt for such document shall be delivered to Brightway; provided, however, Brightway shall not be liable for any representations other than those contained in such Franchise Disclosure Document.
 - b. The proposed transferee must execute Brightway's then-current form of franchise agreement, which may contain terms and conditions substantially different from those in this Agreement, for a full five (5) year initial term.

- c. In the event of a transfer/sale/change of a majority of equity interests (51% or greater) of AAO, or a transfer/sale/change that results in a change in the Controlling Interest of AAO, and except as provided in Section 13(k) below, the proposed transferee shall pay Brightway a Transfer Fee in an amount equal to the then-current Initial Fee being paid to Brightway by new franchisees.
 - d. In the event of a transfer/sale/change of a majority of equity interests (51% or greater) or a transfer/sale/change that results in a change in the Controlling Interest of an AAO owning multiple Brightway Locations itself or through its Affiliates, and except as provided in Section 13(k) below, the proposed transferee shall pay Brightway a Transfer Fee in an amount equal to the then-current Initial Fee being paid to Brightway by new franchisees for each of the first two (2) Brightway stores, plus an additional ten thousand dollars (\$10,000) per Brightway Location for Brightway Locations number three (3) and up. By way of example, the Transfer Fee for three (3) Brightway Locations would be one-hundred thirty thousand dollars (\$130,000), assuming Brightway's then-current Initial Fee is sixty thousand dollars (\$60,000).
 - e. In the event of a transfer under Section 13(f) below or transfers that solely consist of a transfer/sale change of a minority of equity interests of AAO and without a change in Controlling Interest, the Transfer Fee shall equal two thousand five-hundred dollars (\$2,500). Similarly, Brightway reserves the right to reduce the Transfer Fee described in Section 13(e)(vi)(c) above to two thousand five-hundred dollars (\$2,500) in the event the following conditions are met: (i) the Transfer involves a minority owner of AAO purchasing the equity interests of the majority owner of AAO; (ii) the minority owner must have had an active working role as a producer of the Brightway Location for a period of at least five (5) years preceding the date of the Transfer; and (iii) AAO must have paid a full lump sum Initial Fee to Brightway in connection with the original purchase or acquisition of the Brightway Location.
 - f. AAO and the transferee must execute Brightway's prescribed form of consent to transfer agreement, which shall include a general release in a form satisfactory to Brightway, of any and all claims against Brightway, its Affiliates and their officers, directors, attorneys, shareholders, and employees, in their corporate and individual capacities.
 - g. The transferee and its personnel must complete, to Brightway's satisfaction, the initial training then required by Brightway.
 - h. AAO must purchase an Errors & Omissions "Tail Policy" that is reasonably satisfactory to Brightway, as determined by Brightway in its sole discretion.
- f) One-time Transfer to Legal Entity Wholly Owned by Individual AAO.** Notwithstanding Section 13(e) of this Agreement, it is understood and agreed that if AAO is an individual, he/she may assign this Agreement, the Brightway Location, and AAO's rights and obligations hereunder on one occasion to a legal entity organized and wholly-owned by AAO for that purpose only. Brightway shall be given thirty (30) days' advanced written Notice of such assignment to review the terms thereof, and, upon entering into Brightway's prescribed form of Consent to Transfer Agreement, such legal entity shall have all of the rights and obligations of AAO under this Agreement, and the term "AAO" as used herein shall refer to such legal entity. Such assignment shall in no way affect the obligations hereunder of the individual originally designated as "AAO" hereunder, who shall remain fully bound by and responsible for the performance of all such obligations, jointly and severally with such legal entity, and shall enter into the Guaranty attached as Exhibit 1 to this Agreement. Such legal entity shall at no time engage in any business or activities other than the exercise of the rights herein granted to AAO and the

performance of its obligations as AAO hereunder. Any such assignment completed under this Section 13(f) will not be subject to Brightway's right of first refusal set forth in Section 13(c) hereof. The Transfer Fee imposed in connection with a transfer under this Section 13(f) will be two thousand five-hundred dollars (\$2,500).

- g) **Brightway's Consent to Transfer.** Brightway's consent to a Transfer of any interest in AAO granted herein shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of Brightway's right to demand exact compliance with any of the terms of this Agreement by the transferee.
- h) **Assignment of Interests.** Brightway will not require approval of the assignment or hypothecation of all or any part of the assets of the Brightway Location or the stock or other interests in AAO, excluding AAO's rights under this Agreement or the franchise granted hereunder, to a bank or other lending institution as collateral security for loans made directly to or for the benefit of the Brightway Location. However, Brightway's approval will be required for any proposed assignment or hypothecation of this Agreement or the franchise granted hereunder if such an assignment/hypothecation would permit any transfer or assignment of this Agreement or the franchise granted hereunder without compliance by the transferee or assignee with the provisions of Section 13 hereof.
- i) **Restriction on AAO Stock.** If AAO is a corporation or other business entity, all certificates representing shares or other equity interests in AAO, whether already or hereafter issued by AAO, shall, from and after the date hereof, bear a legend sufficient under applicable law to constitute notice of the restrictions on such stock contained in this Agreement and to allow such restrictions to be enforceable. Such legend shall appear in substantially the following form: "The sale, transfer, pledge or hypothecation of this stock is restricted pursuant to the terms of a Franchise Agreement dated _____, 20____, by and between Brightway Insurance, Inc., a Florida corporation, and the issuer of these shares."
- j) **Right to Compensation Following Transfer.** The parties expressly acknowledge and agree that in the event Brightway, at its sole discretion, consents to a Transfer pursuant to the terms of this Section 13 (other than a Transfer pursuant to Section 13(f), 13(h), or a transfer of a minority interest in AAO), then all of the transferor's rights to compensation under this Agreement, including but not limited to Post-Term Extended Earnings described in Section 17, shall immediately cease and all such amounts shall revert to Brightway on the effective date of the Transfer.
- k) **Gifting the Franchise.** Notwithstanding the provisions of this Section 13, in the event of a Transfer meeting all of the other requirements of this Section 13, pursuant to which: (i) the transferor AAO and its owners and Affiliates receive no direct or indirect financial remuneration or benefit from the proposed transferee in connection with the Transfer (as would be the case with a gift of the entire Brightway Location to a family member or a key employee); (ii) in the case of a Transfer of the equity interests of the existing AAO, no owner of the AAO's existing equity interests retains any direct or indirect equity interest in such entity or any right to future compensation from such entity (and is not granted any such direct or indirect equity interests in the future); and (iii) AAO expressly waives all of its rights, in writing, to any Post-Term Extended Earnings as defined in Section 17, then:
 - i. No Transfer Fee shall be payable to Brightway by the transferee; and
 - ii. Notwithstanding anything to the contrary in Section 13(j), the transferee shall be entitled to receive both: (i) all of the transferor AAO's rights under Section 8 of this Agreement to a portion of Brightway Sales Commissions on Renewal Business for Policies in effect prior to the date of Transfer; and (ii) all of the compensation specified in Section 8 of this Agreement for policies which take effect after the date of Transfer; provided, however, that at least five (5) days prior to the consummation of any such Transfer, the transferor AAO must provide Brightway with complete copies of all agreements and other transaction documents to be

executed or delivered by the transferor AAO and the proposed transferee in connection with the Transfer.

- I) **Following the Gifting of a Franchise.** In the event of any Transfer made in compliance with the requirements of Section 13(k), then for a period of three (3) years following the date of the Transfer: (i) the transferor AAO and its owners and Affiliates shall submit to Brightway, on an annual basis (by no later than May 15th of each year), a copy of their U.S. federal tax returns for the applicable year; and (ii) upon reasonable advance notice to the transferor AAO, the transferor AAO and its owners and Affiliates shall accord to Brightway, its accountants, attorneys and agents, the right to examine or inspect the financial books and records of the transferor AAO and its owners and Affiliates for the purpose of determining whether the transferor AAO or its owners or Affiliates received any direct or indirect financial remuneration or benefit from the transferee in connection with the Transfer (or, in connection with the Transfer of AAO's equity interests, retained or subsequently obtained any direct or indirect equity interests in AAO). In the event that Brightway determines that the transferor AAO or its owners or Affiliates received, at any time, any direct or indirect financial remuneration or benefit from the transferee in connection with the Transfer (or, in connection with the Transfer of AAO's equity interests, retained or subsequently obtained any direct or indirect equity interests in AAO), the transferor AAO or its owners shall, within thirty (30) days of receiving Notice from Brightway of such determination, pay to Brightway a sum equal to one hundred and twenty-five percent (125%) of the Transfer Fee to which Brightway would have otherwise been entitled to receive from the transferee pursuant to the terms of Section 13(e).

14. Additional Representations and Warranties

- a) **Duly Organized.** AAO, if a registered business entity, warrants and represents that it is duly organized, existing and in good standing under the laws of the state in which it was organized and/or incorporated.
- b) **Agreement Doesn't Violate Other Obligations to Third Parties.** AAO represents and warrants that the execution of this Agreement, the operation of the AAO's Brightway Location, and the performance of all of the terms and conditions of this Agreement by AAO, Staff and AAO's owners, officers, directors, and employees will not and shall not violate the terms of any contractual, legal or other obligations with any third party.
- c) **All Applicable Licensing Laws/Regulations Must be Followed.** AAO represents and warrants that Staff and AAO's owners, officers, directors, employees or independent contractors that are required to be duly and fully licensed by any regulatory organization, governmental agency or any Contracted Company shall be, at all times during the term of this Agreement, duly and fully licensed and appointed as insurance agents under Brightway's master licenses and appointments as required by Brightway, and shall have and maintain all other required licenses, registrations, and authorities to sell, renew, service or deliver Policies in any state in which AAO sells, renews, services or delivers such Policies.
- d) **Notify Brightway of Any and All Litigation.** AAO shall immediately notify Brightway of any and all litigation to which AAO or any of AAO's Affiliates, Staff, owners, directors, officers, employees or independent contractors may become a party, whether as plaintiff or defendant, and represents and warrants that no such litigation is now pending.
- e) **Notify Brightway of Any and All Investigations.** AAO shall notify Brightway of any and all investigations of or hearings related to AAO or any of AAO's Affiliates, Staff, owners, directors, officers, employees or independent contractors that are conducted by any regulatory organization, governmental agency, or Contracted Company, and represents and warrants that no such investigations or hearings are now pending.

- f) **Authority to Enter Into this Agreement.** If a corporation or other business entity, AAO represents and warrants that AAO has taken all necessary action, including but not limited to binding resolutions/actions of all of its managers, directors and/or shareholders, to enter into this Agreement and to carry out the terms and conditions set forth herein.
- g) **Adherence to Anti-Terrorism Laws.** AAO certifies that neither AAO, nor AAO's owners, Staff or anyone associated with AAO is listed in the Annex to Executive Order 13224 (the "Annex"). AAO agrees not to hire or have any dealings with a person listed in the Annex. AAO certifies that AAO has no knowledge or information that, if generally known, would result in AAO, AAO's owners, Staff, or anyone associated with AAO being listed in the Annex. AAO agrees to comply with and assist Brightway to the fullest extent possible in Brightway's efforts to comply with the Anti-Terrorism Laws (as defined below). In connection with such compliance, AAO certifies, represents, and warrants that none of AAO's property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that AAO and AAO's owners or principals are not otherwise in violation of any of the Anti-Terrorism Laws. AAO is solely responsible for ascertaining what actions must be taken by AAO to comply with all such Anti-Terrorism Laws, and AAO specifically acknowledges and agrees that AAO's indemnification responsibilities as provided in Section 20(b) of this Agreement pertain to AAO's obligations under this Section 14(g). Any misrepresentation by AAO under this Section or any violation of the Anti-Terrorism Laws by AAO, AAO's owners, principals or employees shall constitute grounds for immediate termination of this Agreement in accordance with the terms of Section 15(b)(xix). As used herein, "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies lists and any other requirements of any governmental authority (including without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

15. Default and Termination

- a) **Automatic Termination.** This Agreement shall automatically terminate without notice or an opportunity to cure upon the occurrence of any of the following:
 - i. **Voluntary Bankruptcy.** If AAO or any Guarantor makes an assignment for the benefit of creditors, files a voluntary petition in bankruptcy, is adjudicated bankrupt or insolvent, files or acquiesces in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consents to or acquiesces in the appointment of a trustee or receiver for AAO or the Brightway Location.
 - ii. **Involuntary Bankruptcy.** If proceedings are commenced to have AAO or any Guarantor adjudicated bankrupt or to seek AAO's reorganization under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within sixty (60) days, or a trustee or receiver is appointed for AAO or the Brightway Location without AAO's consent, and the appointment is not vacated within sixty (60) days.
 - iii. **Unauthorized Transfer.** If AAO purports to sell, transfer or otherwise dispose of the franchise or any interest in AAO or the Brightway Location in violation of Section 13 hereof.
- b) **With Notice and Without Opportunity to Cure.** Brightway has the right to terminate this Agreement upon notice without providing AAO an opportunity to cure upon the occurrence of any of the following:

- i. **Criminal Acts.** If AAO's owners, officers, directors, employees, Staff or independent contractors are convicted of or plead guilty or no contest to a felony, or take part in any criminal misconduct relevant to the operation of AAO's Brightway Location.
- ii. **Fraud.** If AAO's owners, officers, directors, employees, Staff or independent contractors commit any fraud, whether or not directly related to the operation of the Brightway Location.
- iii. **Misrepresentation.** If AAO's owners, officers, directors, employees, Staff or independent contractors make any misrepresentation or omission in connection with AAO's franchise application, including but not limited to any financial misrepresentation.
- iv. **Failure to Complete Training.** If AAO's owners, officers, directors, employees, Staff or independent contractors do not successfully complete training as described in Section 5(a)(iii).
- v. **Repeated Breaches.** If Brightway sends AAO two (2) or more written notices to cure pursuant to Sections 15(c) or 15(d) hereof in any twelve (12)-month period, whether or not the defaults are similar and whether or not they are cured.
- vi. **Breach of Other Agreements.** If AAO or AAO's affiliates, owners, officers, directors, employees, Staff or independent contractors materially breach any other agreement with Brightway or any of Brightway's Affiliates, or threaten any material breach of any such agreement, or the lease for the Brightway Location, and fail to cure such breach within any permitted period for cure.
- vii. **Misuse of the Licensed Marks or Confidential Information.** If AAO's owners, officers, directors, employees, Staff or independent contractors violate any provision hereof pertaining to Licensed Marks or Confidential Information or misuse the Licensed Marks or Confidential Information, including but not limited to any action that brings disrepute or damages the goodwill of the Licensed Marks.
- viii. **Violation of Health or Safety Law.** If AAO's owners, officers, directors, employees, Staff or independent contractors violate any health, safety or sanitation law, ordinance or regulation, or operate the Brightway Location in a manner that presents a health or safety hazard to any customers or the general public.
- ix. **Violation of In-term Restrictive Covenant.** If any Covenantor violates any of the in-term restrictive covenants set forth in Section 12 of this Agreement.
- x. **Liens.** If a levy of writ of attachment or execution or any other lien is placed against AAO or any of AAO's assets, which is not released or bonded against within thirty (30) days.
- xi. **Insolvency.** If AAO or Controlling Interest becomes insolvent.
- xii. **Abandonment.** If AAO, AAO's owners or Designated Agency Principal voluntarily or otherwise abandons the Brightway Location. The term "abandon" includes any conduct which indicates a desire or intent to discontinue the operation of the Brightway Location at the Premises on a full-time basis in accordance with the terms of this Agreement, and shall apply in any event AAO fails to operate the Brightway Location as a System Location for a period of two (2) or more consecutive days without Brightway's prior written approval.
- xiii. **Unauthorized Products or Services.** If AAO's owners, officers, directors, employees, Staff or independent contractors offer any unauthorized and unapproved products or services at or from the Brightway Location or representing the Brightway Location at any other location.
- xiv. **Unauthorized Contracted Company Appointment.** If AAO's owners, officers, directors, employees, Staff or independent contractors sell or attempt to sell a Policy on behalf of an insurance carrier that is not an approved Contracted Company, or if AAO's owners, officers, directors, employees, Staff or independent contractors secure or attempt to secure an appointment with an insurance carrier that is not an approved Contracted Company.

- xv. **Failure to Maintain Insurance.** If AAO fails to maintain the required insurance or to repay Brightway for insurance paid for by it, or otherwise fails to adhere to the requirements of Section 18.
 - xvi. **Violation of Insurance Law or Government Actions.** If AAO's owners, officers, directors, employees, Staff or independent contractors violate any laws or regulations related to the insurance industry, or if there is any governmental or other regulatory action taken against AAO resulting from AAO's operation of the Brightway Location in a manner that is not authorized by Brightway.
 - xvii. **Misuse of Assets or Information.** If AAO's owners, officers, directors, employees, Staff or independent contractors use the assets of the Brightway Location or the assets of customers of the Brightway Location or Brightway for personal use, including any misuse of a customer's identifying information.
 - xviii. **Anti-Terrorist Activities.** If AAO fails to comply with the provisions of Section 14(g) of this Agreement.
 - xix. **Unauthorized Relocation.** If AAO relocates the Brightway Location without Brightway's prior written approval and consent.
 - xx. **Contracted Companies.** If AAO's owners, officers, directors, employees, Staff or independent contractors cause Brightway to lose its contract with any of the Contracted Companies, or otherwise materially harms Brightway's relationship with any of the Contracted Companies.
 - xxi. **Failure to Submit Financial Reports.** If AAO fails to submit timely and accurate financial reports using Brightway's designated chart of accounts for any reporting period.
 - xxii. **Other Conduct Reflecting Adversely on System.** If AAO's owners, officers, directors, employees, Staff or independent contractors conduct themselves in a manner that, although not criminal, reflects adversely on the Brightway System, the Licensed Marks, or the products and services offered through the System.
 - xxiii. **Failure to Open.** If AAO fails to commence operations of the Brightway Location within the time prescribed in Section 6(a)(x) of this Agreement, or fails to open from an approved Professional Space or Retail Space within ninety (90) days of commencing operations of the Brightway Location.
 - xxiv. **Proprietary Software.** If AAO misuses or makes unauthorized use of any proprietary software Brightway developed for use within the Brightway System.
- c) **Upon 15 Days' Notice to Cure.** Brightway has the right to terminate this Agreement if Brightway provides AAO with Notice of any of the following defaults, and such default remains uncured for a period of fifteen (15) days following receipt of such Notice:
- i. **Nonpayment.** If AAO's owners, officers, directors, employees, Staff or independent contractors fail to pay, as and when due, any sums owed to Brightway, any of Brightway's Affiliates, or any of Brightway's suppliers or vendors.
 - ii. **Endorsement of Checks.** If AAO's owners, officers, directors, employees, Staff or independent contractors fail to immediately endorse and deliver to Brightway any payments due to Brightway from any third party that is erroneously made to AAO, or fail to deposit customer payments in the designated bank account within the timeframe designated in the Confidential Operating Manual.
 - iii. **Interruption of Service.** If AAO fails to maintain the prescribed months, days or hours of operation at the Brightway Location, as described in the Confidential Operating Manual.
 - iv. **Failure to Personally Supervise Business Operations or Employ Adequate Personnel.** If AAO or Designated Agency Principal fail to, at all times, personally supervise day-to-day operation of the Brightway Location, or if AAO fails to, at all times, employ a sufficient number of

- qualified, competent personnel as Brightway requires. If such staffing requirements change, it is AAO's responsibility to comply with the then-current requirements.
- v. **Quality Control.** If AAO's owners, officers, directors, employees, Staff or independent contractors fail to maintain the strict quality controls reasonably required by this Agreement or the Confidential Operating Manual.
 - vi. **Licenses and Permits.** If AAO fails to procure or maintain any licenses, certifications, or permits necessary for the operation of the Brightway Location.
 - vii. **Using Unauthorized Vendors.** If AAO's owners, officers, directors, employees, Staff or independent contractors order or purchase supplies, signs, furnishings, fixtures, telephones, computer hardware or software, marketing materials or any other equipment or materials used in connection with the Brightway Location from any unapproved supplier, vendor or company.
- d) **Upon 30 Days' Notice to Cure.** Brightway has the right to terminate this Agreement if Brightway provides AAO with Notice that AAO or AAO's owners, officers, directors, employees, Staff or independent contractors have failed to perform or comply with any one or more of the other terms or conditions of this Agreement, the Confidential Operating Manual, or any ancillary agreements between AAO and Brightway or Brightway's Affiliates, and such default remains uncured for a period of thirty (30) days following receipt of such Notice.
- e) **Step-In Rights.** In addition to Brightway's right to terminate this Agreement, and not in lieu of such right, or any other rights Brightway may have against AAO, upon a failure to cure any default within the applicable time period (if any), Brightway has the right, but not the obligation, to enter the Brightway Location Premises and exercise complete authority with respect to the operation of the Brightway Location until such time that Brightway determines, at its sole discretion, that the default has been cured and AAO is otherwise in compliance with this Agreement. In the event Brightway exercises the rights described in this Section, AAO must reimburse Brightway for all reasonable costs and overhead, if any, incurred in connection with its operation of the Brightway Location including, without limitation, costs of personnel for supervising and staffing the Brightway Location and their travel and lodging accommodations. If Brightway undertakes to operate the Brightway Location pursuant to this Section, AAO agrees to indemnify and hold Brightway (and Brightway's representatives and employees) harmless from and against any fines, claims, suits or proceedings which may arise out of Brightway's operation of the Brightway Location.
- f) **Non-Waiver.** Brightway's delay in exercising or failing to exercise any right or remedy under this Agreement or Brightway's acceptance of any late or partial payment due hereunder shall not constitute a waiver of any of Brightway's rights or remedies against AAO.
- g) **Notice.** In the event that AAO claims that Brightway has failed to meet any obligation under this Agreement, AAO shall provide Brightway with written Notice of such claim within one (1) year of its occurrence, specifically enumerating all alleged deficiencies and providing Brightway with an opportunity to cure, which shall in no event be less than thirty (30) days from the date of receipt of such Notice by Brightway from AAO. Failure to give such Notice shall constitute a waiver of any such alleged default.

16. Post-Term Rights and Obligations

- a) **AAO's Obligations.** Upon termination of this Agreement, regardless of the cause, or upon expiration and non-renewal or Transfer of this Agreement (other than a Transfer made pursuant to Section 13(f) or a transfer of a minority interest in AAO), AAO must, at AAO's cost and expense:
- i. **Cease All Operations.** Cease immediately all operations under this Agreement;

- ii. **Pay Outstanding Debt.** Pay Brightway immediately all unpaid fees and pay Brightway, Brightway's Affiliates, and Brightway's suppliers and vendors, all other monies owed;
- iii. **Discontinue Use of Licensed Marks.** Immediately discontinue the use of the Licensed Marks, and promptly surrender all stationery, printed matter, advertising materials and other items containing the Licensed Marks and all items which are a part of the trade dress of the Brightway System, as Brightway directs;
- iv. **Discontinue Use of Proprietary Materials.** Delete or destroy any locally saved copies of Brightway property including but not limited to the Confidential Operating Manual, customer lists, and all other proprietary materials and Confidential Information Brightway loaned to AAO, and immediately and permanently cease use of such information and materials;
- v. **Discontinue and Redirect All Listings.** Immediately cease using all telephone numbers and online and offline listings used in connection with the operation of the Brightway Location and direct the telephone company and any online or offline directory or other services to transfer all such numbers and listings to Brightway or Brightway's designee pursuant to the Conditional Assignment of AAO's Telephone Numbers, Facsimile Numbers, and Domain Names attached hereto as **Exhibit 7** or, if Brightway directs, to disconnect the numbers;
- vi. **Remove All Signage.** AAO does hereby grant in favor of Brightway a lien upon all exterior signs or other signage bearing any Licensed Marks which are to be displayed on the exterior of the Premises, and, in the event of any termination, expiration and non-renewal, or Transfer of this Agreement, AAO agrees to immediately remove such signage bearing any of the Licensed Marks from the Premises. If AAO fails to make such alterations within five (5) days after termination, expiration and non-renewal, or Transfer of this Agreement, AAO agrees that Brightway or its designated agents may enter upon the Premises at any time to make such alterations, at AAO's sole risk and expense, without liability for trespass;
- vii. **Cease Identifying as Brightway.** Cease to hold itself out as Brightway's franchisee, agency owner, or as otherwise being affiliated with Brightway in any fashion or form;
- viii. **Cease Using Trade Name.** Take such action as shall be necessary to amend or cancel any assumed name, business name or equivalent registration that contains any trade name or other Licensed Mark Brightway licensed to AAO, and furnish Brightway satisfactory evidence of AAO's compliance with this obligation within thirty (30) calendar days after the termination, expiration and non-renewal, or Transfer of this Agreement;
- ix. **Allow Brightway to Perform Final Inspection of Books.** Permit Brightway to make final inspection of AAO's financial records, books, and other accounting records at any time within twenty-four (24) months of the effective date of termination, expiration and non-renewal, or Transfer;
- x. **Comply with Post-Termination Covenants.** Comply with the post-termination covenants set forth in Section 12 and any other applicable Section of this Agreement, all of which shall survive the termination, expiration and non-renewal, or Transfer of this Agreement;
- xi. **Cease Using Methods.** Cease to use in advertising or in any other manner any methods, procedures or techniques associated with Brightway or the Brightway System;
- xii. **Perform all Offboarding Duties.** Execute from time to time any necessary papers, documents, and assurances to effectuate the intent of this Section 16, and otherwise comply with Brightway's offboarding process;
- xiii. **Surrender Customer Information.** Promptly turn over all lists and information AAO may have about former, existing, or potential customers;
- xiv. **Forward Correspondence.** Set up mail forwarding from the former Brightway Location as directed by Brightway;

- xv. **Obtain E&O Tail Policy.** Obtain an Errors & Omissions Tail Policy that is reasonably satisfactory to Brightway, at AAO's expense and for a period of three (3) years following the date of termination, expiration and non-renewal, or Transfer;
 - xvi. **Vacate Premises.** Immediately vacate the Premises if Brightway exercises Brightway's rights pursuant to the Collateral Assignment of Lease attached hereto as **Exhibit 3**; and
 - xvii. **Execute a General Release.** Execute a general release in a form satisfactory to Brightway, of any and all claims against Brightway, its Affiliates and their officers, directors, attorneys, shareholders, and employees, in their corporate and individual capacities.
- b) **Power of Attorney.** AAO hereby irrevocably appoints Brightway as AAO's attorney-in-fact to execute in AAO's name and on AAO's behalf all documents necessary to discontinue AAO's use of the Licensed Marks and Confidential Information, or to otherwise effectuate the obligations set forth in Section 16(a) above.
- c) **Option to Purchase Personal Property.** Upon the termination or expiration of this Agreement, Brightway or Brightway's designee shall also have the option, but not the obligation, to purchase any personal property used in connection with the operation of AAO's Brightway Location, by providing AAO written notice of Brightway's election within sixty (60) calendar days after such termination or expiration and paying AAO the book value for such personal property within sixty (60) calendar days of such notice. For purposes of this paragraph, "book value" means the amount AAO actually paid for the personal property less depreciation (calculated by using the straight-line depreciation method on a five (5) year depreciation schedule irrespective of the depreciation method or schedule AAO uses for accounting purposes). Notwithstanding the foregoing, to the extent that Brightway exercises Brightway's right to purchase any personal property that is subject to a lease or financing agreement, the purchase price of such personal property shall equal the amount of AAO's remaining obligations under the lease or financing agreement, as applicable. Brightway shall be entitled to offset the purchase price by the amount of money owed by AAO to Brightway for any payments necessary to acquire clear title to property or for any other amounts owed under this Agreement. If Brightway exercises Brightway's option to purchase, pending the closing of such purchase, Brightway has the right to appoint a manager to maintain operation of the Brightway Location, or Brightway may require that AAO close the Brightway Location during such period without removing any assets. AAO is required to maintain in force all insurance policies required under this Agreement until the date of such closing. Brightway has the unrestricted right to assign this option to purchase personal property of the Brightway Location. Brightway will be entitled to all customary warranties and representations in connection with Brightway's purchase of AAO's property, including, without limitation, representations and warranties as to ownership and condition of and title to the property; liens and encumbrances on the property; validity of contracts and agreements; and liabilities affecting the property, contingent or otherwise. Brightway may exclude from the personal property purchased hereunder cash or its equivalent and any equipment, signs, inventory, materials and supplies that are not reasonably necessary (in function or quality) to the operation of the Brightway Location, or that Brightway has not approved as meeting standards for the Brightway Location.
- d) **Damages, Costs, and Expenses.** In the event of termination for any default by AAO, AAO shall promptly pay to Brightway all damages, costs and expenses, including reasonable attorneys' fees, incurred by Brightway as a result of the default, including but not limited to any costs incurred by Brightway in curing said default on AAO's behalf, which obligation shall give rise to and remain, until paid in full, a lien in favor of Brightway against any and all of AAO's personal property, furnishings, equipment, signs, fixtures and inventory related to the operation of the Brightway Location.

17. Post-Term Extended Earnings

- a) **Eligibility for Post-Term Extended Earnings.** In the event AAO is eligible but elects to not renew this Agreement pursuant to Section 3(b), then AAO may be entitled to receive certain post-termination compensation from Brightway, which compensation is referred to herein as "**Post-Term Extended Earnings.**" Post-Term Extended Earnings can only be earned when AAO is eligible but elects not to renew this Agreement, and AAO acknowledges and agrees that any right to receive Post-Term Extended Earnings automatically becomes null and void in the event of a Transfer or gift of the Brightway Location, or in the event Brightway terminates this Agreement for cause. In order to be entitled to receive Post-Term Extended Earnings, AAO's Brightway Location must have generated greater than twenty thousand dollars (\$20,000) in Brightway Sales Commissions Paid to AAO during the twelve (12) months of operation preceding the expiration date of this Agreement.
- b) **Calculating Post-Term Extended Earnings.** The total Post-Term Extended Earnings payable to AAO shall be an amount equal to one hundred and fifty percent (150%) of that portion of the Brightway Sales Commissions Paid to AAO pursuant to this Agreement on account of Renewal Business during the twelve (12) months immediately preceding the non-renewal of this Agreement.
- c) **When Post-Term Extended Earnings are Paid.** AAO's Post-Term Extended Earnings shall be paid by Brightway to AAO in twenty-four (24) monthly installments, commencing with the first month following the effective date of expiration and non-renewal of this Agreement, and shall be payable via electronic funds transfer to an account designated in writing by AAO.
- d) **Brightway to Provide Calculations.** Within ten (10) days of the expiration and non-renewal of this Agreement, Brightway shall provide AAO with written Notice of its calculations (together with such supporting documentation as Brightway deems appropriate) of AAO's Post-Term Extended Earnings and the monthly payments to be made to AAO pursuant to this Section, and the first twelve (12) payments shall be in equal amounts and shall equal fifty percent (50%) of the total Post-Term Extended Earnings, as determined based on this initial calculation.
- e) **First Recalculation.** One (1) year following the date of the expiration and non-renewal of this Agreement, Brightway shall recalculate the total Post-Term Extended Earnings for the purposes of determining the final twelve (12) payments, and Brightway shall have the right to reduce the total Post-Term Extended Earnings payable to AAO by an amount equal to that portion of the total Post-Term Extended Earnings attributable to commissions paid on any Policy or Client Account which does not renew in the one (1) year following the expiration and non-renewal of this Agreement. AAO expressly acknowledges that Brightway will not be responsible for any Policies or Client Accounts that fail to renew, regardless of the reason for non-renewal.
- f) **Second Recalculation.** Furthermore, one (1) year following the date of expiration and non-renewal of this Agreement, Brightway shall perform an additional recalculation of the Post-Term Extended Earnings payable to AAO for the purpose of taking into account the Renewal Business for Client Accounts generated by AAO that were considered New Business during the twelve (12) months immediately preceding expiration and non-renewal, as well as changes in premium. The recalculated total Post-Term Extended Earnings shall be an amount equal to one hundred and fifty percent (150%) of the portion of the Brightway Sales Commissions that would have been paid to AAO pursuant to this Agreement on Renewal Business for Client Accounts generated by AAO during the twelve (12) months immediately following the expiration and non-renewal of this Agreement. The amounts payable to AAO during installment period months thirteen (13) through twenty-four (24) shall then be revised to reflect twelve (12) equal payments based on the recalculated total Post-Term Extended Earnings divided by the twenty-four (24) month installment period.
 - i. **Example:** The Brightway Sales Commissions Paid to AAO on account of Renewal Business during the 12 months immediately preceding the expiration and non-renewal of this

Agreement by AAO is \$600,000. To calculate Post-Term Extended Earnings, this amount (\$600,000) is multiplied by 150% to arrive at \$900,000, which is then divided by 24 to determine the amount of monthly payments for the first 12 months, which would be \$37,500. After 12 months, after performing the recalculations described in Sections 17(e) and 17(f) above, the adjusted amount of Brightway Sales Commissions Paid to AAO on account of Renewal Business could be \$620,000 (taking into account rate increases, book maturity and retention). That amount is then multiplied by 150% to arrive at \$940,000, which is then divided by 24 to determine the amount of monthly payments for months 13-24, which would be \$39,166.67.

First Calculation of Post-Term Extended Earnings

	New Business	Renewal Business
Commissions Paid in 12 Months Preceding Expiration and Non-renewal	\$100,000	\$600,000
Post-Term Extended Earnings Calculation Gross Up	n/a	150%
Post-Term Extended Earnings		\$900,000
Amount of Each Installment Payment 1 through 12		\$37,500

Re-calculation of Post-Term Extended Earnings

	New Business	Renewal Business
Commissions That Would Have Been Paid	n/a	\$620,000
Post-Term Extended Earnings Calculation Gross Up	n/a	150%
Post-Term Extended Earnings		\$940,000
Amount of Each Installment Payment 13 through 24		\$39,166.67

- g) **When Post-Term Extended Earnings Terminate.** Notwithstanding the foregoing, all of AAO's rights to receive the Post-Term Extended Earnings shall immediately terminate, upon written Notice from Brightway, in the event AAO fails to comply with: (i) any of the post-term obligations set forth in Section 16 of this Agreement; (ii) any of the post-term covenants set forth in Section 12 of this Agreement; or (iii) any of the confidentiality or non-disclosure provisions set forth in this Agreement.

18. Insurance

- a) **Required Insurance Policies.** Subject to applicable law and eligibility requirements, AAO shall, at its expense, no later than the date of commencement of the business contemplated by this Agreement, procure and maintain in full force and effect throughout the term of this Agreement: (i) a standard Business Owners Policy providing coverage for AAO's Brightway Location, Premises and operation with liability limits of not less than \$1,000,000/\$1,000,000; (ii) a Workers Compensation Policy with liability limits of not less than \$500,000/\$500,000; (iii) an Employment Practices Liability Policy providing coverage for AAO with liability limits of not less than \$500,000/\$500,000; and (iv) any other types of

policies that Brightway determines necessary for the operation of the Brightway Location, as communicated in the Confidential Operating Manual or otherwise in writing. AAO agrees to carry such insurance as may be required by the lease of the Premises or by any of AAO's lenders or equipment lessors. AAO shall add Brightway and its designees and assignees to all insurance contracts as additional insureds under the insurance policies, the cost of which will be paid by AAO. The types and amounts of insurance to be acquired and maintained by AAO may be modified as provided in the Confidential Operating Manual or otherwise in writing by Brightway.

- b) **Certificates of Insurance on File with Brightway.** AAO shall make timely delivery of certificates of all required insurance to Brightway, each of which shall contain a statement by the insurer that the policy will not be cancelled or materially altered without at least thirty (30) days' prior written Notice to Brightway.
- c) **AAO's Liability to Brightway.** The procurement and maintenance of such insurance shall not relieve AAO of any liability to Brightway under any indemnification requirement set forth in this Agreement.
- d) **Brightway's Option to Force Place.** If AAO fails to comply with the minimum insurance requirements set forth herein, Brightway has the right to obtain such insurance and keep the same in force and effect and AAO shall pay Brightway, on demand, the premium cost thereof and administrative costs of eighteen percent (18%) in connection with Brightway obtaining the insurance.

19. Taxes, Permits, Indebtedness, Compliance with Laws

- a) **AAO Responsible for Timely Payment of all Taxes Due.** AAO shall promptly pay when due any and all federal, state and local taxes, including without limitation unemployment and sales taxes, levied or assessed with respect to any services or products furnished, used or licensed pursuant to this Agreement, and all accounts or other indebtedness of every kind incurred by AAO in the operation of the Brightway Location. AAO agrees to indemnify Brightway in the event that Brightway is held responsible for these taxes.
- b) **Compliance with Laws, Rules and Regulations Required.** AAO shall comply with all applicable federal, state and local laws, rules and regulations. AAO shall also timely obtain any and all permits, certificates and licenses for the full and proper conduct of the Brightway Location. AAO and Designated Agency Principal will have sole authority and control over the day-to-day operations of the Brightway Location and AAO's employees. AAO agrees to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws applicable to the Brightway Location, including without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, supervision, and discipline of employees, paid or unpaid, full or part-time. At no time will AAO or AAO's employees be deemed to be employees of Brightway.
- c) **AAO Responsible for All Debts and Obligations.** AAO hereby expressly covenants and agrees to accept full and sole responsibility for any and all debts and obligations incurred in the operation of its Brightway Location.

20. Independent Contractor and Indemnification

- a) **Independent Contractor Relationship.** It is understood and agreed that AAO is an independent contractor and is in no way authorized to make any contract, warranty or representation or to create any obligation on behalf of Brightway except as expressly authorized under this Agreement. Nothing in this Agreement is intended by the parties hereto to create a fiduciary relationship between them or to designate AAO as a legal representative, subsidiary, joint venturer, partner, employee, tenant or servant of Brightway for any purpose whatsoever. In all dealings with third parties including, without

limitation, employees, suppliers and customers, AAO shall disclose in an appropriate manner acceptable to Brightway that it is an independent contractor licensed by Brightway to use the Licensed Marks and operate the Brightway Location. AAO shall be responsible for payment of its own federal income taxes, Social Security, Medicare and such other taxes and liabilities assessed or levied against AAO by virtue of this Agreement and the sums received by AAO pursuant to this Agreement. AAO shall have the discretion to determine the time, place and manner of soliciting and servicing clients and otherwise carrying out its obligations hereunder, subject to the limitations set forth herein and Brightway's requirement to maintain high ethical standards and quality customer service in order to maintain the goodwill associated with the Licensed Marks. Nothing in this Agreement authorizes AAO to make any contract, agreement, warranty, or representation on Brightway's behalf, or to incur any debt or other obligation in Brightway's name; and Brightway shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall Brightway be liable by reason of any of AAO's acts or omissions in the operation of the Brightway Location or for any claim or judgment arising therefrom against AAO or Brightway. Neither this Agreement nor Brightway's course of conduct is intended, nor may anything in this Agreement (nor Brightway's course of conduct) be construed to state or imply, that Brightway is the employer of AAO or AAO's employees and/or independent contractors.

- b) **Indemnification.** AAO agrees to protect, defend, indemnify, and hold Brightway and its Affiliates, and their respective directors, officers, employees, agents, attorneys and shareholders ("Brightway Indemnitees") jointly and severally harmless from and against, and promptly to reimburse Brightway Indemnitees for, all claims, actions, proceedings, damages, costs, expenses and other losses and liabilities consequently, directly or indirectly incurred (including without limitation reasonable attorneys' and paralegals' fees, court costs and costs of investigation) as a result of, arising out of, or connected with (i) AAO's breach of any of the covenants, representations, warranties or terms of this Agreement; (ii) the use of the Licensed Marks or Brightway's other proprietary materials in an unauthorized manner; (iii) AAO's operation of the Brightway Location; (iv) any professional or other negligence on the part of AAO or its Affiliates, or any of their respective directors, officers, agents, shareholders, employees, contractors, subcontractors, servants, licensees or invitees; (v) the transfer of any interest in this Agreement or the Brightway Location in any manner not in accordance with this Agreement; (vi) the infringement, alleged infringement, or any other violation or alleged violation by AAO or any of AAO's Staff of any patent, mark or copyright or other proprietary right owned or controlled by third parties; (vii) libel, slander or any other form of defamation of Brightway, the Brightway System, any franchisee operating under the Brightway System, or any Brightway affinity partner, by AAO or by any of AAO's Staff; or (viii) any incident, death, injury or damage to any person or property occurring in, on or about the Premises. Brightway shall have the right to defend or settle any such claim against it in such manner as Brightway deems appropriate, at its sole discretion; provided, however, that such an undertaking by Brightway shall, in no manner or form, diminish AAO's and each of AAO's Staff's obligations to indemnify the Brightway Indemnitees and to hold them harmless.
- c) **Survivability.** The provisions of this Section 20 shall continue in full force and effect subsequent to and notwithstanding the termination, expiration, non-renewal or Transfer of this Agreement for any reason.

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

- a) **Written Request for Brightway's Approval.** Whenever this Agreement requires, or AAO desires to obtain, Brightway's approval, AAO shall make a timely written request. Unless a different time period is specified in this Agreement, Brightway shall respond with its approval or disapproval within fifteen

- (15) days of receipt of such request. If Brightway has not specifically approved a request within such fifteen (15) day period, such failure to respond shall be deemed a disapproval of any such request.
- b) **Non-Waiver.** No failure of Brightway to exercise any power reserved to it by this Agreement and no custom or practice of the parties at variance with the terms hereof shall constitute a waiver of Brightway's right to demand exact compliance with any of the terms herein. No waiver or approval by Brightway of any particular breach or default by AAO, nor any delay, forbearance or omission by Brightway to act or give Notice of default or to exercise any power or right arising by reason of such default hereunder, nor acceptance by Brightway of any payments due hereunder shall be considered a waiver or approval by Brightway of any preceding or subsequent breach or default by AAO of any term, covenant or condition of this Agreement.
 - c) **Agreements May Vary.** No warranty or representation is made by Brightway that all franchise agreements issued by Brightway before or after the Effective Date do or will contain terms substantially similar to those contained in this Agreement. Further, AAO recognizes and agrees that Brightway may, in its Reasonable Business Judgment, due to local business conditions or otherwise, waive or modify comparable provisions of other franchise agreements heretofore or hereafter granted to other Brightway System franchisees in a non-uniform manner.
 - d) **Amendment.** This Agreement may not be modified except by a written document signed by both parties; provided, however, that AAO expressly acknowledges that Brightway may unilaterally modify the Confidential Operating Manual from time to time in its sole discretion.

22. Enforcement

- a) **Brightway's Access to AAO's Brightway Location and Records.** To ensure AAO's compliance with this Agreement, and to enable Brightway to carry out its obligations under this Agreement, AAO agrees that Brightway and its designated agents shall be permitted full and complete access during business hours, without notice, to inspect (and copy, if Brightway so desires) the Premises and the Brightway Location and all records relating thereto including, but not limited to, records relating to AAO's prospective clients and Client Accounts, suppliers, employees, agents and independent contractors. AAO agrees to render such assistance as may reasonably be requested by Brightway and its designated agents, and to take such steps as may be necessary to immediately correct any deficiencies detected during such an inspection upon the request of Brightway or its designated agents. Brightway also has the right to require AAO to provide information that is necessary to prohibit any act or omission by AAO or its employees that constitutes a violation of any applicable law or regulation, or that is necessary to comply with a complaint or investigation from any governmental or regulatory body or from a Contracted Company.
- b) **Temporary or Permanent Injunctions.** Brightway or its designee shall be entitled to obtain, without bond, temporary and permanent injunctions, and orders of specific performance, in order to enforce any restrictive covenants in this Agreement, the provisions of this Agreement relating to AAO's use of the Licensed Marks, or the obligations of AAO upon termination, expiration and non-renewal, or Transfer of this Agreement, or to prohibit any act or omission by AAO or its employees that constitutes a violation of any applicable law or regulation, that is dishonest or misleading to prospective or current customers or Contracted Companies, that constitutes a danger to other Brightway System franchisees, employees, customers or the public, or that may impair the goodwill associated with the Licensed Marks. If injunctive relief is granted, AAO's only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, AAO expressly waives all claims for damages AAO incurred as a result of the wrongful issuance.

23. Notices

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

Brightway Insurance, Inc.
 3733 University Boulevard West, Suite 100
 Jacksonville, Florida 32217
 Attention: Michael Miller, President & CEO
 E-mail: michael.miller@brightway.com

- c) **Notices to Others.** Notices to AAO shall be sent to the address(es) specified in **Exhibit 2** to this Agreement. Any party may change any address to which Notice is to be given to it by giving effective Notice as provided herein of such change of address.
- d) **Effective Notice Requirements.** Except as may be provided elsewhere in this Agreement, a Notice is effective only if the party giving or making the Notice has complied with this Section 23 and if the addressee has received the Notice. A Notice is deemed to have been received as follows:
 - i. If a Notice is delivered in person, or sent by registered or certified mail, or nationally recognized overnight courier, upon receipt as indicated by the date on the signed receipt.
 - ii. If a Notice is sent by facsimile, upon receipt by the party giving the Notice of an acknowledgement or transmission report generated by the machine from which the facsimile was sent indicating that the facsimile was sent in its entirety to the addressee's facsimile number.
 - iii. If a Notice is sent by e-mail, upon receipt by the party giving the Notice of: (A) any form of electronically-generated acknowledgement that the e-mail was received by the addressee, or (B) any return communications from the addressee indicating that they received the e-mail.
 - iv. If the addressee rejects or otherwise refuses to accept the Notice, or if the Notice cannot be delivered because of a change in address for which no Notice was given, then upon the rejection, refusal or inability to deliver.

24. Governing Law and Dispute Resolution

- a) **Agreement Governed by Florida Law.** This Agreement is accepted by Brightway in the State of Florida and shall be governed by and construed in accordance with the laws of the State of Florida, which laws shall prevail in the event of any conflict of laws.
- b) **Internal Dispute Resolution.** The parties hereto agree that it is in their best interest to resolve disputes between them in an orderly fashion and in a consistent manner. Therefore, AAO must first bring any claim or dispute between AAO and Brightway to Brightway's President, after providing Notice as set forth in Section 23 above. AAO must exhaust this internal dispute resolution procedure before AAO may bring AAO's dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.
- c) **Non-Binding Mediation Following Internal Dispute Resolution.** At Brightway's option, all claims or disputes between AAO and Brightway or its Affiliates arising out of, or in any way relating to, this

- Agreement or any other agreement by and between AAO and Brightway or its Affiliates, or any of the parties' respective rights and obligations arising from such agreement, which are not first resolved through the internal dispute resolution procedure set forth in Section 24(b) above, must be submitted first to non-binding mediation, in Duval County, Florida, under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any action against Brightway or its Affiliates with respect to any such claim or dispute, AAO must submit a notice to Brightway, which specifies, in detail, the precise nature and grounds of such claim or dispute. Brightway will have a period of thirty (30) days following receipt of such notice within which to notify AAO as to whether Brightway or its Affiliates elects to exercise its option to submit such claim or dispute to mediation. AAO may not commence any action against Brightway or its Affiliates with respect to any such claim or dispute in any court unless Brightway fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Brightway. Brightway's right to mediation, as set forth herein, may be specifically enforced by Brightway. Each party shall bear its own cost of mediation and Brightway and AAO shall share mediation costs equally. This agreement to mediate shall survive any termination or expiration of this Agreement. The parties shall not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating): (i) any federally protected intellectual property rights related to the Licensed Marks, the Brightway System, or any Confidential Information; or (ii) any of the restrictive covenants contained in this Agreement.
- d) **Venue.** AAO consents and agrees that venue shall be proper in any of the following courts in all lawsuits relating to or arising out of this Agreement and hereby waives any defense it may have of improper venue in any such lawsuits filed in these courts: (i) the state court of the county in which Brightway has its principal place of business (presently, Duval County, Florida); and (ii) the federal court nearest to Brightway's principal place of business (presently, the United States District Court for the Middle District of Florida). All lawsuits filed by AAO against Brightway relating to or arising out of this Agreement shall be required to be filed exclusively in one of these courts; provided, however, that if none of these courts has subject-matter jurisdiction over such a lawsuit, such lawsuit may be filed in any court having such subject matter jurisdiction if in-personam jurisdiction and venue in such court are otherwise proper. Lawsuits filed by Brightway against AAO may be filed in any of the courts named in this subsection or in any court in which jurisdiction and venue are proper.
 - e) **Service of Process.** In all lawsuits relating to or arising out of the Agreement, AAO consents and agrees that it may be served with process outside the State of Florida in the same manner as service may be made within the State of Florida by any person authorized to make service by the laws of the state, territory, possession or country in which service is made, and AAO hereby waives any defense it may have of insufficiency of service of process relating to such service. Such methods of service shall not be the exclusive methods of service available in such lawsuits and shall be available in addition to any other method of service allowed by law.
 - f) **Timeframe in Which Action May Be Brought.** AAO further agrees that no cause of action arising out of or under this Agreement may be maintained by AAO against Brightway unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after the AAO becomes aware of facts or circumstances reasonably indicating that AAO may have a claim against Brightway hereunder, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set-off. AAO hereby waives the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by Brightway, including, without limitation, rescission of this Agreement, in any mediation,

judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement, or pursuant to any right granted by any applicable statute expressly regulating the sale of franchises, or any regulation or rules promulgated thereunder.

- g) **Notice of Violation or Breach.** As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, AAO must notify Brightway within thirty (30) days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages.
- h) **Third Party Beneficiaries.** Brightway's Affiliates, officers, directors, shareholders, agents and/or employees are express third-party beneficiaries of the provisions of this Agreement, including the mediation provision set forth above in Section 24(c), each having authority to specifically enforce the right to mediate claims asserted against such person(s) by AAO.
- i) **Right to Certain Claims Waived.** AAO hereby waives to the fullest extent permitted by law any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against Brightway arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, AAO's recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.
- j) **Brightway Solely Responsible.** AAO agrees that fulfillment of any and all of Brightway's obligations written in this Agreement or based on any oral communications which may be ruled to be binding in a court of law shall be Brightway's sole responsibility and none of Brightway's agents, representatives, employees, nor any individuals associated with Brightway's franchise company shall be personally liable to AAO for any reason.
- k) **Rights Waived to Trial by Jury.** TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY LITIGATION ARISING OUT OF, UNDER, OR IN CONNECTION WITH THIS AGREEMENT AND ANY OTHER AGREEMENTS EXECUTED OR CONTEMPLATED TO BE EXECUTED IN CONNECTION HEREWITH, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (VERBAL OR WRITTEN) OR ACTION OF ANY PARTY IN CONNECTION WITH THIS AGREEMENT.

25. Miscellaneous

- a) **Severability.** In case any covenant, condition, term or provision contained in this Agreement shall be held to be invalid, illegal, or unenforceable in any respect, in whole or in part, by judgment, order or decree of any court or other judicial tribunal of competent jurisdiction, the validity of the remaining covenants, conditions, terms and provisions contained in this Agreement, and the validity of the remaining part of any term or provision held to be partially invalid, illegal or unenforceable, shall in no way be affected, prejudiced, or disturbed thereby. AAO understands and acknowledges that Brightway shall have the right, at its sole discretion, on a temporary or permanent basis, to reduce the scope of any covenant or provision of this Agreement binding upon AAO, or any portion hereof, without AAO's consent, effective immediately upon receipt by AAO of written Notice thereof, and AAO agrees that it will comply forthwith with any covenant as so modified, which shall be fully enforceable.
- b) **Agreement May Be Executed in Two or More Counterparts; Electronic Signatures Permitted.** To facilitate the execution of this Agreement by geographically separated parties, it may be executed in two (2) or more counterparts, all of which shall constitute one and the same instrument. The execution by one party of any counterpart shall be sufficient execution by that party whether or not

the same counterpart has been executed by any other party. This Agreement shall become effective when each party has signed at least one counterpart. An electronically-signed copy of this Agreement delivered by email or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

- c) **Headings and Captions for Reference Only.** The headings and captions contained herein are for the purposes of convenience and reference only and are not to be construed as a part of this Agreement. The parties agree that each section of this Agreement shall be construed independently of any other section or provision of this Agreement.
- d) **Provisions Survive Agreement.** All provisions of this Agreement which, by their nature, must survive the termination or expiration of this Agreement in order to give effect thereto, are hereby deemed to survive the termination or expiration of this Agreement for any reason.
- e) **Parties Agree to Sign Additional Documents When Necessary.** Each of the parties hereto agrees that they shall sign such additional and supplemental documents as may be necessary pursuant to the terms of this Agreement when requested to do so by any party to this Agreement.
- f) **AAO Understands Agreement.** AAO represents and warrants to Brightway that it: (i) understands fully the terms of this Agreement (including all of its Exhibits) and the consequences of the execution and delivery of this Agreement; (ii) has been afforded an opportunity to have this Agreement reviewed by, and to discuss this Agreement and any other document executed in connection herewith with such attorneys and other persons as AAO may wish; and (iii) has entered into this Agreement and executed and delivered all documents in connection herewith of its own free will and accord and without threat, duress or other coercion of any kind by any person or entity. The parties hereto acknowledge and agree that neither this Agreement nor the other documents executed pursuant hereto shall be construed more favorably in favor of one than the other based upon which party drafted the same.
- g) **Terms are Binding.** The terms and conditions of this Agreement shall be binding upon the assigns, creditors, transferees or successors in interest of the parties to this Agreement, whether by operation of law or otherwise.
- h) **Time is of the Essence.** Time is of the essence of this Agreement and each covenant and condition contained herein.
- i) **Exhibits and Schedules are Incorporated.** The terms of all Exhibits and any schedules to this Agreement are hereby incorporated into this Agreement by this reference.
- j) **Payment of Attorneys' Fees.** In the event any litigation or controversy arises out of or in connection with this Agreement between the parties hereto, the prevailing party shall be entitled to recover from the other party or parties all reasonable attorneys' and paralegals' fees, expenses and suit costs, including those associated with any appellate or post-judgment collection proceedings.
- k) **Force Majeure.** Neither party shall be liable for failure to perform any of its obligations under this Agreement during any period in which such party cannot perform due to fire, flood, or other natural disaster or act of God, war or other national emergency, terrorism, embargo, riot, strike, the intervention of any governmental authority, communications line failures, power failures or other causes beyond the reasonable control of the parties (but specifically excluding therefrom general economic conditions or the economy in general as a cause); provided, however: (i) such delay or failure could not have been prevented by reasonable precautions by that party; and (ii) that the party so delayed must promptly notify the other party of such delay and undertake all efforts that are reasonable under the circumstances to resume performance of its obligations hereunder as soon as feasible.
- l) **Brightway Entitled to Setoff.** Brightway shall be entitled to set off against any amounts it owes to AAO, any amounts AAO owes to Brightway or to any Brightway Affiliate (whether pursuant to this Agreement, or any other agreement with Brightway or any Brightway Affiliate), consistent with applicable law.

- m) **This Agreement May have Special Stipulations.** Attached hereto as **Exhibit 4** is a listing of all "Special Stipulations" and other agreements between the parties which, to the extent they are in conflict with any other provisions of this Agreement, shall control.
- n) **Brightway May Make Changes to the Brightway System.** Brightway may from time to time add to, amend, modify, delete or enhance any portion of the Brightway System (including any of the Licensed Marks) as may be necessary in Brightway's Reasonable Business Judgment (defined in Section 25(o) below) to change, maintain or enhance the reputation, efficiency, competitiveness and/or quality of the Brightway System, or to adapt it to new conditions or technology, or to better serve the public. AAO, at its expense, will promptly and fully comply with all such additions or modifications reasonably designated as applicable to then-existing System Locations similarly situated.
- o) **Reasonable Business Judgment Definition.** Brightway agrees to use Reasonable Business Judgment in the exercise of its rights, obligations and discretion under this Agreement, except where otherwise indicated in this Agreement. "**Reasonable Business Judgment**" shall mean that Brightway's determination shall prevail even in cases where other alternatives are also reasonable so long as Brightway is intending to benefit or is acting in a way that could benefit the Brightway System by enhancing the value of the Licensed Marks, promoting Brightway System uniformity, increasing customer satisfaction, maintaining positive relationships with Contracted Companies or other suppliers, or minimizing possible brand or location confusion. Brightway shall not be required to consider AAO's particular economic or other circumstances when exercising its Reasonable Business Judgment. At no time is AAO or any third party (including, but not limited to any third party acting as a trier of fact) entitled to substitute AAO's or its judgment for a judgment that has been made by or on behalf of Brightway and that meets the definition of Reasonable Business Judgment, in recognition of the fact that the long-term goals of a franchise system, and the long-term interests of both Brightway and all Brightway System franchisees, taken together, require that Brightway have the latitude to exercise Reasonable Business Judgment.
- p) **Terms May be Plural, Singular, Male, Female or Gender Neutral.** Reference to terms defined herein shall include the plural or singular forms of such terms and the male, female, or neutral gender thereof, as appropriate.
- q) **Terms that Refer to the Entire Agreement.** The use of the words "herein," "thereof," "hereof," "hereinafter," "hereinabove" and other words of similar import shall be deemed to refer to this Agreement as a whole and not to a specific section, subsection or paragraph thereof.
- r) **Brightway May Be Assisted by Others in Fulfilling this Agreement.** In rendering the services it is to provide to AAO hereunder, Brightway shall have the right, at its sole discretion, to be assisted by third parties, and, accordingly, some or all of the services which Brightway undertakes to provide under this Agreement may be delegated to or provided by such third parties.

26. Acknowledgements

AAO hereby expressly acknowledges the following:

- a) AAO 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 AAO AND ITS EFFORTS AS AN INDEPENDENT BUSINESS OPERATOR. AAO AGREES THAT NO CLAIMS OF SUCCESS OR FAILURE HAVE BEEN MADE TO IT PRIOR TO SIGNING THIS AGREEMENT AND THAT IT UNDERTAKES ALL THE TERMS AND CONDITIONS OF THIS AGREEMENT. THIS AGREEMENT CONTAINS ALL ORAL AND WRITTEN AGREEMENTS, REPRESENTATIONS AND ARRANGEMENTS BETWEEN THE PARTIES HERETO. ANY RIGHTS

THAT THE RESPECTIVE PARTIES HERETO MAY HAVE HAD UNDER ANY OTHER PREVIOUS CONTRACTS RELATING TO THE SUBJECT MATTER HEREOF ARE HEREBY CANCELLED AND TERMINATED, AND NO REPRESENTATIONS OR WARRANTIES ARE MADE OR IMPLIED, EXCEPT AS SPECIFICALLY SET FORTH HEREIN. THIS AGREEMENT CANNOT BE CHANGED, AMENDED OR MODIFIED EXCEPT IN WRITING SIGNED BY ALL PARTIES. BRIGHTWAY EXPRESSLY DISCLAIMS THE MAKING OF, AND AAO 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 THIS AGREEMENT.

AAO Initial

- b) AAO HAS NO KNOWLEDGE OF ANY REPRESENTATIONS BY BRIGHTWAY OR ITS OFFICERS, DIRECTORS, SHAREHOLDERS, EMPLOYEES, AGENTS OR SERVANTS ABOUT THE BUSINESS CONTEMPLATED BY THIS AGREEMENT THAT ARE CONTRARY TO THE TERMS OF THIS AGREEMENT OR THE DOCUMENTS INCORPORATED HEREIN. AAO REPRESENTS, AS AN INDUCEMENT TO BRIGHTWAY'S ENTRY INTO THIS AGREEMENT, THAT IT HAS MADE NO MISREPRESENTATIONS IN OBTAINING THIS AGREEMENT.

AAO Initial

- c) AAO ACKNOWLEDGES THAT BRIGHTWAY'S APPROVAL OR ACCEPTANCE OF AAO'S PREMISES DOES NOT CONSTITUTE RECOMMENDATION OR ENDORSEMENT OF THE LOCATION OF THE BRIGHTWAY STORE, NOR ANY ASSURANCE BY BRIGHTWAY THAT THE OPERATION OF A BRIGHTWAY STORE AT THE PREMISES WILL BE SUCCESSFUL OR PROFITABLE.

AAO Initial

- d) AAO ACKNOWLEDGES THAT BRIGHTWAY OR ITS AGENT HAS PROVIDED AAO WITH A FRANCHISE DISCLOSURE DOCUMENT NOT LATER THAN FOURTEEN (14) CALENDAR DAYS BEFORE THE EXECUTION OF THIS AGREEMENT OR THE PAYMENT OF ANY CONSIDERATION. AAO FURTHER ACKNOWLEDGES THAT AAO HAS READ SUCH FRANCHISE DISCLOSURE DOCUMENT AND UNDERSTANDS ITS CONTENTS. AAO ALSO ACKNOWLEDGES RECEIPT OF THIS AGREEMENT, WITH ALL BLANKS COMPLETED AND WITH ANY AMENDMENTS AND EXHIBITS, AT LEAST SEVEN (7) CALENDAR DAYS PRIOR TO EXECUTION OF THIS AGREEMENT.

AAO Initial

- e) AAO ACKNOWLEDGES THAT IT HAS HAD AMPLE OPPORTUNITY TO CONSULT WITH ITS OWN ATTORNEYS, ACCOUNTANTS AND OTHER ADVISORS AND THAT THE ATTORNEYS FOR BRIGHTWAY

HAVE NOT ADVISED OR REPRESENTED AAO WITH RESPECT TO THIS AGREEMENT OR THE RELATIONSHIP THEREBY CREATED.

AAO Initial

- f) AAO, TOGETHER WITH ITS ADVISERS, HAS SUFFICIENT KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS TO MAKE AN INFORMED INVESTMENT DECISION WITH RESPECT TO THE FRANCHISE DESCRIBED IN THIS AGREEMENT.

AAO Initial

- g) AAO IS AWARE OF THE FACT THAT OTHER PRESENT OR FUTURE FRANCHISE OWNERS OF BRIGHTWAY MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENT, AND CONSEQUENTLY THAT BRIGHTWAY'S OBLIGATIONS AND RIGHTS WITH RESPECT TO ITS VARIOUS FRANCHISE OWNERS MAY DIFFER MATERIALLY IN CERTAIN CIRCUMSTANCES.

AAO Initial

- h) AAO ACKNOWLEDGES THAT THIS AGREEMENT (TOGETHER WITH ALL OF ITS EXHIBITS) CONSTITUTES THE ENTIRE AGREEMENT OF THE PARTIES. THIS AGREEMENT TERMINATES AND SUPERSEDES ANY PRIOR AGREEMENT BETWEEN THE PARTIES (WHETHER ORAL OR WRITTEN) CONCERNING THE SAME SUBJECT MATTER. NOTHING IN THIS OR IN ANY RELATED AGREEMENT, HOWEVER, IS INTENDED TO DISCLAIM THE REPRESENTATIONS BRIGHTWAY MADE IN THE FRANCHISE DISCLOSURE DOCUMENT THAT BRIGHTWAY FURNISHED TO AAO.

AAO Initial

Signatures appear on the following page.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound, have duly executed and delivered this Agreement the date and year first written above.

BRIGHTWAY:

BRIGHTWAY INSURANCE, INC.,
a Florida corporation

By: _____
Michael Miller, President & CEO

AAO:

a _____

By: _____

Exhibit 1: Guaranty of AAO's Undertakings

Guaranty of AAO's Undertakings

In consideration of, and as an inducement to, the execution of the Brightway Insurance, Inc. Franchise Agreement ("Franchise Agreement") dated as of _____, by and between Brightway Insurance, Inc. ("Brightway") and _____ ("AAO"), each of the undersigned hereby guarantees unto Brightway that AAO will perform during the term of the Franchise Agreement each and every obligation, covenant, payment, agreement and undertaking on the part of AAO contained and set forth in this Guaranty or the Franchise Agreement, and that AAO's representations and warranties in the Franchise Agreement are true and correct.

Brightway, its successors and assigns, may from time to time, without notice to the undersigned: (i) resort to the undersigned for payment of any of the liabilities of AAO owed to Brightway or other amounts owed under the Franchise Agreement (the "Liabilities"), whether or not it or its successors have resorted to any property securing any of the Liabilities or proceeded against any other of the undersigned or any party or parties primarily or secondarily liable on any of the Liabilities; (ii) release or compromise any Liability of any of the undersigned hereunder or any Liability of any party or parties primarily or secondarily liable on any of the Liabilities; and (iii) extend, renew or credit any of the Liabilities for any period (whether or not longer than the original period), or alter, amend or exchange any of the Liabilities.

While each of the undersigned is bound by all of AAO's obligations set forth in the Franchise Agreement, each of the undersigned specifically agrees to individually comply with and abide by the provisions contained in Sections 10 and 12 of the Franchise Agreement related to confidential information, restrictive covenants and non-solicitation, as well as the provisions in the Franchise Agreement relating to transfers and to Brightway's trade names, trademarks, service marks and/or indicia of origin, to the same extent as and for the same period of time as AAO is required to comply with and abide by such covenants and provisions. These obligations of the undersigned shall survive any termination, transfer, expiration or non-renewal of the Franchise Agreement or this Guaranty.

Each of the undersigned further waives presentment, demand, notice of dishonor, protest, nonpayment and all other notices whatsoever, including without limitation notice of acceptance hereof, notice of all contracts and commitments, notice of the existence or creation of any liabilities under the foregoing Franchise Agreement and of the amount and terms thereof and notice of all defaults, disputes or controversies between AAO and Brightway resulting from such Franchise Agreement or otherwise, and the settlement, compromise or adjustment thereof.

This Guaranty shall be deemed to have been made in and is governed by the laws of the State of Florida and shall be governed by and construed in accordance with the laws thereof, which laws shall prevail in the event of any conflict of laws.

Each of the undersigned further agrees that any disputes arising under this Guaranty will be governed by each of the dispute resolution provisions set forth in Section 24 of the Franchise Agreement.

In the event any litigation or controversy arises out of or in connection with this Guaranty between the parties hereto, the prevailing party shall be entitled to recover from the other party or parties all reasonable attorneys' and paralegals' fees, expenses and suit costs, including those associated with any appellate or post-judgment collection proceedings.

If more than one person has executed this Guaranty, the term "the undersigned," as used herein shall refer to each such person, and the liability of each of the undersigned hereunder shall be joint and several and primary.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed and delivered this Guaranty the date and year first written above.

GUARANTORS:

SPOUSES:

Exhibit 2: Data Sheet and Acknowledgements

Data Sheet and Acknowledgements

RE: FRANCHISE AGREEMENT BETWEEN BRIGHTWAY INSURANCE, INC. ("BRIGHTWAY") and

("AAO") DATED _____ (THE "FRANCHISE AGREEMENT")

DATA SHEET

1. **Type of Brightway Location.** The Franchise Agreement shall govern the operation of a:

- Office Agency – No Enhanced Commission Fee Paid**

Initial Franchise Fee: Five Thousand Dollars (\$5,000)

Brightway Sales Commission – New Business: Subject to Section 8 of the Franchise Agreement, Brightway shall pay AAO sixty percent (60%) of all Brightway Sales Commissions received on all New Business from Client Accounts generated by AAO, and Brightway shall be entitled to retain the remaining forty percent (40%).

Brightway Sales Commissions – Renewal Business: Subject to Section 8 of the Franchise Agreement, Brightway shall pay AAO fifty percent (50%) of all Brightway Sales Commissions received on all Renewal Business from Client Accounts generated by AAO, and Brightway shall be entitled to retain the remaining fifty percent (50%).

- Office Agency – Enhanced Commission Fee Paid**

Initial Franchise Fee (including Commission Enhancement Fee): Thirty Thousand Dollars (\$30,000)

Brightway Sales Commission – New Business: Subject to Section 8 of the Franchise Agreement, Brightway shall pay AAO eighty percent (80%) of all Brightway Sales Commissions received on all New Business from Client Accounts generated by AAO, and Brightway shall be entitled to retain the remaining twenty percent (20%).

Brightway Sales Commissions – Renewal Business: Subject to Section 8 of the Franchise Agreement, Brightway shall pay AAO fifty percent (50%) of all Brightway Sales Commissions received on all Renewal Business from Client Accounts generated by AAO, and Brightway shall be entitled to retain the remaining fifty percent (50%).

- Retail Agency**

Initial Franchise Fee: Sixty Thousand Dollars (\$60,000)

Brightway Sales Commission – New Business: Subject to Section 8 of the Franchise Agreement, Brightway shall pay AAO eighty five percent (85%) of all Brightway Sales Commissions received on all New Business from Client Accounts generated by AAO, and Brightway shall be entitled to retain the remaining fifteen percent (15%).

Brightway Sales Commissions – Renewal Business: Subject to Section 8 of the Franchise Agreement, Brightway shall pay AAO fifty five percent (55%) of all Brightway Sales Commissions received on all Renewal Business from Client Accounts generated by AAO, and Brightway shall be entitled to retain the remaining forty five percent (45%).

See Attachment A to this Data Sheet for a summary of AAO obligations specifically applicable to Office Agencies and Retail Agencies

Attachment A to Data Sheet

Summary of Certain Provisions Applicable to Office and Retail Agency Models

The summary of certain terms set forth below is included herein solely for convenience of reference and shall not control the meaning or interpretation of any related provisions of the Franchise Agreement or any Exhibits thereto. This summary is not intended to be an exhaustive list of all distinguishing characteristics of Retail and Office Agencies.

<u>AAO Obligation</u>	<u>Office Agency</u>	<u>Retail Agency</u>
Initial Location	AAO may commence operations from a home office for up to 90 days, or immediately begin operating from a professional office space.	AAO may commence operations from a home office for up to 90 days, or immediately begin operating from a professional office space or retail office space.
Relocation(s) and Final Location	Within 90 days after commencing operations, the Office Agency must relocate to and thereafter operate from a professional office space. If AAO commenced operations in a professional office space, no relocation is required.	Within 90 days after commencing operations, the Retail Agency must relocate to and thereafter operate from <u>either</u> a professional office space or a retail office space. If the Retail Agency commences operations in or relocates to a professional office space, the Retail Agency must subsequently relocate to a retail office space no later than twelve (12) months after commencing operations in the professional office space. If AAO commenced operations in a retail office space, no relocation is required.
Staffing	No staffing requirements.	Must comply with then-current minimum staffing requirements, which currently requires a minimum of three (3) individuals working full-time writing New Business by the later of (a) twelve (12) months after commencing operations, or (b) the date AAO relocates to an retail office space.

AAO ACKNOWLEDGEMENTS

1. **Form of Legal Entity/Ownership.** AAO hereby acknowledges that AAO is a(n) (check one):

- | | |
|--------------------------------------|---|
| <input type="checkbox"/> individual | <input type="checkbox"/> corporation |
| <input type="checkbox"/> partnership | <input type="checkbox"/> limited liability company |
| <input type="checkbox"/> trust | <input type="checkbox"/> other business form _____ (describe) |

If AAO is not an individual, AAO hereby warrants and represents that the following persons own, either legally or beneficially, all of the equity interests in AAO, and each such person and their spouse shall execute the Guaranty attached as Exhibit 1 to the Franchise Agreement and be considered a Guarantor under the Franchise Agreement:

Name, Address, Telephone Number, and Email	Type of Ownership (Legal or Beneficial)	Percentage of Interest Owned

2. **Designation of Primary Contact.** The following person shall be deemed the AAO's "Primary Contact" under the terms of the Franchise Agreement (this person has the authority to make all business decisions on behalf of AAO and may or may not have an ownership stake in AAO):

3. **Designation of Controlling Interest.** The following person has a majority equity interest in AAO and will be deemed the AAO's Controlling Interest under the terms of the Franchise Agreement:

4. **Designation of Designated Agency Principal (DAP).** AAO hereby designates the following person as its Designated Agency Principal under the terms of the Franchise Agreement:

In the event the Designated Agency Principal has not been identified and approved by Brightway as of the effective date of the Franchise Agreement, this Section shall be left blank and, once the Designated Agency Principal has been so identified and approved by Brightway in writing, AAO and Designated Agency Principal shall enter into Brightway's prescribed form of addendum.

5. **Location of Premises (Final Retail or Office Space).** The physical location of the Premises shall be:

In the event the final Premises has not been identified and approved by Brightway as of the effective date of the Franchise Agreement, this Section shall be left blank and the parties will enter into the Site Selection Addendum attached as Exhibit 5 to the Franchise Agreement, the terms of which shall govern the parties' site selection obligations. The Premises must be approved by Brightway in writing, in accordance with the terms set forth in the Franchise Agreement and the Site Selection Addendum.

6. **Notices Information.** For purposes of Section 23 of the Franchise Agreement, the following shall be the contact information for providing Notices to AAO (provide street addresses only, no P.O. Boxes):

If the address listed above is different from the address of the Premises, whether or not the location of the Premises has been identified in Section 6 above, AAO hereby agrees that Brightway may also provide Notice to AAO at the Premises, in addition to the address listed above. AAO may change the address(es) to which Notice is to be given to the foregoing by giving written Notice of such change to Brightway as provided in Section 23 of the Franchise Agreement. AAO hereby acknowledges that Brightway is relying on these representations as a material basis for entering into the Franchise Agreement, and that the information set forth above is true and correct.

BRIGHTWAY:

AAO:

By: _____
Michael Miller, President & CEO

By: _____

Exhibit 3: Collateral Assignment of Lease

Collateral Assignment of Lease

FOR VALUE RECEIVED, the undersigned _____, ("Assignor") hereby assigns, transfers and sets over unto Brightway Insurance, Inc. ("Assignee") all of Assignor's right, title and interest as tenant in, to and under that certain lease by and between Assignor and _____ ("Landlord"), a copy of which has been separately provided by Assignor to Assignee, (the "Lease"), regarding the premises located at _____ (the "Premises"). This Collateral Assignment of Lease is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Collateral Assignment of Lease unless Assignee shall take possession of the Premises pursuant to the terms hereof and assume the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein and that Assignor has not previously, and is not obligated to, assign or transfer any of its interest in the Lease or the Premises.

Upon a default by Assignor under the Lease or under the franchise agreement between Assignee and Assignor for the Brightway Location located at the Premises (the "Franchise Agreement"), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, and subject to any cure periods as provided therein, Assignee shall have the right and is hereby empowered to take possession of the Premises, expel Assignor therefrom, and, in such event, Assignor shall have no further right, title or interest in the Lease.

Assignor agrees it will not allow or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days prior to the last day that such option must be exercised, unless Assignee otherwise agrees in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as stated herein, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting such extension of renewal.

ASSIGNOR:

By: _____

Date: _____

CONSENT AND AGREEMENT OF LANDLORD

The undersigned Landlord under the aforementioned Lease hereby:

- (a) Agrees to notify Assignee in writing of and upon the failure of Assignor to cure any default by Assignor under the Lease;
- (b) Agrees that Assignee shall have the right, but shall not be obligated, to cure any default by Assignor under the Lease within thirty (30) days after delivery by Landlord of notice thereof in accordance with subsection (a) above;
- (c) Consents to this Collateral Assignment of Lease and agrees that if Assignee shall take possession of the Premises and confirms to Landlord the assumption of the Lease by Assignee as tenant thereunder, Landlord shall recognize Assignee as tenant under the Lease, provided that Assignee cures within such thirty (30) day period any outstanding defaults of Assignor under the Lease; and
- (d) Agrees that Assignee may further assign the Lease or its interest therein or sublet the Premises to a person or entity that is a Brightway franchisee and that is reasonably acceptable to Landlord. In the case of an assignment, Assignee shall have no further liability or obligation under the Lease as assignee, tenant or otherwise. In the case of an assignment or sublease, this Consent and Agreement of Landlord shall apply with respect to any such subsequent Brightway franchisee.

LANDLORD:

By: _____

Date: _____

Exhibit 4: Special Stipulations

Special Stipulations

RE: FRANCHISE AGREEMENT BY AND BETWEEN BRIGHTWAY INSURANCE, INC. ("BRIGHTWAY") AND
_____ ("AAO"), DATED _____ (THE "FRANCHISE AGREEMENT").

Terms defined in the Franchise Agreement and not defined in these Special Stipulations have the meaning set forth in the Franchise Agreement.

The parties acknowledge that a material term of these Special Stipulations and the consideration therefore is that the terms of these Special Stipulations shall be held in the strictest confidence. The parties shall maintain the strict confidentiality of the terms of these Special Stipulations except on a need-to-know basis to their attorneys or as directed by a court of law with jurisdiction over the subject matter of these Special Stipulations.

To the extent of any conflict between the following and the provisions of the Franchise Agreement referenced above, the following Special Stipulations shall control:

BRIGHTWAY:

By: _____
Michael Miller, President & CEO

AAO:

By: _____

Exhibit 5: Site Selection Addendum

Site Selection Addendum

Brightway Insurance, Inc. ("Brightway") and _____ ("AAO"), have entered into a franchise agreement (the "Franchise Agreement") dated _____ and desire to supplement its terms regarding the parties' site selection obligations thereunder, as set forth below. The parties therefore agree as follows:

1. Within six (6) months after the effective date of the Franchise Agreement, AAO must obtain a site, at AAO's expense, and thereafter open the business franchised under the Franchise Agreement at such site (the "Brightway Location"), which Brightway will approve as hereinafter provided.

(a) If AAO purchased the right to operate a Retail Agency, the initial location may be a home office, professional office space, or retail office space. AAO may operate the Retail Agency from a home office for up to ninety (90) days after commencing operations. No later than (a) nine (9) months after the effective date of the Franchise Agreement or (b) ninety (90) days after commencing operations (whichever occurs first), AAO must operate the Retail Agency from a professional office space ("Professional Space") or retail office space ("Retail Space"). If AAO chooses to temporarily operate the Brightway Location from a Professional Space, then no later than (a) twenty one (21) months after the effective date of the Franchise Agreement or (b) twelve (12) months after commencing operations from a Professional Space (whichever occurs first), AAO must begin operating the Brightway Location from a Retail Space.

(b) If AAO purchased the right to operate an Office Agency, the initial location may be a home office or Professional Space. AAO may operate the Office Agency from a home office for up to ninety (90) days after commencing operations. No later than (a) nine (9) months after the effective date of the Franchise Agreement or (b) ninety (90) days after commencing operations (whichever occurs first), AAO must operate the Office Agency from a Professional Space.

2. Except as set forth in this Section 2, AAO's failure to obtain any site(s) for the Brightway Location and open the Brightway Location within the time periods required in Paragraph 1 will constitute a default under the Franchise Agreement (as set forth therein) and this Site Selection Addendum. Failure to relocate a Retail Agency from a Professional Space to a Retail Space within the time period prescribed in Section 1 above shall result in AAO's Brightway Sales Commissions being reduced in accordance with terms of the Franchise Agreement. Time is of the essence.

3. Prior to AAO's acquisition by lease or purchase of any Professional Space or Retail Space for the Brightway Location, AAO must submit to Brightway, in the form Brightway specifies, a completed site review form, such other information or materials as Brightway may reasonably require, and a letter of intent or other evidence satisfactory to Brightway which confirms AAO's favorable prospects for obtaining the proposed site. Recognizing that time is of the essence, AAO must submit a proposed site, together with the information and materials required by this Paragraph 3, to Brightway for Brightway's approval within ninety (90) days after execution of this Site Selection Addendum. Brightway will have twenty-one (21) days after receipt of such information and materials from AAO to conduct an evaluation of the site to determine whether it can be conformed to Brightway's then-current Office Specifications. Brightway will notify AAO of its approval or disapproval of the proposed site within the twenty-one (21) day period. Approval will be granted by Brightway at its sole discretion. No proposed site will be deemed approved unless Brightway has expressly approved it in writing.

4. Brightway will furnish to AAO such site selection guidelines, Office Specifications and consultation as Brightway deems advisable as part of Brightway's evaluation of AAO's request for site approval.

5. If AAO will be occupying the Brightway Location's Premises under a lease, AAO must, prior to the execution of the lease, submit the lease to Brightway for Brightway's written approval. Brightway's approval of the lease will be conditioned upon AAO's execution of a Collateral Assignment of Lease in the form Brightway prescribes (see **Exhibit 3** to the Franchise Agreement) and the inclusion of the following terms and conditions:

- (a) That the lessor consents to AAO's use of such Licensed Marks and initial signage as Brightway may prescribe for the Brightway Location;
- (b) That the entire Premises may only be used for the operation of the Brightway Location pursuant to Brightway's standards and specifications (unless AAO is operating as an "Office Agent");
- (c) That AAO be prohibited from subleasing or assigning all or any part of AAO's occupancy rights without Brightway's prior written consent;
- (d) That AAO provide to Brightway copies of any and all notices of default given to AAO under the lease;
- (e) That Brightway has the right to enter the Premises to make modifications necessary to protect the Licensed Marks or the Brightway System or to cure any default under the Franchise Agreement or under the lease; and
- (f) That Brightway (or Brightway's designee) has the option, upon default, expiration, or termination of the Franchise Agreement or lease, and upon notice to the AAO, to assume all of AAO's rights under the lease terms, including the right to assign or sublease.

6. AAO must furnish Brightway with a copy of any executed lease within five (5) days after execution thereof.

7. After Brightway has approved a site for the Brightway Location in writing and AAO has acquired the site pursuant to the terms of the Franchise Agreement and this Site Selection Addendum, the site will constitute the Premises referenced in the Franchise Agreement and described in **Exhibit 2** to the Franchise Agreement.

8. AAO hereby acknowledges and agrees that Brightway's approval of a site does not constitute an assurance, representation or warranty of any kind, express or implied, as to the suitability of the site for the Brightway Location or for any other purpose. Brightway's approval of the site indicates only that Brightway believes the site complies with acceptable minimum criteria established by Brightway solely for Brightway's purposes as of the time of the evaluation. Both parties to this Site Selection Addendum acknowledge the application of criteria that have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to Brightway's approval of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from Brightway's criteria could change thereby altering the potential of a site. Such factors are unpredictable and are beyond Brightway's control. Brightway will not be responsible for the failure of a site approved by Brightway to meet AAO's expectations as to revenue or operational criteria. AAO further acknowledges and agrees that AAO's selection of the site for its Brightway Location is based on AAO's own independent investigation of the suitability of the site.

9. This Site Selection Addendum constitutes an integral part of the Franchise Agreement between the parties hereto, and terms of this Site Selection Addendum will be controlling with respect to the subject matter hereof. Except as modified or supplemented by this Site Selection Addendum, the terms of the Franchise Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, and intending to be legally bound, the parties hereto have duly executed this Site Selection Addendum.

BRIGHTWAY:

By: _____
Michael Miller, President & CEO

AAO:

By: _____

Exhibit 6 Confidentiality and Non-Competition Agreement

Confidentiality and Non-Competition Agreement

For Designated Agency Principal of Brightway Location

In consideration of my being the Designated Agency Principal of the Brightway Location owned by _____ ("AAO"), and in connection with the execution of a franchise agreement by and between AAO and Brightway Insurance, Inc. ("Brightway") dated _____ (the "Franchise Agreement"), I hereby acknowledge and agree that:

1. Pursuant to the Franchise Agreement, AAO has acquired the right and obligation from Brightway to establish and operate a Brightway Insurance franchise (the "Brightway Location") and the right to use in the operation of the Brightway Location Brightway's trade names, service marks, trademarks, logos, emblems, and indicia of origin, as they may be changed, improved and further developed from time to time at Brightway's sole discretion (the "Licensed Marks"), only at the location authorized and approved by Brightway (the "Premises").
2. Brightway, as the result of the expenditure of time, skill, effort and resources, has developed and owns a distinctive format and system (the "Brightway System") relating to the establishment and operation of the Brightway Location. Brightway possesses proprietary and confidential information relating to the Brightway System and the development and operation of Brightway Locations, including, but not limited to: (i) site selection criteria for Brightway Locations and plans and specifications for the development of Brightway Locations; (ii) sales, marketing and advertising programs and techniques for Brightway Locations; (iii) suppliers and knowledge of specifications and pricing for authorized products, supplies and equipment; (iv) methods of management of Brightway Locations; (v) computer systems and software programs, including the Internet-based Brightway Agency Management System; (vi) Brightway's Confidential Operating Manual; (vii) lists of Client Accounts and client prospects; (viii) policy expiration lists, and (ix) all other Client Account records, documents and information (the "Confidential Information"). Any and all information, knowledge, know-how, and techniques that Brightway specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Confidentiality and Non-Competition Agreement (the "Agreement").
3. As Designated Agency Principal of the Brightway Location, Brightway and AAO will disclose the Confidential Information to me in furnishing to me training programs, Brightway's Confidential Operating Manual, and other general assistance during the term of the Franchise Agreement. I will not acquire any interest in the Confidential Information, other than the right to use it in the operation of the Brightway Location during the term of the Franchise Agreement, and any use or duplication of the Confidential Information outside the Brightway System would constitute an unfair method of competition.
4. The Confidential Information is proprietary, involves trade secrets of Brightway, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by Brightway as confidential. Unless Brightway otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as Designated Agency Principal of the Brightway Location, and will continue not to disclose any such information after I cease to be in that position, and will not use any such information after I cease to be in that position, unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of AAO's obligations under the Franchise Agreement or my obligations under this Agreement.
5. I agree that I shall not, during the term of this Agreement and for a two (2) year period after I cease acting as the Designated Agency Principal of the Brightway Location, directly or indirectly solicit a prospect, customer or client of Brightway or the Brightway Location for any competitive purpose, or accept an order

from a prospect, customer or client: (i) of Brightway or any Brightway Location as of the date after I cease acting as the Designated Agency Principal of the Brightway Location; (ii) to whom Brightway or any Brightway Location has submitted a bid or quotation; or (iii) that has previously been a customer or client of Brightway or any Brightway Location at any time during the twenty-four (24) months immediately preceding the date on which I cease acting as the Designated Agency Principal of the Brightway Location.

6. Except as otherwise approved in writing by Brightway, I shall not, while in my position with the Brightway Location, engage, directly or indirectly, as an owner, operator, employee, producer, agent, manager, consultant, broker, or otherwise have any interest in any insurance-related business other than as a Designated Agency Principal of the Brightway Location; and if I leave my position with the Brightway Location for any reason whatsoever, including but not limited to if the Franchise Agreement is terminated, expires, or is not renewed, I covenant, for a period of two (2) years after such occurrence, not to engage, directly or indirectly, as an owner, operator, employee, producer, agent, manager, consultant, broker, or otherwise have any interest in: (i) any business that is competing in whole or in part with Brightway by granting franchises or licenses to operate insurance agencies; or (ii) any insurance-related business at or within a twenty (20) mile radius of the former Premises or any other franchisee-owned or company-owned Brightway Location that is in operation at the time this Agreement is terminated, expires, or is not renewed, other than as an authorized owner of another Brightway Location.

7. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Brightway is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement. I understand and acknowledge that Brightway shall have the right, at its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

8. Brightway is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with AAO. I am aware that my violation of this Agreement will cause Brightway and the Brightway Location irreparable harm; therefore, I acknowledge and agree that AAO and/or Brightway may apply for the issuance of an injunction (without posting a bond) preventing me from violating this Agreement, and I agree to pay AAO and Brightway all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to AAO and Brightway, any claim I have against AAO or Brightway is a separate matter and does not entitle me to violate or justify any violation of this Agreement.

9. This Agreement shall be construed under the laws of the State of Florida. The only way this Agreement can be changed is in a writing signed by both AAO and Brightway.

DESIGNATED AGENCY PRINCIPAL

Date: _____

ACKNOWLEDGED BY AAO

By: _____ Date: _____

Exhibit 7: Conditional Assignment of Phone Numbers, Fax Numbers and Domain Names

Conditional Assignment of Phone, Fax Numbers and Domain Names

____ ("AAO"), in exchange for valuable consideration provided by Brightway Insurance, Inc. ("Brightway") in connection with the execution of a franchise agreement by and between AAO and Brightway dated _____ (the "Franchise Agreement"), hereby:

1. Conditionally assigns to Brightway all current and future telephone numbers, cell phone numbers, fax numbers, domain names, URLs, and all online and offline listings including, but not limited to, telephone book, Google, LinkedIn, and Facebook listings used by AAO in the operation of its Brightway Location governed by the Franchise Agreement.
2. This Conditional Assignment will become effective automatically upon termination, expiration and non-renewal, or transfer of the Franchise Agreement for any reason.
3. AAO agrees to pay the telephone company and any online or offline listing providers on or before the effective date of termination, expiration and non-renewal, or transfer, all amounts owed for the use of the telephone numbers and listings described above. AAO further agrees to indemnify Brightway for any sums Brightway must pay the telephone company and/or online and offline listing providers to effectuate this Conditional Assignment, and AAO agrees to fully cooperate with the telephone company or listing provider and Brightway in effectuating this Conditional Assignment.
4. AAO hereby appoints Brightway as its attorney-in-fact to execute and file any such documentation and to do all other lawful acts as are necessary to effectuate the foregoing.

BRIGHTWAY:

By: _____
Michael Miller, President & CEO

AAO:

By: _____

Exhibit 8: Electronic Funds Withdrawal and Deposit Authorization

Electronic Funds Withdrawal and Deposit Authorization

Bank Name: _____

ABA#: _____

Acct. No.: _____

Acct. Name: _____

In connection with the execution of the franchise agreement between _____ ("AAO") and Brightway Insurance, Inc. ("Brightway") dated _____ (the "Franchise Agreement"), AAO hereby authorizes Brightway or its designee to deposit AAO's percentage of Brightway Sales Commissions Paid to AAO, less the AAO Shared Expenses and any other setoff amounts permitted under the Franchise Agreement, into the above-referenced bank account, electronically or otherwise, with respect to the Brightway Location governed by the Franchise Agreement. Such deposits will occur on or about the seventh (7th) and twenty-first (21st) day of each calendar month, or on such other schedule as Brightway will specify in writing. Brightway is also authorized to withdraw funds from the above-referenced account, electronically or otherwise, if any Brightway Sales Commissions Paid to AAO do not cover any amounts due to Brightway. This authorization will remain in full force and effect until terminated in writing by Brightway. AAO will provide Brightway, in conjunction with this authorization, a voided check from the above-referenced account.

AGREED:**AAO**

By:_____

EXHIBIT C:

SAMPLE TERMINATION AND RELEASE AGREEMENT

SAMPLE TERMINATION AND RELEASE AGREEMENT

THIS TERMINATION AND RELEASE AGREEMENT (the "Agreement") is made and entered into as of this _____, by and between: (i) **BRIGHTWAY INSURANCE, INC.**, a Florida corporation with an address at 3733 W. University Boulevard, Suite 100, Jacksonville, Florida 32217 ("Brightway"); (ii) _____ ("AAO"); and (iii) _____ ("Guarantor").

BACKGROUND

A. On or about _____, Brightway and AAO entered into a franchise agreement (the "Franchise Agreement"), pursuant to which Brightway licensed AAO the right and obligation to operate a Brightway Insurance franchise, utilizing certain of Brightway's intellectual property, at the following address: _____ (the "Brightway Location").

B. Contemporaneous with the execution of the Franchise Agreement, Guarantor executed the personal guaranty attached to the Franchise Agreement pursuant to which he/she personally guaranteed AAO's obligations under the Franchise Agreement ("Personal Guaranty").

C. The parties hereto desire to memorialize the termination of the Franchise Agreement and provide for certain releases in connection with such termination, and desire to set forth herein their mutual agreements regarding such matters.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises, commitments and understandings contained herein, the parties agree as follows:

1. **Recitals; Definition.** The parties hereby acknowledge and agree that the aforementioned recitals are true and correct and that such recitals, together with the definitions set forth therein and in the preamble, are hereby incorporated into this Agreement by this reference. Capitalized terms not defined herein shall have the meanings set forth in the Franchise Agreement.

2. **Termination of Franchise Agreement.** Subject to the terms and conditions of the Franchise Agreement, the Franchise Agreement, Personal Guaranty, and all in-term rights and obligations arising from or related to the Franchise Agreement and Personal Guaranty, respectively, are hereby terminated, effective as of the date of this Agreement. Notwithstanding the foregoing, the parties acknowledge and agree that those provisions of the Franchise Agreement and Personal Guaranty, which by their terms or by their nature are intended to survive the termination of such agreement, shall remain in full force and effect as provided in the Franchise Agreement and Personal Guaranty and shall not be affected by this Agreement (including, but not limited to the post-term obligations set forth in Section 16 of the Franchise Agreement, as well as AAO's and Guarantor's post-termination covenants and obligations relating to confidential information, non-competition, and indemnification).

3. **Acknowledgment Regarding E&O Coverage.** AAO and Guarantor expressly acknowledge that Brightway has required that AAO and Guarantor obtain a three-year errors & omissions tail policy for the Brightway Location, and that Brightway provided AAO and Guarantor with the information and opportunity to obtain such a policy. Accordingly, AAO and Guarantor hereby agree to protect, defend, indemnify, and hold Brightway and Brightway's affiliates, directors, officers, agents, attorneys and shareholders ("Brightway

Indemnitees"), harmless from and against, and promptly to reimburse such Brightway Indemnitees for, all claims, actions, proceedings, damages, costs, expenses and other losses and liabilities, consequently, directly or indirectly incurred (including without limitation reasonable attorneys' and paralegals' fees, court costs and costs of investigation) as a result of, arising out of, or connected with AAO's and Guarantor's failure to obtain the required errors & omissions tail policy described herein.

4. Releases by AAO and Guarantor. Upon execution of this Agreement, AAO and Guarantor, for themselves and all persons and entities claiming by, through or under any of them, hereby release, acquit, and forever discharge Brightway and its present and former officers, employees, shareholders, directors, agents, servants, representatives, affiliates, parents, subsidiaries, franchisees, licensees, successors and assigns (the "Brightway Releasees") from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorneys' fees, actions or causes of action whatsoever, whether known or unknown, which AAO and Guarantor, by themselves or on behalf of, or in conjunction with any other person, persons, partnership or corporation, have, had, or might claim to have against the Brightway Releasees through the date of this Agreement, including, but not limited to, those arising out of or related to: (i) the offer, sale, and operation of the Brightway Location; (ii) the parties' respective rights or obligations under the Franchise Agreement, Personal Guaranty or any other agreement between the parties; and (iii) any and all rights, obligations or claims under any state franchise regulations or franchise relationship laws. AAO and Guarantor warrant and represent that they have not assigned or otherwise transferred any claim or cause of action released by this Agreement.

5. Release of AAO and Guarantor. Except as otherwise provided for in this Agreement, and upon AAO's full compliance with the obligations set forth herein, Brightway, for itself and all persons and entities claiming by, through or under it, hereby releases, acquires and forever discharges AAO and its principals, employees, agents, servants, representatives, affiliates, successors and assigns, including Guarantor (the "AAO Releasees"), from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorneys' fees, actions or causes of action whatsoever, whether known or unknown, which it, by itself, on behalf of, or in conjunction with any other person, persons, partnership or corporation, has, had or claims to have against the AAO Releasees, arising out of or related to the offer, sale and operation of the Brightway Location, and the parties' rights or obligations under the Franchise Agreement or Personal Guaranty. Specifically excepted from this release are any and all claims asserted against Brightway or any of its present and former officers, employees, shareholders, directors, agents, servants, representatives, affiliates, successors or assigns (the "Indemnified Parties") by any third party, which claims arise out of or relate to the Franchise Agreement, Personal Guaranty, or AAO's or Guarantor's ownership or operation of the Brightway Location. AAO and Guarantor agree to indemnify and hold the Indemnified Parties harmless from any and all losses, damages, liabilities, claims, costs, expenses, or judgments, including reasonable attorneys' fees, incurred in connection with such claims.

6. Confidentiality. AAO and Guarantor shall not reveal or disclose (or permit others to reveal or disclose) the existence of this Agreement, or the terms hereof, to any other person, firm, corporation, company, or entity now or at any time in the future unless Brightway consents to such disclosure in writing; provided, however, that AAO or Guarantor may disclose the terms of this Agreement to their auditors, accountants, tax advisors and/or legal counsel only to the extent required for professional advice from those sources.

7. Non-Disparagement and Non-Interference.

(a) AAO and Guarantor agree that they will not make any false, misleading, disparaging or uncomplimentary statements or remarks about Brightway, or any of Brightway's respective officers, directors, shareholders, employees or affiliated entities or persons, with the intent to harm the status, reputation, goodwill or business of such entities or persons.

(b) AAO and Guarantor agree that they will not at any time, directly or indirectly, interfere or attempt to interfere with or disrupt the business relationship between Brightway and Brightway's shareholders, franchisees, carriers, clients, customers or accounts, prospective clients or customers, or persons using the services of Brightway or doing business with Brightway, with such prohibited behavior to include, but not be limited to, using Brightway's internal data in a damaging or derogatory manner that would potentially damage Brightway's relationship with its shareholders, franchisees, carriers, clients, customers or accounts.

8. Severability. In case any covenant, condition, term or provision contained in this Agreement shall be held to be invalid, illegal, or unenforceable in any respect, in whole or in part, by judgment, order or decree of any court or other judicial tribunal of competent jurisdiction, the validity of the remaining covenants, conditions, terms and provisions contained in this Agreement, and the validity of the remaining part of any term or provision held to be partially invalid, illegal or unenforceable, shall in no way be affected, prejudiced, or disturbed thereby.

9. Waiver or Modification. No waiver or modification of this Agreement or of any covenant, condition or limitation herein contained shall be valid unless in writing and duly executed by the party to be charged therewith. Furthermore, no evidence of any waiver or modification shall be offered or received in evidence in any proceeding or litigation between the parties arising out of or affecting this Agreement, or the rights or obligations of any party hereunder, unless such waiver or modification is in writing and duly executed as aforesaid. The provisions of this Section may not be waived except as herein set forth.

10. Entire Agreement. This Agreement, the Franchise Agreement, and the Personal Guaranty constitute the entire agreement of the parties hereto with respect to the subject matter of this Agreement and supersede any and all previous agreements between the parties, whether written or oral, with respect to such subject matter.

11. Applicable Law, Binding Effect and Venue. This Agreement shall be construed and regulated under and by the laws of the State of Florida and shall inure to the benefit of and be binding upon the parties hereto and their heirs, personal representatives, successors and assigns. Venue for any action related to or arising out of this Agreement shall be in the state or federal court in or nearest to Duval County, Florida.

12. Attorneys' Fees. In the event any litigation or controversy arises out of or in connection with this Agreement between the parties hereto, the prevailing party shall be entitled to recover from the other party or parties all reasonable attorneys' and paralegals' fees, expenses and suit costs, including those associated with any appellate or post-judgment collection proceedings.

13. Further Assurances. Each of the parties hereto agree that they shall sign such additional and supplemental documents as may be necessary to implement the transactions contemplated pursuant to this Agreement when requested to do so by any party to this Agreement.

14. **Multiple Copies or Counterparts of Agreement; E-Signature.** The original and one or more copies of this Agreement may be executed by one or more of the parties hereto. In such event, all of such executed copies shall have the same force and effect as the executed original and all of such counterparts taken together shall have the effect of a fully executed original. An electronically-signed copy of this Agreement delivered by email or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed and delivered this Agreement the date and year first written above.

BRIGHTWAY:

By: _____
Michael Miller, President & CEO

AAO:

By: _____

GUARANTOR:

EXHIBIT D:**TABLE OF CONTENTS OF CONFIDENTIAL OPERATING MANUAL**

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CONFIDENTIAL OPERATING MANUAL (COM)



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Published by Brightway Insurance, Inc.

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Jacksonville, FL 32247
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EXHIBIT E:**LIST OF BRIGHTWAY LOCATIONS AND BRIGHTWAY LOCATIONS THAT LEFT THE SYSTEM**

Brightway Locations as of December 31, 2019					
Associate Agency Owner	Street	City	State	Zip Code	Phone
Rachel Davidson	1230 Westgate Parkway, Unit 4	Dothan	AL	36303	(334) 828-7220
Selena Davis++	10201 W Markham Suite 301	Little Rock	AR	72205	(501) 503-0205
James Anderson	4695 N. Oracle Road, Suite 115	Tucson	AZ	85705	(520) 777-1368
Brian Crumbaker	5814 Van Allen Way, Suite 160	Carlsbad	CA	92008	(760) 517-3363
Mylynn Kwok	15602 Francisquito Ave	La Puente	CA	91744	(626) 808-4488
Manuel Aguilar	648 El Camino Real Suite K	Redwood City	CA	94063	(650) 382-4454
Ashley Hunhoff++	1207 Arroyo Way, Suite C	Walnut Creek	CA	94596	(925) 378-2201
Robert Scheibe	380 Perry St., Suite 250	Castle Rock	CO	80104	(303) 623-1997
Jennifer Kolk	12229 Voyager Parkway, Suite 100	Colorado Springs	CO	80921	(719) 599-3600
Clay Reiser	2350 East Harmony Road Unit 104	Fort Collins	CO	80528	(970) 829-0090
Ashley Doebbeling	3675 S. College Avenue, Suite 20	Ft. Collins	CO	80525	(970) 829-8440
Kandie Landers**	650 South Cherry Street, Suite 102	Glendale	CO	80246	(720) 389-6646
Eric Rand	9858 Clint Moore Road Suite C 103	Boca Raton	FL	33496	(561) 372-3100
Tom Bishop	170 East Boca Raton Road Suite 3	Boca Raton	FL	33432	(561) 361-5610
Ryan M. Loucks	5781 N. Federal Highway	Boca Raton	FL	33487	(561) 414-2413
Sam Kassar**	28811 South Tamiami Trail Suite 7	Bonita Springs	FL	34134	(239) 676-8199
Herman A. Cole**	930 North Congress Avenue Suite 220-B	Boynton Beach	FL	33426	(561) 784-3050
Joshua Hite**	12361 Hagen Ranch Road Suite 501	Boynton Beach	FL	33437	(561) 424-2800
Chris Dillon	5285 30th Street East	Bradenton	FL	34203	(941) 900-4441
Eric Seuffert	900 SW Pine Island Road, Suite 103	Cape Coral	FL	33991	(239) 214-0055
Giancarlo Perez	12185 Sheridan Street	Cooper City	FL	33026	(954) 652-2400
Tony Debs	6915 Red Road Suite 209	Coral Gables	FL	33143	(305) 668-7070
Matt Grundwerg	10240 West Sample Road Suite A	Coral Springs	FL	33065	(954) 617-2600
Patrick McMahon	5400 South University Drive Suite 604	Davie	FL	33328	(954) 615-4500
Jon Benezette	507 North Peninsula Drive	Daytona Beach	FL	32118	(386) 253-3969
David Pojero**	58 N Charles Richard Beall Blvd. Ste. B	Debary	FL	32713	(386) 624-6934
Alejandra McGregor	2745 W. Hillsboro Blvd., Suite 6	Deerfield Beach	FL	33442	(954) 715-5020
Kevin Feuser	3631 South Access Road	Englewood	FL	34224	(941) 474-3456
Richard Dorrian	19970 South Tamiami Trail, Suite 104	Estero	FL	33928	(239) 280-5480
Michael Tarzia	960185 Gateway Blvd Unit 107	Fernandina Beach	FL	32034	(904) 491-7622
David Leinecker	5000 US Highway 17 Suite 14	Fleming Island	FL	32003	(904) 278-7749
Kandie Landers**	413 North Andrews Ave	Fort Lauderdale	FL	33301	(954) 519-5244

Tyler Smith**	9230 Daniels Parkway Unit 2	Fort Myers	FL	33912	(239) 603-8200
Debbie Hubicki	4391 Colonial Blvd Suite 103	Fort Myers	FL	33966	(239) 931-5390
Victor Gonzalez++	1415 Dean Street Suite 109	Fort Myers	FL	33901	(239) 533-5955
Debbie Dellinger	8660 College Parkway Suite 300	Fort Myers	FL	33919	(239) 466-8050
Blair Janes	805 NW 13th Street, Suite A	Gainesville	FL	32601	(352) 240-7500
Kristy Moffat	9127 SW 52nd Avenue Suite D-103	Gainesville	FL	32608	(352) 519-1900
Steve Taber	5310 NW 8th Avenue	Gainesville	FL	32605	(352) 377-9819
Brandon Bascelli	203 Orange Avenue North	Green Cove Springs	FL	32043	(904) 297-7970
Steve Bennett	1004 US Highway 19 Suite 103	Holiday	FL	34690	(727) 722-9400
Susan De Loche**	729 Pine Tree Drive	Indian Harbour Beach	FL	32937	(321) 586-2222
Jim Pihl	10991 San Jose Blvd Suite 4	Jacksonville	FL	32223	(904) 262-2886
Michelle Jeralds	10250 Normandy Blvd #501	Jacksonville	FL	32221	(904) 378-3003
Daniel Roney	4372 Southside Blvd Suite 205	Jacksonville	FL	32216	(904) 565-8370
Frank Lullo	12961 N Main Street Suite 304	Jacksonville	FL	32218	(904) 696-6789
Steve Carty	4765 Hodges Blvd Suite 9	Jacksonville	FL	32224	(904) 646-1850
Daniel Miller	2104 Park Street	Jacksonville	FL	32204	(904) 854-4555
Matthew Carlucci Jr	3535 Hendricks Avenue	Jacksonville	FL	32207	(904) 399-1000
Jason Wells	14985 Old St Augustine Road Suite 118	Jacksonville	FL	32258	(904) 260-6811
Jeff Stoneking	9770 Baymeadows Road Suite 131	Jacksonville	FL	32256	(904) 538-0411
Bobby Raymond	3033 Monument Road Suite 11	Jacksonville	FL	32225	(904) 517-5900
Thai Nguyen	5100 Sunbeam Road Suite 13	Jacksonville	FL	32257	(904) 527-3029
Jodi Rankin	660 Commerce Center Drive Unit 125	Jacksonville	FL	32225	(904) 345-5600
Steven Daniel Sands	11160 Beach Blvd Suite 132	Jacksonville	FL	32246	(904) 999-3250
Ross Komarinetz	873 Donald Ross Road	Juno Beach	FL	33408	(561) 425-6228
Bill Goldman	6240 West Indiantown Road Suite 5	Jupiter	FL	33458	(561) 277-9908
Alexis De Jorge	2727 N John Young Parkway	Kissimmee	FL	34741	(407) 449-1880
Joshua Amos	3005 West Lake Mary Blvd Suite 111	Lake Mary	FL	32746	(321) 363-5500
Joshua Hite**	6616 Hypoluxo Road	Lake Worth	FL	33467	(561) 296-1200
Charlene Rodriguez	2152 E County Road 540A	Lakeland	FL	33813	(863) 644-7711
Rich Saltzman**	1601 East Bay Drive Suite 3	Largo	FL	33771	(727) 581-4200
Michael Hatmaker	7210 Ulmerton Road Suite I	Largo	FL	33771	(727) 451-7700
Ken Toney**	1425 West State Road 434, Suite 113	Longwood	FL	32750	(407) 936-6500
David Pojero**	895 Fox Valley Drive, Suite 109	Longwood	FL	32779	(321) 280-5200
Carl Hill	1527 Dale Mabry Highway, Suite 100	Lutz	FL	33548	(813) 403-5600
Tavares Horne	2867 Caledonia St	Marianna	FL	32448	(850) 633-3460
Lisa C. Arnold	4320 South Babcock Street Suite 102	Melbourne	FL	32901	(321) 265-4555

Teresa M. Parks	7025 N Wickham Road Suite 106	Melbourne	FL	32940	(321) 428-0600
Maurel Denge	9779 SW 72 Street	Miami	FL	33173	(786) 369-2500
Jacqueline Howard++	18191 NW 68 Avenue, Suite 222	Miami Lakes	FL	33015	(305) 676-6762
Jace Howard	2554 Blanding Blvd Suite B	Middleburg	FL	32068	(904) 291-4663
Jay Kaiser	14453 Miramar Parkway	Miramar	FL	33027	(954) 367-8100
Sam Kassar**	3960 Radio Rd #111	Naples	FL	34104	(239) 301-3818
Tyler Smith**	1205 Piper Blvd, Suite 202	Naples	FL	34110	(239) 300-9332
Richard Miller	1552 Atlantic Blvd	Neptune Beach	FL	32266	(904) 372-2900
Erica Grubbs	4138 Rowan Rd	New Port Richey	FL	34653	(727) 315-0707
Sherry Ausdran	5783 Bayshore Rd Suite 120	North Fort Myers	FL	33917	(239) 731-2007
Kevin Bland	1112 NE 36th Avenue	Ocala	FL	34470	(352) 694-2886
Jennifer Dittman	3705 Tampa Road Suite 1	Oldsmar	FL	34677	(727) 493-0918
Matthew McAfee	1008 Park Avenue	Orange Park	FL	32073	(904) 269-1616
Stephen Cowherd	104 College Drive, Suite 4	Orange Park	FL	32065	(904) 469-1900
Aida Lublin++	5323 Millenia Lakes Blvd, Suite 300	Orlando	FL	32839	(407) 816-3161
George Nichols	2022 East Robinson Street	Orlando	FL	32803	(407) 897-6860
Taylor Harding	1595 Meeting Place	Orlando	FL	32814	(407) 955-4974
John Canonico**	1500 Alafaya Trail Suite 1012	Oviedo	FL	32765	(407) 706-6550
Christopher Schmidt**	4489 Chumuckla Highway	Pace	FL	32571	(850) 289-0500
Rhoda Murphy	4550 Donald Ross Road Suite I-110	Palm Beach Gardens	FL	33418	(561) 598-6300
Douglas Duryea	8936 North Military Trail	Palm Beach Gardens	FL	33410	(561) 727-3300
Ryan J. Flagler	55 Plaza Drive Suite 5	Palm Coast	FL	32137	(386) 597-8200
Janet Harrington	31962 U.S. Highway 19 North	Palm Harbor	FL	34684	(727) 789-2200
Herman Cole**	1630 South Congress Avenue Suite 101	Palm Springs	FL	33461	(561) 727-3220
Kimberly Merrick	17320 Panama City Beach Pkwy Suite 204	Panama City Beach	FL	32413	(850) 588-5200
Lucas Aloisi	6600 Parkside Drive Unit 6680	Parkland	FL	33067	(954) 800-8300
Ryan Barrett	8928 Taft Street	Pembroke Pines	FL	33024	(954) 374-5100
Tomas Valdivieso	17515 Pines Blvd	Pembroke Pines	FL	33029	(954) 374-5200
Christine Q. Bonde	6850 Park Blvd	Pinellas Park	FL	33781	(727) 828-8700
Kunie Lorenzo	8320 W Sunrise Blvd Suite 202A	Plantation	FL	33322	(954) 615-4800
Billy Wagner	111-C Solana Rd.	Ponte Vedra Beach	FL	32082	(904) 280-4102
Scott Helfer	2101 Sawgrass Village Drive	Ponte Vedra Beach	FL	32082	(904) 567-2222
Susan Bashant	1341 NW St Lucie West Blvd.	Port St Lucie	FL	34986	(772) 204-9668
Susan De Loche**	1899 Murrell Road Suite 136	Rockledge	FL	32955	(321) 338-4300

Channon Delgado	11951 Southern Blvd	Royal Palm Beach	FL	33411	(561) 798-5535
Jessica Marie Wilson	670 2nd Street North, Unit D	Safety Harbor	FL	34695	(727) 316-5004
Jan Klas Norrhed	2142 1st Ave, N, Suite 1	Saint Petersburg	FL	33713	(813) 580 - 5400
Jessica Erwin	5030 West SR 46 Suite 1024	Sanford	FL	32771	(407) 915-3920
Valerie Parsons	2811 Proctor Rd	Sarasota	FL	34231	(941) 921-9092
Michael Ryan	3670 US 1 Suite 100	St Augustine	FL	32086	(904) 217-7496
Ashley Casey	108 Sea Grove Main St Suite B	St Augustine	FL	32080	(904) 217-7547
Bob Miller	7440 US Highway 1 North Suite 102	St Augustine	FL	32095	(904) 999-3260
George Sterner	1461 E Irlo Bronson Mem Hwy	St Cloud	FL	34771	(407) 891-9361
Jim Pello	10452 Roosevelt Blvd	St Petersburg	FL	33716	(727) 209-5400
Donna Bavier	1515 County Road 210 West Suite 103	St. Johns	FL	32259	(904) 823-3699
David Edward Lego	122 State Road 13 North	St. Johns	FL	32259	(904) 217-7624
Ken Nguyen	6974 North 22nd Avenue	St. Petersburg	FL	33710	(727) 258-9700
Joseph Richard Craig	5001 Fourth Street North Suite B	St. Petersburg	FL	33703	(727) 228-3111
Corina Smith	727 Colorado Avenue	Stuart	FL	34994	(772) 600-5401
Vincent A Zanfini	1728 SE Indian Street	Stuart	FL	34997	(772) 872-7800
Ryan Collins	171 NW 136th Ave	Sunrise	FL	33325	(954) 743-5960
Scott McKay	1515 South Dale Mabry Highway Suite 104	Tampa	FL	33629	(813) 999-4444
Rich Saltzman**	13909 N. Dale Mabry Highway Suite 104	Tampa	FL	33618	(813) 381-5498
Rick Schaub	7010 Sheldon Road, Suite 300	Tampa	FL	33615	(813) 773-3039
Ray Megginson++	308 Tequesta Drive, Suite 9	Tequesta	FL	33469	(772) 408-4498
Sandy Supanik	10710 State Road 54 Suite 102	Trinity	FL	34655	(727) 375-1110
Reid Bellanca	4329 Lynx Paw Trail	Valrico	FL	33596	(813) 681-6700
Bill Thomas	12161 Ken Adams Way, Suite 156	Wellington	FL	33414	(561) 331-6652
Charlesetta Amos-Coles	27417 Cashford Circle, Suite 102	Wesley Chapel	FL	33544	(813) 603-8550
Hasan Mehedi	1850 Forest Hill Blvd Suite 109A	West Palm Beach	FL	33406	(561) 649-8000
Craig Starkey	2335 Temple Trail Suite 5	Winter Park	FL	32789	(321) 280-5500
Derrick Vance	1196 Tree Swallow Drive Suite 1322	Winter Springs	FL	32708	(407) 603-0202
Ben Stephens	463711 State Road 200, Suite 12	Yulee	FL	32097	(904) 712-6300
Ken Toney**	100 Hartsfield Centre Parkway, Suite 500	Atlanta	GA	30354	(678) 546-0100
Mohamed Hassan	2727 Paces Ferry Road, Suite 750	Atlanta	GA	30339	(678) 666-4046
Kacee Smith++	189 Professional Court, Suite 108	Calhoun	GA	30701	(706) 750-0401
Gary Patrick Fitzpatrick	840 Kennesaw Avenue, Unit 6	Marietta	GA	30060	(770) 884-2201
Todd Love	90 Helpful Place	Ringgold	GA	30736	(706) 530-0803
Matthew Robert Nadelhoffer	28W530 Batavia Rd, Suite 202	Warrenville	IL	60555	(630) 581-8881

Man B. Phung**	8756 East 116th Street	Fishers	IN	46038	(317) 863-9216
Angela Marie Whitlock	750 Park East Blvd, Suite 2A	Lafayette	IN	47905	(765) 252-4555
Margarita A. Reyes++	1544 45th Street, Suite 1	Munster	IN	46321	(219) 230-8050
Kayla Schabel	9747 E 21st St N Suite 147	Wichita	KS	67206	(316) 444-1465
John Scott	5733 Essen Lane Suite D-3	Baton Rouge	LA	70810	(225) 412-9970
Richard Ingram	5241 Highland Road	Baton Rouge	LA	70808	(225) 412-0300
Ben Rodriguez**	16645 Highland Road, Suite G-2	Baton Rouge	LA	70810	(225) 424-6177
Joseph D. Bohrer	2101 North Highway 190, Suite 101	Covington	LA	70433	(985) 275-0750
Laura LeBlanc	1109 CM Fagan Drive, Suite C	Hammond	LA	70403	(985) 602-9998
Christopher Schmidt**	1827 Hickory Avenue, Suite F	Harahan	LA	70123	(504) 930-4460
Ben Rodriguez**	3826 General Degaulle drive	New Orleans	LA	70114	(504) 603-0900
Rodney Welch++	610 Cypress St	West Monroe	LA	71291	(318) 654-7756
Michele Robicheaux	107 Centre Sarcelle Blvd, Suite 707	Youngsville	LA	70592	(337) 347-7170
Razur Rahman	8023 Grand River Rd, Suite 600	Brighton	MI	48114	(810) 360-2559
Robert Powell Brundle	9468 S Saginaw Road, Suite B	Grand Blanc	MI	48439	(810) 535-5233
Kelly Ufnal	2638 Henry Street	Muskegon	MI	49441	(231) 769-2700
Ankur Patel	45829 Mound Road	Shelby Township	MI	48317	(734) 545-8935
Regina Premil	803 S. Garfield Ave.	Traverse City	MI	49686	(231) 252-0909
Gary Silverman	17600 Chesterfield Airport Rd Suite 104	Chesterfield	MO	63005	(636) 422-3260
Brennen Faris Grone	11726 Manchester Rd	Des Peres	MO	63131	(314) 717-1599
Gene S. Kropfelder	3826 South New Hope Road, Suite 3	Gastonia	NC	28056	(704) 566-0400
William Stephen Aldridge III	243B Town Center Dr, Ste B	Locust	NC	28097	(704) 565-0725
Charlie Bourgeois	10020 Monroe Road Suite 215	Matthews	NC	28105	(704) 885-5900
Michael Joel Abberger	807 Williamson Road, Suite 201	Mooresville	NC	28117	(704) 727-2022
Maz Ganim	5561 McNeely Dr., Unit 203	Raleigh	NC	27612	(919) 443-3300
James Duncan Osborne	7478 Creedmoor Road	Raleigh	NC	27613	(919) 589-3881
Dimitri Apostle	102-B Waxhaw Professional Park Drive	Waxhaw	NC	28173	(704) 218-6000
Ryan Collins	641 Shunpike Road, Unit 32	Chatham	NJ	07928	(973) 320-3270
*Mike Minerva	485 Marin Blvd	Jersey City	NJ	07302	(516) 213-4884
Julio D Ramirez	405 North Ave	New Rochelle	NY	10801	(914) 919-9332
Leslie Redler-Cohen++	70 East Sunrise Highway Suite 500	Valley Stream	NY	11581	(516) 613-5010
Paul Sacchieri	1880 E. Veterans Memorial HWY	Blanchard	OK	73010	(405) 253-5741
David D. Pickel	1101 East Lansing Street Suite B	Broken Arrow	OK	74012	(918) 872-0880
Allison Chaumont	301 N. Bryant Avenue, Suite 200	Edmond	OK	73034	(405) 896-6741
Larry Strum & Joshua Hite**	50 Burnt Church Rd, Suite 200-C	Bluffton	SC	29910	(843) 480-9933
John Canonico**	521 Folly Rd Suite 108	Charleston	SC	29412	(843) 804-6696
Edward McDonnell	1712 Woodcreek Farms Road	Elgin	SC	29045	(803) 849-8819

Jeffrey Mark Howard++	3003 Dunes West Blvd, Suite 14	Mount Pleasant	SC	29466	(843) 410-4150
Jennifer McKenzie	426 West Coleman Blvd Unit F	Mt. Pleasant	SC	29464	(843) 408-4554
Erik Serio	9307 Kingston Pike, Suite A	Knoxville	TN	37922	(865) 409-0819
Timothy Walters	2412 W Andrew Johnson Highway, Suite G	Morristown	TN	37814	(423) 417-2070
Steve Moser	4231 Harding Pike, Suite 3	Nashville	TN	37205	(615) 988-9595
Benjamin R. Young	4419 Loop 322	Abilene	TX	79602	(325) 899-3384
Brandyn Heath McNeal	602 East Main Street, Suite B	Allen	TX	75002	(972) 908-9980
Michael Thomas Barton	5609 S. Congress Ave, Ste 220	Austin	TX	78745	(737) 402-7200
Juanita Alonzo	3733 North Josey Lane, Suite 113	Carrollton	TX	75007	(214) 507-7880
Thomas Hall	2151 Harvey Mitchell Pkwy S, Suite 108	College Station	TX	77840	(979) 307-7777
Shane Zollicoffer	4101 IH 69 Access Rd, Suite M-5	Corpus Christi	TX	78410	(361) 792-0770
Peter Linke	17194 Preston Road, Suite 210	Dallas	TX	75248	(972) 584-1286
Norma Wilkins	8700 Main Street, Suite 110	Frisco	TX	75033	(972) 232-2296
Ruben Tamayo	5211 FM 1960 Road West, Suite E	Houston	TX	77069	(346) 980-4880
Ana Villafana	4790 W. Bellfort Blvd	Houston	TX	77035	(713) 729-3700
Tiffany Baban	1417 FM 1463, Suite 130	Katy	TX	77494	(713) 589-8550
Kevin Beierschmitt	3301 66th Street, Suite 300	Lubbock	TX	79413	(806) 517-2100
Kara Alene Turnage++	33300 Egypt Lane, Suite I-220	Magnolia	TX	77354	(281) 766-9896
Kendall Adam Hunt	101 W Louisiana St, Ste 204	McKinney	TX	75069	(972) 525-8400
Sivachidambaram Govindarajan	6832 Coit Road, Suite 270A	Plano	TX	75023	(469) 814-8199
Thy Phan	3501 Custer Parkway, Suite 119	Richardson	TX	75080	(972) 865-7242
Man B. Phung**	1101 Satellite View Ste 404	Round Rock	TX	78665	(512) 222-0200
Scott Myers	4081 De Zavala Road, Suite 2	San Antonio	TX	78249	(210) 424-6110
Robert Lowry	3555 Rayford Rd, Suite 40	Spring	TX	77386	(281) 466-4377
Yaira Delacruz Acosta	2540 FM 2920 Suite F	Spring	TX	77388	(281) 606-0633
Aaron S. McCready	3527 Highway 6, Suite 270	Sugar Land	TX	77478	(832) 532-8179
Maegan Lunte	2901 W FM 544, Suite 160	Wylie	TX	75098	(214) 453-1262
Vays Ghulam Sarwar	2901 N, Argonne Road, Suite 3	Spokane	WA	99212	(509) 795-5270
Dan Carmichael	N96 W18743 County Line Road, Suite C	Menomonee Falls	WI	53051	(262) 255-9100

*Franchisees marked with ** are Enterprise Owners*

Franchisees marked with ++ are Office Agencies

Brightway Locations that Left the System in 2019					
Associate Agency Owner	Street	City	State	Zip Code	Phone
Chip Vance (transfer)	3526 Cliff Road South	Birmingham	AL	35216	(904) 509-5092
Vincent Hale (never opened)	10545 East Native Rose Trail	Tucson	AZ	85747	(936) 827-0410
Alicia Katz (ceased operations)	14052 Ventura Blvd	Sherman Oaks	CA	91423	(818) 749-1745
Mikell Burns (ceased operations)	8008 E Arapahoe Ct	Centennial	CO	80112	(303) 565-9927
Vance Cox (ceased operations)	573 SW Evergreen Drive	Lake City	FL	32025	(386) 752-2345
Jon Gordon (terminated)	500 S. Florida Avenue, Suite 400-15	Lakeland	FL	33801	(863) 529-5097
Connie Alvarez (transfer)	9821 SW 130th Street	Miami	FL	33176	(305) 978-8181
Phillip Gambrell (transfer)	7542 Lakeside Drive	Milton	FL	32583	(850) 232-8102
*Billy Wagner (transfer)	2018 Marye Brant Loop S	Neptune Beach	FL	32266	(904) 525-6914
*Ashley Casey (transfer)	415 High Tide	St. Augustine	FL	32080	(904) 814-4868
Michael Norton (ceased operations)	108 Winding Way	Hammonton	NJ	8037	(609) 892-8577
Mike Minerva (never opened)	485 Marin Blvd	Jersey City	NJ	07302	(516) 213-4884
Mike Milano (ceased operations)	50 Briarbrook Drive	Briarcliff Manor	NY	10510	(845) 216-1926
Oscar Davis Ryan IV (never opened)	2782 North Highland Avenue Suite D	Jackson	TN	38305	(731) 499-3196
<i>* Agents Owners that were former Enterprise owners that transferred one of their units and still have active units within the system.</i>					

EXHIBIT F:

NATIONAL ACCOUNT PARTICIPATION AGREEMENT

BRIGHTWAY INSURANCE, INC.
NATIONAL ACCOUNT PARTICIPATION AGREEMENT

This **NATIONAL ACCOUNT PARTICIPATION AGREEMENT** (the "Participation Agreement") is made and entered into this _____ (the "Effective Date"), by and between Brightway Insurance, Inc., a Florida corporation ("Brightway"), _____, a _____ ("AAO"), and _____, individuals ("Guarantors").

BACKGROUND

A. On _____, Brightway and AAO entered into a franchise agreement (the "Franchise Agreement"), pursuant to which AAO obtained the right and undertook the obligation to operate a franchised Brightway Insurance location at the following address: _____ (the "Brightway Location").

B. Contemporaneously, Guarantors entered into the "Guaranty of AAO's Undertakings" attached as an exhibit to the Franchise Agreement (the "Guaranty"), under which they agreed to personally guarantee AAO's obligations under the Franchise Agreement.

C. Through the expenditure of a considerable amount of time, effort and money, Brightway has entered into one or more national account agreement(s) (each, a "National Account Agreement"), and pursuant to which Brightway will receive insurance sales leads and potential customer information which Brightway will distribute to its affiliates and qualified associate agency owners who enter into this Participation Agreement (the "National Account Program" or "Program").

D. AAO wishes to participate in the National Account Program, and Brightway is willing to consent to AAO's request, pursuant to the terms and conditions of this Participation Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises, commitments and understandings contained herein, the parties agree as follows:

1. **Background; Definitions.** The parties acknowledge and agree that: (i) the Background portion of this Participation Agreement, including all definitions contained therein, is hereby incorporated by reference as if fully set forth herein; and (ii) any capitalized terms in this Agreement that are not specifically defined herein will be afforded the same definition they are afforded in the Franchise Agreement.

2. **Participation in the Program.**

i. Subject to the terms of the Franchise Agreement and this Participation Agreement, Brightway hereby permits AAO, and AAO hereby agrees, to participate in the Program and to use all commercially reasonable efforts to contact and sell an insurance policy, service, coverage and/or product (each a "Policy") to all Leads. As used in this Participation Agreement, a "Lead" shall be any individual or entity for whom AAO is provided with contact information or other personally identifying information by Brightway, which Brightway has

received pursuant to a National Account Agreement and which Brightway has distributed in accordance with Section 6 of this Participation Agreement.

ii. Upon providing written notice to Brightway, AAO may, in its discretion, request to temporarily suspend its participation in the Program. AAO's decision to suspend participation shall have no effect on AAO's obligation under Section 2(i) above to diligently contact and market Policies to Leads already provided by Brightway. To the extent possible given technological or other logistical limitations, AAO will not receive additional Leads during the time when participation is suspended, however AAO remains eligible for the Program Benefits set forth in Section 5 of this Participation Agreement.

3. **Term and Termination.** This Participation Agreement shall continue until the earlier of: (i) the expiration of all National Account Agreements identified in Exhibit A; (ii) the date on which AAO's participation in the Program expires or is otherwise discontinued, pursuant to the terms of this Participation Agreement; or (iii) the date on which the Franchise Agreement expires, is terminated or is assigned, transferred or sold ("Term"). Notwithstanding the foregoing, either party may terminate this Participation Agreement for any reason by providing the other party with thirty (30) days' prior written notice. Following the termination of this Participation Agreement, AAO acknowledges that AAO will not receive the Program Benefits set forth in Section 5 below.

4. **Eligibility Requirements.** In order to participate in the Program, AAO must satisfy all of the following requirements:

i. AAO and AAO's affiliates must not be in default under the Franchise Agreement or any other agreement between AAO or its affiliates and Brightway or its affiliates;

ii. AAO's must meet Brightway's then-current quality requirements (e.g., signed application percentage);

iii. AAO must comply with all minimum performance criteria set forth in writing by Brightway ("MPC"), wherein Brightway and each National Account, respectively, have prescribed certain standards by which AAO's participation and achievement in the National Account Program shall be evaluated and conditioned, and AAO acknowledges that Brightway may revise the MPC at any time by providing written notice to AAO; and

iv. AAO must produce and deliver all reports Brightway requires to corroborate active participation in the program, compliance with the MPC, or any other reports Brightway requires related to the Leads or AAO's Program participation.

In the event that AAO fails to meet the criteria set forth in 4(i) during the Term of the Agreement, Brightway has the right to suspend AAO's participation in the Program, including AAO's right to receive Leads as set forth in Section 6 and AAO's right to receive Program Benefits as set forth in Section 5, by providing written notice to AAO. In the event that AAO fails to meet the criteria set forth in 4(ii), 4(iii), or 4(iv) during the Term of the Agreement, Brightway has the right to suspend AAO's right to receive Leads as set forth in Section 6, but not AAO's right to receive Program Benefits as set forth in Section 5, by providing written notice to AAO.

5. **Program Administration; Program Benefits.** Brightway will have the exclusive right, unless otherwise specifically delegated in writing, to negotiate and enter into agreements or approve forms of agreement to receive Leads from the parties set forth in the National Account Agreement(s) (collectively, the “National Accounts”). In Brightway’s sole discretion, each National Account Agreement may provide for certain amounts to be paid by a National Account to Brightway, for partial allocation to Qualified AAOs, based on purchases by Brightway customers or for other consideration set forth in each National Account Agreement. AAO may be entitled to receive a portion of each such payment received by Brightway in connection with only those Client Accounts generated by AAO (either through the Program or otherwise) (“Program Benefits”). Brightway may modify the Program Benefits, or manner of calculating the same, at any time without notice to AAO. AAO acknowledges and agrees that some or all National Account Agreements may not include terms pursuant to which Brightway would receive funds to be distributed as Program Benefits. In order to receive the Program Benefits, AAO must comply with any restrictions or criteria set forth by Brightway or the National Account associated with such Program Benefit.

6. **Distribution of Leads; Selection Criteria.** Leads will only be distributed to qualified associate agency owners not in default of any agreement between Brightway and such owner, including the applicable form of franchise agreement and participation agreement (“Qualified AAOs”). In order to be a Qualified AAO, AAO must meet all of the MPC. Pursuant to the terms of the National Account Agreement(s), all Leads will be sent directly to Brightway, who will, in its sole discretion, provide Qualified AAOs with certain Leads in accordance with the following selection criteria (“Selection Criteria”):

- i. Brightway may consider the following factors, as well as additional factors determined by Brightway from time to time in its sole discretion, when determining to which Qualified AAOs specific Leads will be distributed:
 - a. the geographic proximity of Leads to Qualified AAOs;
 - b. Lead contacts (as a percentage of Leads provided), timeliness of contact, closing ratio and other measurable performance criteria, whether or not expressly set forth or prescribed in the MPC;
 - c. compliance with Brightway operational standards and specifications as set forth in the Franchise Agreement, Confidential Operating Manual or elsewhere in writing which may include, without limitation, AAO’s Quality Score or signed application percentage;
 - d. delivery of all reports required by Brightway pursuant to Section 4(iii) and timeliness of all Program-related communications; and
 - e. proximity of other Qualified AAOs participating in the Program, and the frequency and recency of Leads received by each Qualified AAO.
- ii. Notwithstanding any considerations set forth in Section 6(i) above, Brightway will not distribute any Leads to any company-owned or affiliate-owned agencies if a Qualified AAO is located within twenty (20) miles of the Lead. AAO acknowledges and agrees that Brightway may distribute Leads to company-

owned or affiliate-owned agencies or otherwise contact and solicit Leads either directly or indirectly if no Qualified AAO is located within twenty (20) miles of the Lead. Brightway reserves the right to change the distance limitation and restrictions set forth above upon providing thirty (30) days' prior written notice to AAO.

- iii. The Selection Criteria are guidelines and will be considered and weighed as Brightway determines appropriate in its sole discretion. Brightway is not obligated to disclose the specific considerations or reasons for any particular Lead distribution. Participation in the Program does not guarantee that AAO will receive any specific number of Leads.

7. **Commission on Program Policy Sales.** AAO acknowledges that Brightway is required to pay each National Account a certain fee pursuant to the terms and conditions of the National Account Agreement. AAO is not required to pay Brightway or National Account any direct fee to participate in the Program; however, as consideration for Brightway's services under this Participation Agreement, AAO hereby agrees that the terms of the Franchise Agreement shall be amended to include the following supplemental provision:

Notwithstanding anything contrary set forth in herein: (i) Brightway shall pay AAO fifty percent (50%) of all Brightway Sales Commissions received on all New Business from Client Accounts generated by AAO pursuant to the Program, or in connection with or as a result of a Lead AAO received through the Program ("New Program Business"), and Brightway shall be entitled to retain the remaining fifty percent (50%); and (ii) Brightway shall pay AAO thirty percent (30%) of all Brightway Sales Commissions received on all Renewal Business from Client Accounts generated by AAO pursuant to the Program, or in connection with or as a result of a Lead AAO received through the Program, and Brightway shall be entitled to retain the remaining seventy percent (70%). Brightway reserves the right to change the commission percentages set forth in this paragraph upon providing thirty (30) days' prior written notice to AAO.

All commission payments under this Participation Agreement shall be paid by Brightway to AAO in the manner prescribed for commission payments generally under the Franchise Agreement.

8. **Horizon Incentive Program Eligibility.** Subject to the terms and conditions of the Brightway Horizons Program Participation Agreement (if and as applicable to AAO), and for the sole purpose of determining the incentives and benefits payable to AAO thereunder, all New Program Business shall be treated in the same manner as non-Program "New Business" generated by AAO.

9. **Indemnification.** AAO acknowledges that the indemnification obligations set forth in the Franchise Agreement apply in all respects to any claims, actions, proceedings, damages, costs, expenses and other losses and liabilities, consequently, directly or indirectly incurred (including without limitation reasonable attorneys' and paralegals' fees, court costs and costs of investigation) as a result of, arising out of, or connected with AAOs contact, solicitation, sale or servicing of any customers AAO contacted through or in connection with the Program. AAO further agrees to protect, defend, indemnify, and hold Brightway and its Affiliates, and their respective directors, officers, agents, attorneys and shareholders ("Brightway Indemnitees") jointly and severally, harmless from and against, and promptly to reimburse Brightway Indemnitees for all claims, actions, proceedings, damages, costs, expenses and other losses

and liabilities, consequently, directly or indirectly incurred (including without limitation reasonable attorneys' and paralegals' fees, court costs and costs of investigation): (i) asserted by a National Account against a Brightway Indemnitee and arising out of or related to AAO's conduct; and (ii) arising from or related to AAO's breach of this Participation Agreement.

10. **Effect of Breach.** In the event that AAO breaches this Participation Agreement (including any failure to meet the requirements set forth in the MPC), the Franchise Agreement or any other franchise agreement between Brightway and AAO or Guarantor, or any other agreement AAO or Guarantor entered into with Brightway, Brightway has the right to suspend AAO's participation in the Program, unless or until all of AAO's defaults are resolved to Brightway's satisfaction. If AAO's participation in the Program is suspended pursuant to this Section 10, Brightway may, in its sole discretion, discontinue AAO's right to receive any Program Benefits until such defaults are resolved.

11. **No Assignment.** AAO's rights under this Participation Agreement are personal and AAO may not sell, transfer, assign or encumber AAO's interest in this Participation Agreement.

12. **Survival.** Those obligations of the parties under this Participation Agreement, which by their nature would survive beyond the expiration, termination or cancellation of this Participation Agreement, shall survive such expiration, termination or cancellation of this Participation Agreement.

13. **Dispute Resolution.** The parties agree that any dispute under this Participation Agreement shall be resolved pursuant to the dispute resolution procedures set forth in the Franchise Agreement, which are incorporated herein by reference.

14. **Release by AAO and Guarantors.** AAO and Guarantors, for themselves and all persons and entities claiming by, through, or under them, release, acquit and forever discharge Brightway and its present and former officers, employees, shareholders, directors, agents, servants, representatives, affiliates, successors, and assigns (the "Brightway Releasees") from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorneys' fees, actions or causes of action whatsoever, whether known or unknown, which they, by themselves, on behalf of, or in conjunction with any other person, persons or entity have, had or claim to have against the Brightway Releasees, including but not limited to those arising out of or related to the offer, sale, or operation of the Brightway Location, the parties' rights or obligations under the Franchise Agreement or Guaranty, or any and all rights, obligations or claims under any state franchise regulations or franchise relationship laws. AAO and Guarantors warrant and represent that they have not assigned or otherwise transferred any claim or cause of action released by this Participation Agreement.

15. **Confidentiality.** AAO shall not reveal or disclose (or permit others to reveal or disclose) (a) the terms of this Participation Agreement or (b) the amount of any Leads issued to AAO pursuant to the AAO's participation in the Program, to any other person, firm, corporation, or entity now or at any time in the future unless Brightway provides its prior written consent; provided, however, that AAO may disclose the terms of this Participation Agreement to its auditors, accountants, tax advisors and/or legal counsel only to the extent required for professional advice from those sources. Any breach of this Section 15 by AAO will result in immediate disqualification from the Program and, at Brightway's option, termination of this Participation Agreement.

16. **Binding Effect.** This Participation Agreement will inure to the benefit of, and will be binding upon, the parties hereto and their respective successors and assigns.

17. **Severability.** In case any covenant, condition, term or provision contained in this Participation Agreement shall be held to be invalid, illegal, or unenforceable in any respect, in whole or in part, by judgment, order or decree of any court or other judicial tribunal of competent jurisdiction, the validity of the remaining covenants, conditions, terms and provisions contained in this Participation Agreement, and the validity of the remaining part of any term or provision held to be partially invalid, illegal or unenforceable, shall in no way be affected, prejudiced, or disturbed thereby.

18. **Attorneys' Fees.** In the event any litigation or controversy arises out of or in connection with this Participation Agreement between the parties hereto, the prevailing party shall be entitled to recover from the other party or parties all reasonable attorneys' and paralegals' fees, expenses and suit costs, including those associated with any appellate or post-judgment collection proceedings.

19. **Entire Agreement.** The Franchise Agreement, Guaranty and this Participation Agreement constitute the entire agreement of the parties hereto with respect to the subject matter of this Participation Agreement, and supersede any and all previous agreements between the parties, whether written or oral, with respect to such subject matter. In the event of a conflict between the terms of the Franchise Agreement and the terms of this Participation Agreement, the terms of this Participation Agreement will control. Except as amended hereby, all the other terms and conditions of the Franchise Agreement are ratified and confirmed.

20. **Further Assurances.** Each of the parties hereto agree that they shall sign such additional and supplemental documents as may be necessary to facilitate AAO's participation in the Program when requested to do so by any party to this Participation Agreement. AAO further agrees to provide all records, authorizations and take all other commercially reasonable steps necessary to enable Brightway to receive and distribute Program Benefits to AAO.

21. **Multiple Copies or Counterparts of Agreement; E-Signature.** The original and one or more copies of this Participation Agreement may be executed by one or more of the parties hereto. In such event, all of such executed copies shall have the same force and effect as the executed original and all of such counterparts taken together shall have the effect of a fully executed original. An electronically-signed copy of this Participation Agreement delivered by email or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Participation Agreement.

Signatures appear on the following page.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed and delivered this Participation Agreement the date and year first written above.

BRIGHTWAY:

By: _____
Michael Miller, President & CEO

AAO:

By: _____

GUARANTORS:

EXHIBIT G:
STATE SPECIFIC ADDENDA

BRIGHTWAY INSURANCE, INC.
CALIFORNIA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

1. Neither the franchisor nor any person in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such person from membership in that association or exchange.
2. The California Franchise Investment Law requires that a copy of all proposed agreements relating to the sale of the franchise be delivered together with the Disclosure Document.
3. The Franchise Agreement requires non-binding mediation and then litigation. The non-binding mediation and then litigation will occur at a site chosen by the mediators/court with the costs being borne by each party except where a party fails to comply with the mediation/litigation provisions of the Franchise Agreement, in which case, that party shall be liable to the other party for all costs and attorneys' fees incurred by the other party to enforce the mediation/litigation provision.
4. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

A. Termination and Non-Renewal:

California Business and Professional Code Sections 20000 through 20043 provide rights to franchisees concerning termination or non-renewal of a franchise. If the Franchise Agreement contains any provision that is inconsistent with the law, the law, as amended from time to time, will control.

B. Post Termination Non-Competition Covenants:

Any non-competition and non-solicitation agreement containing a covenant not to compete that extends beyond the termination/expiration of the franchise may not be enforceable under California law.

C. Termination upon Insolvency, Bankruptcy or Reorganization:

Where the Franchise Agreement provides for termination upon insolvency, bankruptcy or reorganization, such a provision might not be enforceable under California Law.

D. Material Modifications:

Section 31125 of the Franchise Investment Law requires us to give you a Disclosure Document approved by the Commissioner of the Department of Business Oversight before we ask you to consider a material modification of your Franchise Agreement.

E. Non-Competition Covenant:

A contract which restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.

F. General Release:

You must sign a general release if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

5. The following paragraph is added at the end of Item 19 of the disclosure document:

NOTICE REQUIRED BY THE STATE OF CALIFORNIA

The financial performance representations do not reflect the costs of sales, operating expenses or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. AAOs or former AAOs, listed in the Disclosure Document, may be one source of this information.

6. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www dbo ca gov.
7. The highest interest rate allowed in California is 10% annually.

BRIGHTWAY INSURANCE, INC.
CALIFORNIA ADDENDUM TO THE FRANCHISE AGREEMENT

**ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF CALIFORNIA ARE
HEREBY AMENDED AS FOLLOWS:**

1. Section 31125 of the California Corporation Code requires the Franchisor to give you a Disclosure Document, in a form and containing such information as the Commissioner may by rule or order require, prior to solicitation of a proposed material modification of an existing franchise.
2. California Business and Professions Code Sections 20000 through 20043 provide rights to the AAO concerning termination or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.
3. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec 101 et seq.).
4. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This may not be enforceable under California law.
5. The Franchise Agreement requires non-binding mediation followed by litigation in Duval County, Florida. This provision may not be enforceable under California law.

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

BRIGHTWAY INSURANCE, INC.

AAO

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date Signed: _____

Date Signed: _____

BRIGHTWAY INSURANCE, INC.
ILLINOIS ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

NOTICE TO PROSPECTIVE AAOs IN THE STATE OF ILLINOIS

Illinois law governs the Franchise Agreement.

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

Your rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

The Illinois Attorney General's Office has required us to obtain a surety bond because of our financial condition. We have obtained a surety bond in the sum of \$60,000, and that bond is on file with the Illinois Attorney General's Office.

BRIGHTWAY INSURANCE, INC.
ILLINOIS ADDENDUM TO THE FRANCHISE AGREEMENT

**ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF ILLINOIS ARE
HEREBY AMENDED AS FOLLOWS:**

1. Illinois law governs the Franchise Agreement.
2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of Illinois is void. However, a franchise may provide for arbitration to take place outside of Illinois.
3. Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
5. The Illinois Attorney General's Office has required us to obtain a surety bond because of our financial condition. We have obtained a surety bond in the sum of \$60,000, and that bond is on file with the Illinois Attorney General's Office.

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

BRIGHTWAY INSURANCE, INC.

AAO

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date Signed: _____

Date Signed: _____

BRIGHTWAY INSURANCE, INC.
INDIANA ADDENDUM TO THE FRANCHISE AGREEMENT

**ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF INDIANA ARE
HEREBY AMENDED AS FOLLOWS:**

1. Any agreement executed in and operative within the State of Indiana shall be governed by applicable Indiana franchise laws and the right of any AAO to institute a civil action or initiate mediation proceedings within the State of Indiana shall not be deemed to have been abridged in any form or manner by any provisions contained in this Franchise Agreement.
2. In compliance with Indiana Code Section 12-2-2.7-1(9), any provisions in this Franchise Agreement relating to non-competition upon the termination or non-renewal of the Franchise Agreement shall be construed in accordance with Indiana Code Section 23-2-2.7-1(9).
3. Indiana Code Section 23-2-2.7-1(10) prohibits the choice of an exclusive forum other than Indiana.
4. Indiana Code Section 23-2-2.7-1(10) prohibits the limitation of litigation. The Indiana Secretary of State has interpreted this section to prohibit provisions in contracts regarding liquidated damages. Accordingly, any provisions in the Franchise Agreement regarding liquidated damages may not be enforceable.
5. In compliance with Indiana Code Section 23-2-2.7-1(10), any inference contained in the Franchise Agreement to the effect that the Franchisor "is entitled" to injunctive relief shall, when applicable to a Franchise Agreement executed in and operative within the State of Indiana, hereby be deleted, understood to mean and replaced by the words "may seek."
6. Indiana Code Sections 23-2-2.5 and 23-2-2.7 supersede the choice of law clauses of the Franchise Agreement.
7. Indiana Code Section 23-2-2.7-1 makes it unlawful for a franchisor to terminate a franchise without good cause or to refuse to renew a franchise on bad faith.
8. In compliance with Indiana Code Section 23-2-2.7-1(5), any requirement that the AAO must execute a release upon termination of the Franchise Agreement shall not be mandatory and is hereby made discretionary. However, AAO shall execute all other documents necessary to fully rescind all agreements between the parties under the Franchise Agreement.

Signatures Appear on the Following Page.

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

BRIGHTWAY INSURANCE, INC.**AAO**

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date Signed: _____

Date Signed: _____

BRIGHTWAY INSURANCE, INC.
MARYLAND ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

1. Item 5 of the Disclosure Document shall be amended as follows:

The Maryland Securities Commissioner has required us to obtain a surety bond because of our financial condition. We have obtained a surety bond in the sum of \$60,000, and that bond is on file with the Maryland Securities Division. If we fail to strictly comply with all applicable provisions of, and all orders, rules, and regulations issued pursuant to, the Maryland Franchise Registration and Disclosure Law, we may become liable for the payment of the bond sum to the State of Maryland for the use and benefit of any person(s) that have a claim under the conditions of the bond obligation.

2. Item 17(c) of the Disclosure Document shall be amended as follows:

The general release required as a condition of the renewal of an existing franchise by an AAO shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. Item 17(m) of the Disclosure Document shall be amended as follows:

The general release required as a condition of the sale or assignment/transfer of an existing franchise by an AAO shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

4. Item 17(v) and 17(w) of the Disclosure Document shall be amended as follows:

Despite the provisions of Item 17, the AAO may sue in the State of Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5. Item 17 of the Disclosure Document shall be amended as follows:

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Disclosure Document.

BRIGHTWAY INSURANCE, INC.

AAO

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date Signed: _____

Date Signed: _____

BRIGHTWAY INSURANCE, INC.**MARYLAND ADDENDUM TO THE FRANCHISE AGREEMENT, MULTI-UNIT PROGRAM AGREEMENT AND
OPTION AGREEMENT**

ALL FRANCHISE AGREEMENTS EXECUTED WITH RESIDENTS OF MARYLAND OR FRANCHISES TO BE OPERATING WITHIN THE STATE OF MARYLAND, AS WELL AS ANY APPLICABLE PROVISIONS OF THE MULTI-UNIT PROGRAM AGREEMENT OR OPTION AGREEMENT, ARE HEREBY AMENDED AS FOLLOWS:

1. Despite anything to the contrary contained in the Franchise Agreement, the general release required as a condition of renewal, sale, or assignment/transfer of an existing franchise by an AAO shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
2. Despite the provisions of Section 24 of the Franchise Agreement, the AAO may sue in the State of Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
3. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
4. The provisions in the Franchise Agreement providing for termination upon bankruptcy of the AAO may not be enforceable under federal bankruptcy law (11 U.S.C. § 101 et seq.).
5. Despite the provisions of Section 24(f) of the Franchise Agreement, any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
6. The Maryland Securities Commissioner has required us to obtain a surety bond because of our financial condition. We have obtained a surety bond in the sum of \$60,000, and that bond is on file with the Maryland Securities Division. If we fail to strictly comply with all applicable provisions of, and all orders, rules, and regulations issued pursuant to, the Maryland Franchise Registration and Disclosure Law, we may become liable for the payment of the bond sum to the State of Maryland for the use and benefit of any person(s) that have a claim under the conditions of the bond obligation.

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

BRIGHTWAY INSURANCE, INC.**AAO**

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date Signed: _____

Date Signed: _____

BRIGHTWAY INSURANCE, INC.
MICHIGAN ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

NOTICE TO PROSPECTIVE FRANCHISEES IN THE STATE OF MICHIGAN

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

- (A) A prohibition on the right of a franchisee to join an association of franchisees.
- (B) A requirement that a franchisee assent to release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a Franchise Agreement, from settling any and all claims.
- (C) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (D) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are subject to compensation. This subsection applies only if: (1) the term of the franchise is less than 5 years and (2) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise, or the franchisee does not receive at least 6 months advance notice of the franchisor's intent not to renew the franchise.
- (E) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (F) A provision requiring that mediation or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of mediation, to conduct mediation at a location outside this state.
- (G) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (1) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
 - (2) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

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

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

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

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

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

ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE ADDRESSED TO:

DEPARTMENT OF ATTORNEY GENERAL
CONSUMER PROTECTION DIVISION
670 LAW BUILDING, 525 W. OTTAWA STREET
LANSING, MICHIGAN 48913
Telephone (517) 373-7117

NOTICE TO PROSPECTIVE AAOs IN THE STATE OF MINNESOTA

With respect to franchises governed by Minnesota law, the Franchisor will comply with Minn. Stat. Sec. 80c. 14, Subds. 3, 4 and 5 which require, except in certain specified cases, that an AAO be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement.

Notwithstanding anything to the contrary in the Franchise Agreement, pursuant to Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J, the Franchisor is prohibited from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Notwithstanding anything contained in the Franchise Agreement to the contrary, the Franchisor shall protect the AAO's right to use the trademarks, service marks, trade names, logotypes, symbols, and other commercial symbols belonging to the Franchisor and which the AAO has been permitted to use under the Franchise Agreement.

BRIGHTWAY INSURANCE, INC.
MINNESOTA ADDENDUM TO THE FRANCHISE AGREEMENT

**ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF MINNESOTA ARE
HEREBY AMENDED AS FOLLOWS:**

1. Notwithstanding anything contained in the Franchise Agreement to the contrary, the Franchisor shall protect the AAO's right to use the trademarks, service marks, trade names, logotypes, symbols, and other commercial symbols belonging to the Franchisor and which the AAO has been permitted to use under the Franchise Agreement.
2. With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80c. 14, Subds. 3, 4 and 5 which require, except in certain specified cases, that an AAO be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement.
3. Any reference contained in the Franchise Agreement to the effect that the Franchisor "is entitled" to injunctive relief, or any imputation that the AAO can waive any rights under any law shall, in any Franchise Agreement entered into in the State of Minnesota be deleted and replaced with the words, "may seek."
4. Notwithstanding anything to the contrary in the Franchise Agreement, pursuant to Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J, the Franchisor is prohibited from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
5. With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Rule 2860.4400D which prohibits a franchisor from requiring an AAO to assent to a general release as a requirement to renew or extend.

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

BRIGHTWAY INSURANCE, INC.

AAO

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date Signed: _____

Date Signed: _____

BRIGHTWAY INSURANCE, INC.
NEW YORK ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

In recognition of the requirements of the New York General Business Law, Article 33, and of the Codes, Rules, and Regulations of the State of New York, Title 13, Chapter VII, Section 200.2 the Franchise Disclosure Document for Brightway Insurance, Inc. for use in the State of New York shall be amended as follows:

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. Item 3 shall be supplemented by the following:

Except as provided herein, neither we, our predecessor, nor any person identified in Item 2 or an affiliate offering franchises under our principal trademark has an administrative, criminal or civil action pending against that person alleging: a felony; a violation of a franchise, antitrust or securities law; fraud, embezzlement, fraudulent conversion, misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations. In addition, neither we, our predecessor, nor any person identified in Item 2 or an affiliate offering franchises under our principal trademark has any pending actions against them, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

Except as provided herein, neither we, our predecessor, nor any person identified in Item 2 or an affiliate offering franchises under our principal trademark has been convicted of a felony or pleaded *nolo contendere* to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded *nolo contendere* to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

Except as provided herein, neither we, our predecessor, any person identified in Item 2 or an affiliate offering franchises under our principal trademark is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a federal, state or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. Item 4 shall be supplemented by the following:

During the 10-year period immediately before the application for registration, neither we nor our affiliate, any predecessor, current officers or general partner has: (a) filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after our officer or general partner held this position in the company or partnership.

4. Item 5 shall be supplemented by the following:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

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

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. Item 17, the Summary Column opposite Provision D, shall be amended to also state the following:

The franchisee may terminate the agreement on any grounds available by law.

7. Item 17, the Summary Column opposite Provision J, shall be amended to also state the following:

However, no assignment will be made except to an assignee, who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the franchise agreement.

8. Item 17, the Summary Column opposite Provision V and W, shall be amended to also state the following:

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

BRIGHTWAY INSURANCE, INC.

AAO

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date Signed: _____

Date Signed: _____

BRIGHTWAY INSURANCE, INC.
NEW YORK ADDENDUM TO THE FRANCHISE AGREEMENT

**ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF NEW YORK ARE
HEREBY AMENDED AS FOLLOWS:**

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

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

BRIGHTWAY INSURANCE, INC.

AAO

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date Signed: _____

Date Signed: _____

BRIGHTWAY INSURANCE, INC.
NORTH DAKOTA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

For franchises and AAOs subject to the North Dakota Franchise Investment Law, the following information supersedes on supplements, as the case maybe, the corresponding disclosures in the main body of the text of the Brightway Insurance, Inc. Franchise Disclosure Document.

1. Item 17 is amended by the addition of the following language to the original language that appears therein:
 - (a) Covenants not to compete upon termination or expiration of a Franchise Agreement are generally unenforceable in North Dakota, except in certain instances as provided by law.
 - (b) Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the AAO to agree to jurisdiction or venue in a forum outside of North Dakota is void with respect to any cause of action which is otherwise enforceable in North Dakota. As such, each provision providing that the jurisdiction or venue is outside of North Dakota is deleted.
 - (c) Any provision in the Franchise Agreement which requires an AAO to waive his or her right to a jury trial has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
 - (d) Any provision requiring an AAO to sign a general release upon renewal of the Franchise Agreement has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
 - (e) Any provision in the Franchise Agreement requiring an AAO to agree to the mediation of disputes at a location that is remote from the site of the AAO's business has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, the site of mediation or litigation will be agreeable to all parties and may not be remote from AAO's place of business.
 - (f) Apart from civil liability as set forth in Section 51-19-12 of the N.D.C.C., which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to an AAO is based largely on contract law. Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents and it is unfair to franchise investors to require them to waive their rights under North Dakota Law. As such, any provision in the Franchise Agreement that requires AAO to waive those substantive rights shall be void.

- (g) Any provision in the Franchise Agreement requiring that the Franchise Agreement be construed according to the laws of a state other than North Dakota are unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. As such, the Franchise Agreement shall be governed by North Dakota law.
- (h) Any provision in the Franchise Agreement requiring an AAO to consent to termination or liquidated damages is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
- (i) Any provision in the Franchise Agreement requiring an AAO to consent to a waiver of exemplary and punitive damages is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

BRIGHTWAY INSURANCE, INC.
NORTH DAKOTA ADDENDUM TO THE FRANCHISE AGREEMENT

ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF NORTH DAKOTA ARE HEREBY AMENDED AS FOLLOWS:

1. Covenants not to compete upon termination or expiration of a Franchise Agreement are generally unenforceable in North Dakota, except in certain instances as provided by law.
2. Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the AAO to agree to jurisdiction or venue in a forum outside of North Dakota is void with respect to any cause of action which is otherwise enforceable in North Dakota. As such, each provision providing that the jurisdiction or venue is outside of North Dakota is deleted.
3. Any provision in the Franchise Agreement which requires an AAO to waive his or her right to a jury trial has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
4. Any provision requiring an AAO to sign a general release upon renewal of the Franchise Agreement has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
5. Any provision in the Franchise Agreement requiring an AAO to agree to the mediation of disputes at a location that is remote from the site of the AAO's business has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, the site of mediation or litigation will be agreeable to all parties and may not be remote from AAO's place of business.
6. Apart from civil liability as set forth in Section 51-19-12 of the N.D.C.C., which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to an AAO is based largely on contract law. Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents and it is unfair to franchise investors to require them to waive their rights under North Dakota Law.
7. Any provision in the Franchise Agreement requiring that the Franchise Agreement be construed according to the laws of a state other than North Dakota are unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
8. Any provision in the Franchise Agreement requiring an AAO to consent to termination or liquidated damages is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

9. Any provision in the Franchise Agreement requiring an AAO to consent to a waiver of exemplary and punitive damages is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

BRIGHTWAY INSURANCE, INC.

AAO

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date Signed: _____

Date Signed: _____

BRIGHTWAY INSURANCE, INC.
RHODE ISLAND ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

For franchises subject to the Rhode Island statutes and regulations, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the Brightway Insurance, Inc. Franchise Disclosure Document.

Item 17:

1. §19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in the Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."
2. The Rhode Island Franchise Investment Act requires a franchisor to deliver a copy of a disclosure document reflecting all material changes together with a copy of all proposed agreements relating to the sale of the franchise at the earlier of: (i) the prospective AAO's first personal business meeting with the franchisor which is held for the purpose of discussing the sale or possible sale of the franchise, or (ii) ten business days prior to the execution of an agreement or payment of any consideration relating to the franchise relationship.

BRIGHTWAY INSURANCE, INC.
RHODE ISLAND ADDENDUM TO THE FRANCHISE AGREEMENT

**ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF RHODE ISLAND
ARE HEREBY AMENDED AS FOLLOWS:**

1. Pursuant to the Rhode Island Franchise Investment Act, the choice of jurisdiction and venue provisions of this Franchise Agreement shall be governed by Section 19-28.1-14 of the Act.
2. Pursuant to Section 19-28.1-15 of the Act, any condition, stipulation or provision in the Franchise Agreement requiring an AAO to waive compliance with or relieving a person of a duty of liability imposed by or a right provided by this Act or a rule or order under this Act is void. An acknowledgment provision, disclaimer or integration clause or a provision having a similar effect in the Franchise Agreement does not negate or act to remove from judicial review any statement, misrepresentations or action that would violate this Act or a rule or order under this Act. This section shall not affect the settlement of disputes, claims or civil lawsuits arising or brought under this Act.

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

BRIGHTWAY INSURANCE, INC.

AAO

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date Signed: _____

Date Signed: _____

BRIGHTWAY INSURANCE, INC.
SOUTH DAKOTA ADDENDUM TO THE FRANCHISE AGREEMENT

ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF SOUTH DAKOTA ARE HEREBY AMENDED AS FOLLOWS:

Neither Brightway Insurance, Inc. nor any person identified in Item 2 has any material arbitration proceeding pending, or has during the 10-year period immediately preceding the date of this Disclosure Document been a party to concluded material arbitration proceedings.

Although the Franchise Agreement requires all mediation/litigation proceedings to be held nearest to Brightway's principal place of business, the site of any mediation/litigation initiated pursuant to the Franchise Agreement will be at a site mutually agreed upon by you and us.

We may not terminate the Franchise Agreement for a breach, for failure to meet performance and quality standards and/or for failure to make royalty payments unless you receive thirty (30) days prior written notice from us and you are provided with an opportunity to cure the defaults. Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of South Dakota.

The laws of the State of South Dakota will govern matters pertaining to franchise registration, employment, covenants not to compete, and other matters of local concern; but as to contractual and all other matters, the Franchise Agreement will be subject to the applications, construction, enforcement and interpretation under the governing law of Florida.

Any provision in the Franchise Agreement restricting jurisdiction or venue to a forum outside of the State of South Dakota or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the South Dakota Franchise Act.

Any provision that provides that the parties waive their right to claim punitive, exemplary, incidental, indirect, special or consequential damages may not be enforceable under South Dakota law.

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

BRIGHTWAY INSURANCE, INC.

AAO

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date Signed: _____

Date Signed: _____

BRIGHTWAY INSURANCE, INC.
VIRGINIA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

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

Additional Disclosure: The following statements are added to Item 5:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

Additional Disclosure: The following statements are added to Item 17:

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

BRIGHTWAY INSURANCE, INC.
VIRGINIA ADDENDUM TO THE FRANCHISE AGREEMENT

ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE COMMONWEALTH OF VIRGINIA ARE HEREBY AMENDED AS FOLLOWS:

1. Section 3 of the Franchise Agreement is hereby amended to provide that Virginia State Corporation Commission's Division of Securities and Retail Franchising requires Brightway Insurance, Inc. ("Franchisor") to defer payment of the initial franchise fee and other initial payments owed by franchisees to Franchisor until Franchisor has completed its pre-opening obligations under the Franchise Agreement.

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

BRIGHTWAY INSURANCE, INC.

AAO

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date Signed: _____

Date Signed: _____

BRIGHTWAY INSURANCE, INC.
WASHINGTON ADDENDUM TO THE FRANCHISE AGREEMENT

ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF WASHINGTON ARE HEREBY AMENDED AS FOLLOWS:

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
2. RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.
3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.
7. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

BRIGHTWAY INSURANCE, INC.

AAO

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date Signed: _____

Date Signed: _____

BRIGHTWAY INSURANCE, INC.
WISCONSIN ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

NOTICE TO PROSPECTIVE AAOs IN THE STATE OF WISCONSIN

IN THE STATE OF WISCONSIN CHAPTER 135 OF THE WISCONSIN FAIR DEALERSHIP LAW GOVERNS THIS AGREEMENT. YOU MAY WANT TO REVIEW THIS LAW.

For franchises and AAOs subject to the Wisconsin Fair Dealership Law, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the Brightway Insurance, Inc. Wisconsin Franchise Disclosure Document.

Item 17.

For Wisconsin AAOs, Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of the Franchise Agreement or a related contract between Franchisor and AAO inconsistent with the Law.

BRIGHTWAY INSURANCE, INC.
WISCONSIN ADDENDUM TO THE FRANCHISE AGREEMENT

**ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF WISCONSIN ARE
HEREBY AMENDED AS FOLLOWS:**

The Franchisor and AAO hereby acknowledge that the Franchise Agreement shall be governed by The Wisconsin Fair Dealership Law (Wisconsin Statutes, 1979-1980, Title XIV-A, Chapter 135, Sections 135.01 through 135.07) which makes it unlawful for a franchisor to terminate, cancel or fail to renew a franchise without good cause, as well as providing other protections and rights to the AAO. To the extent anything in the Franchise Agreement is contrary to the laws in the State of Wisconsin, said laws shall prevail.

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

BRIGHTWAY INSURANCE, INC.

AAO

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date Signed: _____

Date Signed: _____

EXHIBIT H:**LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS**

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws and for service of process. We may not yet be registered to sell franchises in any or all of these states. If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process. There also may be additional agents appointed in some of the states listed.

Agent for Service of Process in All Other States:

Brightway Insurance, Inc.
 3733 University Boulevard West, Suite 100
 Jacksonville, Florida 32217

State	State Agency	Agent for Service of Process
CALIFORNIA	California Commissioner Department of Business Oversight: 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7500 Toll Free (866) 275-2677 1515 K Street, Suite 200 Sacramento, CA 95814 (916) 445-7205 1350 Front Street San Diego, CA 92101 (619) 525-4233 One Sansome St., #600 San Francisco, California 94104 (415) 972-8559	California Commissioner of the Department of Business Oversight
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, Hawaii 96813 (808) 586-2722	Commissioner of Securities State of Hawaii 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722
ILLINOIS	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division, E-111 302 Washington Street Indianapolis, Indiana 46204	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, Indiana 46204

	(317) 232-6681	(317) 232-6531
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360	Maryland Securities Commissioner
MICHIGAN	Consumer Protection Division Michigan Department of Attorney General 525 W. Ottawa Street, G. Mennen Williams Building, 1st Floor Lansing, Michigan 48933 (517) 373-7117	Corporations Division Bureau of Commercial Services Department of Labor and Economic Growth P.O. Box 30054 Lansing, Michigan 48909
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600	Minnesota Commissioner of Commerce
NEW YORK	Officer of the New York Attorney General Investor Protection Bureau Franchise Section 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8236 (phone)	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6 th Floor Albany, NY 12231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department State Capitol, Fifth Floor, Dept. 414 600 East Boulevard Avenue Bismarck, North Dakota 58505 (701) 328-4712	North Dakota Securities Commissioner
RHODE ISLAND	Securities Division Department of Business Regulation, Bldg 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9582	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563	Director of South Dakota Division of Insurance
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, Washington 98507-9033 (360) 902-8760	Director, Department of Financial Institutions Securities Division 150 Israel Road S.W. Tumwater, Washington 98501
WISCONSIN	Division of Securities Department of Financial Institutions 201 W. Washington Ave., 3rd Floor Madison, Wisconsin 53703 (608) 266-1064	Administrator, Division of Securities Department of Financial Institutions 201 W. Washington Ave., 3rd Floor Madison, Wisconsin 53703

EXHIBIT I:
MULTI-UNIT PROGRAM AGREEMENT

BRIGHTWAY INSURANCE, INC.
MULTI-UNIT PROGRAM AGREEMENT

This **MULTI-UNIT PROGRAM AGREEMENT** (the "Agreement") is made and entered into this _____ (the "Effective Date"), by and between Brightway Insurance, Inc., a Florida corporation ("Brightway"), _____, a _____ ("AAO"), and _____, individuals ("Guarantors").

BACKGROUND

A. On or about _____, Brightway and AAO's affiliate _____ ("Original AAO") entered into a franchise agreement (the "Original Franchise Agreement"), pursuant to which Original AAO obtained the right and undertook the obligation to operate a franchised Brightway Insurance location (the "Original Brightway Location").

B. Contemporaneously, Guarantors entered into the "Guaranty of AAO's Undertakings" attached as an exhibit to the Franchise Agreement (the "Guaranty"), under which they agreed to personally guarantee Original AAO's obligations under the Franchise Agreement.

C. Brightway offers qualified associate agency owners the right and obligation to open and operate two (2) additional franchised Brightway Insurance locations of the same type currently operated by Original AAO (each, an "Additional Brightway Location") as part of a Brightway's "Multi-Unit Program," in accordance with the terms and conditions of this Agreement.

D. AAO desires to participate in the Brightway's Multi-Unit Program by entering into this Agreement, subject to the terms and conditions contained herein.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises, commitments and understandings contained herein, the parties agree as follows:

1. **First Additional Location.** Contemporaneously with the execution of this Agreement: (i) Brightway and AAO shall enter into Brightway's then-current form of franchise agreement (the "First Additional Franchise Agreement") to govern the operation of the first additional _____ (the "First Additional Brightway Location"); and (ii) Brightway and Original AAO shall enter into Brightway's then-current form of franchise agreement to govern the operation of the Original Brightway Location for a new five (5) year term. The First Additional Brightway Location may be located in any geographic area approved by Brightway, and it must be opened within six (6) months of the Effective Date of this Agreement. In the event that the First Additional Brightway Location is not opened within six (6) months of the Effective Date of this Agreement, Brightway will have the right to terminate the First Additional Franchise Agreement and this Agreement upon notice to AAO.

2. **Second Additional Location.** At any time prior to the end of the initial five (5) year term of the First Additional Franchise Agreement, a new affiliate of AAO (and not Original AAO) may enter into Brightway's then-current form of franchise agreement (the "Second Additional Franchise Agreement") to govern the operation of the second additional _____ (the "Second Additional Brightway Location"). The Second Additional Brightway Location may be located in any

geographic area approved by Brightway, and it must be opened prior to the end of the initial five (5) year term of the First Additional Franchise Agreement. In the event that the Second Additional Brightway Location is not opened prior to the end of the initial five (5) year term of the First Additional Franchise Agreement, Brightway will have the right to terminate the Second Additional Franchise Agreement and this Agreement upon notice to AAO.

3. **Initial Fee Note.** Contemporaneously with the execution of this Agreement and the First Additional Franchise Agreement, AAO and Guarantors shall also enter into Brightway's prescribed form of promissory note (the "Initial Fee Note"), a copy of which is attached hereto, and which provides for the financing of the initial fee otherwise due under the First Additional Franchise Agreement and Second Additional Franchise Agreement, the amount of which shall be a total of _____ dollars (\$_____), notwithstanding the amount of the initial fee set forth in the First Additional Franchise Agreement or Second Additional Franchise Agreement.

4. **Benchmarks for Waiver of Principal and Interest due under the Initial Fee Note.** Notwithstanding the terms of the Initial Fee Note, the First Additional Franchise Agreement, or the Second Additional Franchise Agreement, Brightway shall waive one-hundred percent (100%) of the principal and interest due under the Initial Fee Note in the event: (i) AAO and its affiliates operate the Original Brightway Location, First Additional Brightway Location, and Second Additional Brightway Location continuously for a period beginning on the respective opening dates of each location and ending five (5) years from the Effective Date of this Agreement; and (ii) AAO and its affiliates must not have received a Notice of Default from Brightway with respect to the Original Brightway Location, First Additional Brightway Location, or Second Additional Brightway Location for a period beginning on the respective opening dates of each Brightway Location and ending five (5) years from the Effective Date of this Agreement.

5. **Release by AAO and Guarantors.** AAO and Guarantors, for themselves and all persons and entities claiming by, through, or under them, release, acquit and forever discharge Brightway and its present and former officers, employees, shareholders, directors, agents, servants, representatives, affiliates, successors, and assigns (the "Brightway Releasees") from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorneys' fees, actions or causes of action whatsoever, whether known or unknown, which they, by themselves, on behalf of, or in conjunction with any other person, persons or entity have, had or claim to have against the Brightway Releasees, including but not limited to those arising out of or related to the offer or sale of the Original Brightway Location, the parties' rights or obligations under the Original Franchise Agreement or Guaranty, or and any and all rights, obligations or claims under any state franchise regulations or franchise relationship laws. AAO and Guarantors warrant and represent that they have not assigned or otherwise transferred any claim or cause of action released by this Agreement.

6. **Transfer.** AAO's participation in the Multi-Unit Program pursuant to the terms of this Agreement is personal to AAO and AAO may not sell, transfer, assign or encumber this Agreement without Brightway's prior written consent. Any sale, transfer, assignment or encumbrance of this Agreement made without Brightway's prior written consent shall be voidable at Brightway's option and will result in the immediate termination of this Agreement.

7. **Severability.** In case any covenant, condition, term or provision contained in this Agreement shall be held to be invalid, illegal, or unenforceable in any respect, in whole or in part, by judgment, order or decree of any court or other judicial tribunal of competent jurisdiction, the validity of

the remaining covenants, conditions, terms and provisions contained in this Agreement, and the validity of the remaining part of any term or provision held to be partially invalid, illegal or unenforceable, shall in no way be affected, prejudiced, or disturbed thereby.

8. **Entire Agreement.** This Agreement and the Initial Fee Note constitute the entire agreement of the parties hereto with respect to the subject matter of this Agreement, and supersede any and all previous agreements between the parties, whether written or oral, with respect to such subject matter. In the event of a conflict between the terms of the Original Franchise Agreement, First Additional Franchise Agreement, or Second Additional Franchise Agreement, and the terms of this Agreement, the terms of this Agreement will control.

9. **Waiver.** No waiver or modification of this Agreement or of any covenant, condition or limitation herein contained shall be valid unless in writing and duly executed by the party to be charged therewith. Furthermore, no evidence of any waiver or modification shall be offered or received in evidence in any proceeding between the parties arising out of or affecting this Agreement, or the rights or obligations of any party hereunder, unless such waiver or modification is in writing and duly executed as aforesaid.

10. **Choice of Law; Venue.** This Agreement shall be construed and regulated under and by the laws of the State of Florida, without reference to Florida's conflict-of-laws principles. Venue for any action related to or arising out of this Agreement shall be in the state or federal court nearest to Duval County, Florida.

11. **Attorneys' Fees.** In the event any litigation or controversy arises out of or in connection with this Agreement between the parties hereto, the prevailing party shall be entitled to recover from the other party or parties all reasonable attorneys' and paralegals' fees, expenses and suit costs, including those associated with any appellate or post-judgment collection proceedings.

12. **Further Assurances.** Each of the parties hereto agree that they shall sign such additional and supplemental documents as may be necessary to implement the transactions contemplated pursuant to this Agreement when requested to do so by any party to this Agreement.

13. **Multiple Copies or Counterparts of Agreement; E-Signature.** The original and one or more copies of this Agreement may be executed by one or more of the parties hereto. In such event, all of such executed copies shall have the same force and effect as the executed original and all of such counterparts taken together shall have the effect of a fully executed original. An electronically-signed copy of this Agreement delivered by email or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

Signatures appear on the following page.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed and delivered this Agreement the date and year first written above.

BRIGHTWAY:

By: _____
Michael Miller, President & CEO

AAO:

By: _____

GUARANTORS:

PROMISSORY NOTE AND GUARANTY

Date of Note: _____

Principal Amount: _____ **Dollars (\$** _____ **)**

Maturity Date: **Twelve (12) years from the Date of Note**

Interest Rate: **An amount equal to the greater of: (i) the Prime Rate (as published in the "Money Rates" column of The Wall Street Journal (Eastern Edition) from time to time as its prime rate) plus two percent (2%) (to be adjusted on an annual basis, based upon the Prime Rate in effect on the last business day of December each year); or (ii) ten percent (10%). Interest will be computed on the basis of a 360-day year, actual days elapsed**

Maker: _____, a _____

Payee: **Brightway Insurance, Inc., a Florida corporation**

Payee's Address: **3733 University Boulevard West, Suite 100
Jacksonville, Florida 32217**

FOR VALUE RECEIVED, Maker hereby covenants and promises to pay to the order of Payee, or to Payee's successors or assigns, at Payee's Address, or at such other place as Payee may designate to Maker in writing from time to time, in legal tender of the United States of America in immediately available funds, the Principal Amount together with interest which shall accrue at the Interest Rate from the Date of Note on the unpaid balance of the Principal Amount and which shall be due and payable in eighty-four (84) approximately equal monthly installments commencing on or around the twenty-first (21st) of the month that is five (5) years following the Date of Note set forth above, with monthly payments thereafter to be made on or around the twenty-first (21st) day of each succeeding calendar month, as designated by Payee.

Maker may prepay the entire outstanding principal balance of this Note, without penalty, at any time. No partial prepayments shall be permitted. Any amount which is not paid within five (5) calendar days after the date on which it is due and payable will be subject to a late fee equal to five percent (5%) of such overdue amount.

This Note is being executed in connection with the Brightway Insurance, Inc. Multi-Unit Program Agreement (the "Multi-Unit Agreement"), the terms of which are hereby incorporated by reference. Accordingly, pursuant to the terms and conditions of the Multi-Unit Agreement, Maker has the opportunity to have the entire Principal Amount and any interest accrued waived if all prescribed criteria set forth in the Multi-Unit Agreement are met.

DOCUMENTARY STAMP TAXES IN THE AMOUNT OF \$_____ HAVE BEEN PAID TO THE FLORIDA DEPARTMENT OF REVENUE IN CONNECTION WITH THE INDEBTEDNESS EVIDENCED BY THIS PROMISSORY NOTE. [OR – THIS PROMISSORY NOTE WAS MADE, EXECUTED, DELIVERED AND ACCEPTED

OUTSIDE THE STATE OF FLORIDA AND ACCORDINGLY NO FLORIDA DOCUMENTARY STAMP TAXES ARE DUE AND OWING IN CONNECTION THEREWITH]

This Note is also executed and delivered in connection with that certain Franchise Agreement by and among Maker and Payee dated as of the same date of this Note (the "Franchise Agreement"), and is subject to the terms and conditions thereof.

The occurrence of any one or more of the following events shall constitute an "Event of Default" under this Note:

(a) The failure by Maker to pay, when due, any principal, interest or other monetary amounts due under this Note, the Franchise Agreement or any other franchise or other agreement between Payee and Maker or Maker's affiliates;

(b) The failure of Maker to perform or observe, in a prompt and timely manner, any obligation, term, provision, covenant or agreement contained in this Note, the Franchise Agreement or any other franchise or other agreement between Payee and Maker or Maker's affiliates; or

(c) The termination, expiration or non-renewal of the Franchise Agreement or any other franchise agreement between Payee and Maker or Maker's affiliates, or any transfer or assignment of the Franchise Agreement or any other franchise agreement between Payee and Maker or Maker's affiliates.

Upon the occurrence of an Event of Default, all of the then-outstanding balance of the Principal Amount, late fees and all accrued interest hereunder shall, at the option of Payee, then become due and payable immediately without presentment, demand or notice of any kind. Failure to exercise this option shall not constitute a waiver of the right to exercise the same in the event of any subsequent Event of Default. Furthermore, upon the occurrence of an Event of Default, interest shall thereafter accrue at the highest rate permitted under Florida law, not to exceed eighteen percent (18%), on the then-outstanding Principal Amount, late fees and accrued interest which are past due, until such time as payment therefor is actually delivered to the Payee.

Notwithstanding the foregoing, in the event Maker or one of Maker's affiliates either close a franchise governed by the Multi-Unit Agreement or otherwise receive a default notice from Payee regarding a franchise governed by the Multi-Unit Agreement, and such event occurs prior to the commencement of payments under this Note, Brightway shall instead have the option, upon written notice to Maker, to accelerate the payment schedule such that the first payment due hereunder shall be due on the twenty-first (21st) of the month immediately following such closure or default, and the remaining balance shall be due and payable in eighty-four (84) approximately equal monthly installments following such date.

Upon the occurrence of an Event of Default, Payee shall also be entitled to set off any amounts Maker owes to Payee under the terms of this Note against any amounts Payee owes to Maker or its affiliates under the Franchise Agreement (or any other franchise or other agreement between Payee and Maker or its affiliates).

Nothing contained herein shall be construed or so operate as to require Maker, or any person liable for the payment of the loan made pursuant to this Note, to pay interest in an amount or at a rate greater than the highest rate permissible under applicable law. Should any interest or other charges paid by

Maker, or any party liable for the payment of the loan made pursuant to this Note, result in the computation or earning of interest in excess of the highest rate permissible under applicable law, then any and all such excess shall be and the same is hereby waived by Payee, it being the intent of the parties hereto that under no circumstances shall Maker or any party liable for the payment of the loan hereunder be required to pay interest in excess of the highest rate permissible under applicable law.

No act of omission or commission of Payee, including specifically any failure to exercise any right, remedy or recourse, shall be a waiver of any right, remedy or recourse unless in a writing executed by Payee, and then only to the extent specifically recited therein. A waiver or release with reference to one event shall not be construed as continuing, as a bar to, or as a waiver or release of any subsequent right, remedy or recourse as to any subsequent event.

Time is of the essence in this Note. In the event of any default hereunder, Maker further agrees that Maker shall pay all costs of collection and enforcement of this Note, including all costs, expenses and attorneys' fees for any hearing, trial, retrial, rehearing or appeals.

This Note may not be changed, altered, modified, or terminated orally, but only by an agreement or discharge in writing signed by Payee.

Maker hereby waives presentment, protest and notice of dishonor and further agrees to all extensions and renewals of this Note as Payee may, in its discretion, grant, and does further waive the right to receive any and all other notices as may be required under applicable law.

The persons executing this Note on behalf of entities acknowledge their authority to do so. Maker represents and warrants that no third-party consent is required for delivery or execution of this Note.

Maker's obligations hereunder shall not be assigned by Maker without the consent of Payee. This Note shall bind Maker and its permitted successors and assigns. If this Note is transferred by Payee, a new note of like tenor, date and maturity shall be issued to the transferee upon the surrender hereof for cancellation.

This Note shall be subject to and governed by the laws of the State of Florida, without regard to such state's choice of law provisions. Maker hereby irrevocably consents to the jurisdiction and venue of the courts in Duval County, Florida and of any federal court located in the Middle District of Florida in connection with any action or proceeding arising out of or relating to this Note or a default of this Note.

If any provision of this Note is deemed illegal under any state or federal law, then such provision shall not be considered part of this Note and the remainder of this note shall not be affected.

Maker hereby waives any right to a trial by jury in any civil action arising out of, or based upon, this Note.

In consideration of Payee entering into this Note, Maker, for itself and all persons and entities claiming by, through, or under it, releases, acquires and forever discharges Payee and its present and former officers, employees, shareholders, directors, agents, servants, representatives, affiliates, successors, and assigns (the "Payee Releasees") from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorneys' fees, actions or causes of action whatsoever, whether known or unknown, which Maker, by itself, on behalf of, or in conjunction with any other person,

persons, or entity, have, had or claim to have against the Payee Releasees arising out of or related to the offer or sale of the Multi-Unit Agreement, Franchise Agreement, and the operation of any franchised Brightway Insurance location owned by Maker or its affiliates.

TO SECURE PAYMENT, MAKER IRREVOCABLY AUTHORIZES ANY ATTORNEY OF ANY COURT OF RECORD TO APPEAR FOR MAKER IN SUCH COURT AT ANY TIME AFTER THE PAYMENT DEADLINE AND CONFESS A JUDGMENT WITHOUT PROCESS IN FAVOR OF PAYEE FOR SUCH AMOUNT AS MAY APPEAR TO BE UNPAID, TOGETHER WITH THE COSTS AND REASONABLE ATTORNEYS' FEES AMOUNTING TO THE GREATER OF TWO THOUSAND DOLLARS (\$2,000) OR TEN PERCENT (10%) OF THE UNPAID BALANCE THEN DUE UNDER THIS NOTE. MAKER WAIVES AND RELEASES PAYEE FROM ALL ERRORS IN SUCH PROCEEDINGS, AND CONSENTS TO THE IMMEDIATE EXECUTION UPON ANY SUCH JUDGMENT, AND RATIFIES AND CONFIRMS ALL THAT THE ATTORNEY MAY DO BY VIRTUE OF SUCH JUDGMENT. MAKER WAIVES AND RELEASES, TO THE EXTENT PERMITTED BY LAW, ALL BENEFIT AND RELIEF FROM ANY AND ALL APPRAISEMENT, STAY, OR EXEMPTION LAWS OF ANY STATE, NOW AND IN THE FUTURE ENACTED. PAYEE'S RIGHT TO ENTER JUDGMENT BY CONFESSION SHALL NOT BE EXHAUSTED BY THE ENTRY OF SUCH JUDGMENT, AND PAYEE SHALL HAVE THE RIGHT TO ENTER SUCCESSIVE JUDGMENTS PURSUANT TO THIS NOTE.

I HAVE READ THE ABOVE NOTE AND UNDERSTAND ITS TERMS. I WOULD NOT SIGN THIS NOTE IF I DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.

MAKER:

By: _____

Date: _____

GUARANTY OF PAYMENT AND PERFORMANCE

For value received and intending to be legally bound, the undersigned do each hereby jointly and severally guarantee the payment of the foregoing Promissory Note made by _____ (the "Maker"), for the benefit of Brightway Insurance, Inc., a Florida corporation, dated as of _____ (the "Note"), in the original principal amount of _____ dollars (\$_____) and all extensions or renewals thereof and all sums payable under or by virtue thereof, including, without limitation, all amounts of principal and interest and all expenses (including attorneys' fees and costs) incurred in the collection thereof, the enforcement of rights thereunder and hereof, and further, waives presentment, demand, notice of dishonor, protest and all other notices whatsoever to the fullest extent permitted by law.

This Guaranty shall bind the undersigned and their respective successors, heirs, executors and administrators, irrespective of the lack of any advance notice or consent of the undersigned, for their obligations hereunder. This Guaranty shall be continuing, absolute, unconditional and irrevocable. This Guaranty is a guaranty of prompt payment and performance (and not merely a guaranty of collection). The holder of the Note shall not be obligated to first enforce or resort to any other remedies it may have for the payment of any indebtedness covered by this Guaranty before the undersigned shall become liable hereunder. The undersigned hereby consent and agree that: (i) the undersigned may be sued by the holder of the Note with or without joining the Maker of the Note, and without first or contemporaneously suing the Maker or otherwise seeking or proceeding to collect from the Maker; and (ii) the payment of the Note, or any of the liabilities of the Maker thereof, may be extended or the Note renewed any number of times and for any period without notice.

If any part of this Guaranty shall be adjudged invalid or not enforceable, then such partial invalidity or unenforceability shall not cause the remainder of this Guaranty to be or to become invalid or unenforceable, and if a provision hereof is held invalid or unenforceable in one or more of its applications, the parties hereto agree that said provisions shall remain in effect in all valid or enforceable applications that are severable from the invalid or unenforceable applications.

None of the terms and provisions of this Guaranty shall be waived, altered or amended except by a writing, duly signed by an appropriate representative of the holder of the Note and by the undersigned. The use of the singular herein may also refer to the plural, and vice versa, and the use of the neuter or any gender shall be applicable to any other gender or the neuter. If more than one person has executed this Guaranty, the term "the undersigned," as used herein shall refer to each such person and the liability of each of the undersigned hereunder shall be joint and several and primary.

IN WITNESS WHEREOF, each of the undersigned certifies that he or she has read and understands the foregoing Note and this Guaranty; is capable and empowered to sign this Guaranty; and has hereunder voluntarily executed this Guaranty as of _____.

GUARANTORS:

EXHIBIT J:
OPTION AGREEMENT

BRIGHTWAY INSURANCE, INC.
OPTION AGREEMENT

This **OPTION AGREEMENT** (the "Agreement") is made and entered into this _____ (the "Effective Date"), by and between Brightway Insurance, Inc., a Florida corporation ("Brightway"), _____, a _____ ("AAO"), and _____, individuals ("Guarantors").

BACKGROUND

A. On or about _____, Brightway and AAO's affiliate _____ ("Original AAO") entered into a franchise agreement (the "Original Franchise Agreement"), pursuant to which Original AAO obtained the right and undertook the obligation to operate a franchised Brightway Insurance location (the "Original Brightway Location").

B. Contemporaneously, Guarantors entered into the "Guaranty of AAO's Undertakings" attached as an exhibit to the Original Franchise Agreement (the "Guaranty"), under which they agreed to personally guarantee Original AAO's obligations under the Original Franchise Agreement.

C. Brightway offers qualified associate agency owners the option to open and operate an additional franchised Brightway Insurance location of the same type currently operated by AAO (either a Retail Agency or Office Agency) (the "Additional Brightway Location") in accordance with the terms and conditions of this Agreement. For the purposes of this Agreement, if a Retail Agency operates from a professional office space for more than twelve (12) months or fails to meet Brightway's then-current staffing requirements, the Original Brightway Location shall be deemed a commission-enhanced Office Agency until such time as AAO satisfies these staffing requirements and relocates to a retail office space with Brightway's approval.

D. AAO wishes to obtain an option to establish and operate the Additional Brightway Location pursuant to the terms and conditions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises, commitments and understandings contained herein, the parties agree as follows:

1. **Grant of Option; Option Period.** Brightway hereby grants AAO the option (the "Option") to establish and operate the Additional Brightway Location in accordance with the terms and conditions of this Agreement. There is no fee associated with the Option, and no Initial Fee will be imposed under the franchise agreement governing the Additional Brightway Location. AAO's Option to establish the Additional Brightway Location must be exercised on or before the expiration of the initial five (5) year term of the Original Franchise Agreement (the "Option Period"). AAO's Option shall automatically expire upon the earlier of the end of the Option Period or the termination of the Original Franchise Agreement.

2. **Exercise of Option.** In order to exercise the Option for the Additional Brightway Location, AAO must satisfy all of the following conditions:

- (a) Original AAO must not have received a Notice of Default from the Brightway with respect to the Original Brightway Location;
- (b) AAO must execute Brightway's then-current form of franchise agreement to govern the operation of the Additional Brightway Location for a five (5) year term, and Guarantors must execute the form of personal guaranty attached as an exhibit to such franchise agreement; and
- (c) Original AAO must execute Brightway's then-current form of franchise agreement to govern the operation of the Original Brightway Location for a five (5) year term, and Guarantors must execute the form of personal guaranty attached as an exhibit to such franchise agreement.

3. **Release by AAO and Guarantors.** AAO and Guarantors, for themselves and all persons and entities claiming by, through, or under them, release, acquit and forever discharge Brightway and its present and former officers, employees, shareholders, directors, agents, servants, representatives, affiliates, successors, and assigns (the "Brightway Releasees") from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorneys' fees, actions or causes of action whatsoever, whether known or unknown, which they, by themselves, on behalf of, or in conjunction with any other person, persons or entity have, had or claim to have against the Brightway Releasees, including but not limited to those arising out of or related to the offer or sale of the Original Brightway Location, the parties' rights or obligations under the Original Franchise Agreement or Guaranty, or and any and all rights, obligations or claims under any state franchise regulations or franchise relationship laws. AAO and Guarantors warrant and represent that they have not assigned or otherwise transferred any claim or cause of action released by this Agreement.

4. **Transfer.** The Option granted hereunder is personal to AAO and AAO may not sell, transfer, assign or encumber this Agreement without Brightway's prior written consent. Any sale, transfer, assignment or encumbrance of this Agreement made without Brightway's prior written consent shall be voidable at Brightway's option and will result in the immediate termination of this Agreement.

5. **Severability.** In case any covenant, condition, term or provision contained in this Agreement shall be held to be invalid, illegal, or unenforceable in any respect, in whole or in part, by judgment, order or decree of any court or other judicial tribunal of competent jurisdiction, the validity of the remaining covenants, conditions, terms and provisions contained in this Agreement, and the validity of the remaining part of any term or provision held to be partially invalid, illegal or unenforceable, shall in no way be affected, prejudiced, or disturbed thereby.

6. **Entire Agreement.** This Agreement constitutes the entire agreement of the parties hereto with respect to the subject matter of this Agreement, and supersedes any and all previous agreements between the parties, whether written or oral, with respect to such subject matter. In the event of a conflict between the terms of the Franchise Agreement or Guaranty and the terms of this Agreement, the terms of this Agreement will control.

7. **Waiver.** No waiver or modification of this Agreement or of any covenant, condition or limitation herein contained shall be valid unless in writing and duly executed by the party to be charged therewith. Furthermore, no evidence of any waiver or modification shall be offered or received in

evidence in any proceeding between the parties arising out of or affecting this Agreement, or the rights or obligations of any party hereunder, unless such waiver or modification is in writing and duly executed as aforesaid.

8. **Choice of Law; Venue.** This Agreement shall be construed and regulated under and by the laws of the State of Florida, without reference to Florida's conflict-of-laws principles. Venue for any action related to or arising out of this Agreement shall be in the state or federal court nearest to Duval County, Florida.

9. **Attorneys' Fees.** In the event any litigation or controversy arises out of or in connection with this Agreement between the parties hereto, the prevailing party shall be entitled to recover from the other party or parties all reasonable attorneys' and paralegals' fees, expenses and suit costs, including those associated with any appellate or post-judgment collection proceedings.

10. **Further Assurances.** Each of the parties hereto agree that they shall sign such additional and supplemental documents as may be necessary to implement the transactions contemplated pursuant to this Agreement when requested to do so by any party to this Agreement.

11. **Multiple Copies or Counterparts of Agreement; E-Signature.** The original and one or more copies of this Agreement may be executed by one or more of the parties hereto. In such event, all of such executed copies shall have the same force and effect as the executed original and all of such counterparts taken together shall have the effect of a fully executed original. An electronically-signed copy of this Agreement delivered by email or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed and delivered this Agreement the date and year first written above.

BRIGHTWAY:

By: _____
Michael Miller, President & CEO

AAO:

By: _____

GUARANTORS:

EXHIBIT K:
FRANCHISEE DISCLOSURE QUESTIONNAIRE

FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you know, Brightway Insurance, Inc. ("we," "us" or "our") and you are preparing to enter into a Franchise Agreement relating to the operation of one or more Brightway Locations.

The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Do not sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document. Rather, you must sign and date it the same day you sign the Franchise Agreement and pay your franchise fee to us.

Please review each of the following questions carefully and provide honest responses to each question. If you answer "No" to any of the questions below please, explain your answer where indicated below.

Yes__ No__ 1. Have you received and personally reviewed the Franchise Agreement and each exhibit and schedule attached to such agreement(s)?

Yes__ No__ 2. Have you received and personally reviewed the Franchise Disclosure Document ("Disclosure Document") we provided to you?

Did you receive the Disclosure Document at least 14 calendar days prior to the date you executed the Franchise Agreement or paid any consideration to us?
Yes__ No__

Yes__ No__ 3. Did you sign a receipt for the Disclosure Document indicating the date you received it, and return such receipt to us?

Yes__ No__ 4. Do you understand all the information contained in the Disclosure Document and the Franchise Agreement?

Yes__ No__ 5. Have you reviewed the Disclosure Document and the Franchise Agreement with a lawyer, accountant or other professional advisor?

If not, do you wish to have more time to do so? Yes__ No__

Yes__ No__ 6. Have you discussed the benefits and risks of developing and operating a Brightway Insurance franchise with an existing Brightway Insurance franchisee?

If not, do you wish to have more time to do so? Yes__ No__

Yes__ No__ 7. Do you understand the risks of developing and operating a Brightway Insurance franchise?

- Yes__ No__ 8. Do you understand that the success or failure of your franchise will depend in large part upon your skills, abilities and efforts and those of the persons you employ, as well as many factors beyond your control such as competition, the economy, inflation, labor and supply costs, lease terms and the marketplace?
- Yes__ No__ 9. Do you understand we have granted you no territorial protection against us locating another Brightway Location near your Brightway Location, as stated in your Franchise Agreement?
- Yes__ No__ 10. Do you understand that most disputes or claims you may have arising out of or relating to the Franchise Agreement must be mediated or litigated in the courts closest to our principal executive office?
- Yes__ No__ 11. Do you understand that you must successfully complete our initial training course before we will allow your Brightway Location to open for business?
- Yes__ No__ 12. Do you confirm that no employee or other person speaking on our behalf has made any statement or promise to you regarding the costs involved in operating a Brightway Location that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?
- Yes__ No__ 13. Do you confirm that no employee or other person speaking on our behalf has made any statement or promise or agreement concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Disclosure Document?
- Yes__ No__ 14. Do you confirm that no employee or other person speaking on our behalf has made any statement or promise to you regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Brightway Location will generate, that is not contained in the Disclosure Document or that is contrary to, or different from the information contained in the Disclosure Document?
- Yes__ No__ 15. Do you understand that the Franchise Agreement contains the entire agreement between us and you concerning the Brightway Location, which means that any prior oral or written statements not set out in the Franchise Agreement will not be binding?

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM.
BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH
QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

EXPLANATION OF ANY NEGATIVE RESPONSES [REFER TO QUESTION NUMBER AND USE ADDITIONAL PAPER IF NECESSARY]:

Dated: _____

AAO:

By: _____

EXHIBIT L:

AFFIDAVIT REGARDING EXISTING CONTRACTUAL OBLIGATIONS

BRIGHTWAY INSURANCE, INC.
AFFIDAVIT REGARDING EXISTING CONTRACTUAL OBLIGATIONS

During the franchise sales process, I, _____, disclosed to an employee or representative of Brightway Insurance, Inc. ("Brightway") that I had previously worked in the insurance industry. Accordingly, in order to ensure that Brightway does not unknowingly facilitate a breach of an existing contractual obligation, I hereby swear and affirm, to the best of my knowledge, that my execution of a Franchise Agreement with Brightway and my operation of a Brightway Location will not and shall not violate the terms of any contractual, legal or other obligations with any third party; including, without limitation, any contractual obligations related to non-competition, non-solicitation, or carrier appointments.

Print Name: _____

Date: _____

EXHIBIT M:
STATE EFFECTIVE DATES PAGE

BRIGHTWAY INSURANCE, INC.

STATE EFFECTIVE DATES – 2020

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, Texas, Virginia, Washington, and Wisconsin.

This Franchise Disclosure Document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

CALIFORNIA	PENDING REGISTRATION
FLORIDA	MARCH 31, 2020
HAWAII	NOT REGISTERED
ILLINOIS	PENDING REGISTRATION
INDIANA	PENDING REGISTRATION
MARYLAND	PENDING REGISTRATION
MICHIGAN	FEBRUARY 1, 2020
MINNESOTA	PENDING REGISTRATION
NEW YORK	PENDING REGISTRATION
NORTH DAKOTA	NOT REGISTERED
RHODE ISLAND	PENDING REGISTRATION
SOUTH DAKOTA	NOT REGISTERED
UTAH	APRIL 2, 2020
VIRGINIA	PENDING REGISTRATION
WASHINGTON	PENDING REGISTRATION
WISCONSIN	PENDING REGISTRATION

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 N:

RECEIPTS

RECEIPTS (OUR COPY)

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully. If Brightway Insurance, Inc. 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 and Rhode Island require that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.

If Brightway Insurance, Inc. 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state administrator identified in Exhibit H of this Disclosure Document. A list of the franchisor's agents registered to receive service of process is also included in Exhibit H to this Disclosure Document. I have received a Disclosure Document with an Issuance Date of April 15, 2020 (as amended June 18, 2020). This FDD included the following Exhibits:

- Exhibit A. Financial Statements
- Exhibit B. Franchise Agreement
- Exhibit C. Sample Termination and Release Agreement
- Exhibit D. Tables of Contents of Confidential Operating Manual
- Exhibit E. List of Brightway Locations and Brightway Locations that Left the System
- Exhibit F. National Account Participation Agreement
- Exhibit G. State Specific Addenda
- Exhibit H. List of State Administrators and Agents for Service of Process
- Exhibit I. Multi-Unit Program Agreement
- Exhibit J. Option Agreement
- Exhibit K. Franchisee Disclosure Questionnaire
- Exhibit L. Affidavit Regarding Existing Contractual Obligations
- Exhibit M. State Effective Dates Page
- Exhibit N. Receipts

A list of the names, principal business addresses, and telephone numbers of each franchise seller offering this franchise is as follows:

James Cundiff, 3733 University Boulevard West, Ste. 100, Jacksonville, FL 32217, (904) 764-9554

Matt Flagler, 3733 University Boulevard West, Ste. 100, Jacksonville, FL 32217, (904) 764-9554

Chip Hyers, 3733 University Boulevard West, Ste. 100, Jacksonville, FL 32217, (904) 764-9554

Natalie Gagnon, 3733 University Boulevard West, Ste. 100, Jacksonville, FL 32217, (904) 764-9554

LeAnne Martinez, 3733 University Boulevard West, Ste. 100, Jacksonville, FL 32217, (904) 764-9554

Name of Prospective Franchisee, individually & as an officer of _____.

Date: _____

Signature of Prospective Franchisee

Date, sign and return this Original Receipt to: Brightway Insurance, Inc. 3733 University Boulevard West, Suite 100, Jacksonville, Florida 32217; compliance@brightway.com.

RECEIPTS (YOUR COPY)

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully. If Brightway Insurance, Inc. 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 and Rhode Island require that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.

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Name of Prospective Franchisee, individually & as an officer of _____.

Signature of Prospective Franchisee

Date: _____

Keep this copy of the receipt for your records.