

FRANCHISE DISCLOSURE DOCUMENT



**All Nevada Insurance, Inc.,  
doing business as ANI and All Nevada Insurance**  
9440 W. Sahara Avenue, Suite 210  
Las Vegas, NV 89117 Phone: (702) 873-4889  
[www.anifranchise.com](http://www.anifranchise.com); [www.aniinc.us](http://www.aniinc.us)

As a franchisee, you will operate a business selling all types and lines of insurance under the name ANI®, on a brokerage basis through All Nevada Insurance, Inc., under certain standards of operation.

The total investment necessary to begin operation of an ANI Office is between \$58,800 and \$144,800. This includes \$25,000 that must be paid to the franchisor.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Charmaine Hornick, All Nevada Insurance, Inc., 9440 W. Sahara Avenue #210, Las Vegas, Nevada 89117, Phone: (702) 873-4889, or at [CharH@aniinc.us](mailto:CharH@aniinc.us).

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at [www.ftc.gov](http://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 26, 2023

## How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
<b>How much can I earn?</b>	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 3.
<b>How much will I need to invest?</b>	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.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit 2 includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only ANI® business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be an ANI® franchisee?</b>	Item 20 or Exhibit 3 lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

## **What You Need To Know About Franchising *Generally***

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

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

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

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

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

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

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

## **Some States Require Registration**

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

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

## Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Nevada. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Nevada than in your own state.
2. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

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

## MICHIGAN-SPECIFIC NOTICE

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

- (a) A prohibition of the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than thirty (30) days, to cure each 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 your Office are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than five (5) years; and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (6) months notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside of Michigan. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
  - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualification or standards.
  - (ii) The fact that the proposed transferee is a competitor of the franchisor or sub-franchisor.
  - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

- (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in the subdivision.
- (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.
- (j) If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

Note: Despite subparagraph (f) above, we intend, and we and you agree to fully enforce the arbitration provisions of the Franchise Agreement. We believe that paragraph (f) is unconstitutional and cannot preclude us from enforcing these arbitration provisions. You acknowledge that we will seek to enforce this section as written.

The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

Any questions regarding this notice should be directed to the Attorney General's Department for the State of Michigan, Consumer Protection Division, Franchise Section, 670 Law Building, 525 W. Ottawa Street, Lansing, Michigan 48913, (517) 373-7117.

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

To simplify the language in this disclosure document, “we”, “us,” or “our” means All Nevada Insurance, Inc., the franchisor. “You” or “your” means the person to whom we grant a franchise, whether you are an individual or a corporation, partnership, limited liability company or other legal entity, and includes all owners and partners of the person who buys the franchise.

**The Franchisor, its Parent, and its Affiliates**

We are a Nevada corporation that was incorporated on October 31, 2002. Our principal business address is 9440 W. Sahara Avenue, Suite 210, Las Vegas, NV 89117. We operate under the name “ANI,” “ALL NEVADA INSURANCE,” and other trademarks we designate (the “Marks”). We operate an All Nevada Insurance Office, at 9440 W. Sahara Avenue, Suite 210, Las Vegas, NV 89117. Prior to March 1, 2011, that office was located at 4001 S. Decatur Blvd., Las Vegas, NV 89103. We have operated that business since October 2002.

We do not do business or intend to do business under any other names. We began offering franchises under the ALL NEVADA INSURANCE® mark in March 2009 and under the ANI® mark in November 2017. All franchisees operate or will operate under the ANI® mark. Franchisees operating in the state of Nevada may also identify their office using the ALL NEVADA INSURANCE mark. We have never offered franchises under any other line of business. We do not have any predecessors or affiliates. We do not have a parent company.

**The Franchise**

We offer franchises for businesses that will market and sell all lines of insurance that we offer, for example, personal automobile, home, and recreational vehicle insurance, as well as commercial, life and health insurance products. These franchises will operate under the ANI name and other Marks (“ANI Offices”). ANI Offices are operated under a business format and system that includes our valuable know-how, information, trade secrets, training methods, Brand Standards Manual, standards, designs, methods of trademark usage, copyrights, sources and specifications, confidential electronic and other communications, methods of Internet usage, marketing programs, and research and development connected with the operation and promotion of ANI Offices, all of which may be changed, improved, and further developed by us from time to time (the “System”).

Each ANI Office will typically be conducted through a retail or office location that has easy access to highways or major thoroughfares and adequate parking.

You must operate your ANI Office (the “Office”) following our standard business operating practices and sign our standard franchise agreement (“Franchise Agreement”). Your Franchised Business must offer the services and products we authorize and require you to offer. We reserve the right to add, modify, or delete any services or products that you must offer or sell at your Franchised Business at any time upon written notice to you in our sole discretion. You must also obtain all necessary permits, licenses and approvals to operate your Franchised Business.

**Market and Competition**

The market for our products and services generally is highly competitive and well-developed. You will have to compete with franchised operations and insurance brokers. While there are very few brokers who

sell for as many different companies as our Offices do, there are many competitors who sell insurance for a single company (such as American Family, American Automobile Association, and others). You may also encounter competition from other ANI Offices.

#### Applicable Laws

The offering of insurance is regulated by each state and you and all your employees and agents who are required to be licensed must be licensed by your state's Department of Insurance (or similarly-named entity) to sell insurance policies in your state. In the State of Nevada, for you to discuss insurance coverage issues, you must have an active Property & Casualty license and a Life, Accident and Health license to discuss (e.g., quote insurance rates and offer advice and suggestions for additions to existing policies) those types of policies. Your state may have similar laws (including laws that you must obtain and maintain a license to sell insurance policies) or other laws applying to the operation of insurance agencies. Once you are licensed, you must comply with and follow all applicable all laws and regulations relating to insurance licensing to maintain your license. Your license must remain in good standing throughout the term of your Franchise Agreement. You must also file all notices that your state may require as notice that you are acting as our agent in the operation of your ANI Office. Some jurisdictions have passed laws that require businesses to pay their employees a higher minimum wage than what is required under federal law, which laws may disproportionately affect franchised businesses.

You must investigate and comply with all applicable laws and regulations.

#### Agents for Service of Process

Our agent for service of process in Nevada is:

Matthew J. Kreutzer, Esq.  
Howard & Howard Attorneys PLLC  
3800 Howard Hughes Parkway, Suite 1000  
Las Vegas, NV 89169

Or any other address listed on the Nevada Secretary of State website for All Nevada Insurance, Inc. ([www.sos.state.nv.us](http://www.sos.state.nv.us))

## **ITEM 2** **BUSINESS EXPERIENCE**

#### President: Edmund Williams

Edmund Williams, who is based in our office in Las Vegas, Nevada, currently holds and has held this position since our inception on October 1, 2002.

#### President: Vincent Mannino II

Vincent Mannino II, who is based in our office in Las Vegas, Nevada currently holds and has held this position since March 2010.

#### Vice President of Franchise Operations: Charmaine Hornick

Ms. Hornick has held this position since December 2022. Between August 2015 and December 2022, Ms. Hornick was our Director of Franchise Operations.

### **ITEM 3** **LITIGATION**

No litigation is required to be disclosed in this Item.

### **ITEM 4** **BANKRUPTCY**

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

### **ITEM 5** **INITIAL FEES**

#### Initial Franchise Fee

You must pay us an initial franchise fee in a lump sum when you sign the Franchise Agreement. Our standard initial franchise fee is currently \$25,000. The initial franchise fee is fully earned by us when you sign the Franchise Agreement and is not refundable under any circumstances.

#### Email and Social Media Fee

We will provide you with up to three (3) email addresses at our aniinc.us domain at a basic service level, subject to your compliance with the Manual. If you want additional services or options with your email, you will have to reimburse us for our costs for those add-on services. Similarly, if you want to take advantage of our relationships with social media platforms, we will bill you for our costs incurred in connection with those services at a “pass through” rate and deduct them from your Commission payment. These fees are not refundable.

These fees are uniform to all new franchisees under this offering.

### **ITEM 6** **OTHER FEES<sup>1</sup>**

Type of Fee	Amount	Due Date	Remarks
Royalty <sup>2</sup>	<u>If you are a new franchisee:</u> 10% of Commissions received for first 12 months; 15% of Commissions received for months 13 through 24; 20% of Commissions after month 24.  <u>If you are a renewing franchisee:</u> 20% of Commissions.	Payable monthly on the 5th business day of the following month, unless you have not completed your compliance audit. <sup>4</sup>	Commissions include all sales commissions from insurance policies written. We deduct your Royalty payment from the Commissions we receive on your behalf each month. <sup>5</sup>

Type of Fee	Amount	Due Date	Remarks
	All franchisees are eligible for a discounted royalty based on Commissions. <sup>3</sup>		
Costs of enforcement and attorney's fees <sup>6</sup>	Will vary under circumstances	We will deduct these amounts from Commissions on the 5 <sup>th</sup> business day of the following month	Due when you do not comply with the Franchise Agreement
Non-Compliance Fee	\$500 per occurrence	We will deduct these amounts from Commissions on the 5 <sup>th</sup> business day of the following month	Due when you do not comply with our System Standards, Brand Standards Manual, or operational policies and we send you a notice of default with an opportunity to cure your default(s).
Errors & Omissions Insurance Premium	The increase in our monthly Errors & Omissions Policy Premium due to your claim <sup>7</sup>	We will deduct these amounts from Commissions on the 5 <sup>th</sup> business day of the following month	On a monthly basis, we may deduct the amount of increase in our premium due to your claims from your Commissions that we collect on your behalf.
Errors & Omissions Insurance Deductible	The amount of any deductible for a claim that you submit	Upon receipt of billing from our errors and omissions insurance carrier	Payable only if you submit a claim under the errors and omissions insurance coverage that we carry for the System and our premium increases as a result. If the carrier bills us for this amount, you will be required to pay the deductible. We have the right to apply any Commissions that we collect on your behalf to the amount of the deductible if you do not pay it directly.
Cyber Liability Insurance Premium	The increase in our monthly Cyber Liability Policy Premium <sup>7</sup>	We will deduct these amounts from Commissions on the 5 <sup>th</sup> business day of the following month	On a monthly basis, we will deduct the amount of increase in our premium due to your joining ANI from your Commissions that we collect on your behalf.
Transfer Fee	\$5,000	Date that we approve transfer.	This fee is applicable only if you choose to transfer your Franchise Agreement. Our consent is required for any transfer.
Partial Interest Transfer Fee	\$3,000	Date that we approve transfer.	This fee is applicable only if you choose to transfer a partial interest in your Franchise Agreement. Our consent is required for any transfer.
Indemnification	Will vary under circumstances	As incurred	You must indemnify and hold us harmless as well as our affiliates, officers, directors, employees, agents and any directors, officers, employees, partners, agents, counsel, professional advisors or other authorized persons from all claims, demands, losses,

Type of Fee	Amount	Due Date	Remarks
			liabilities, actions, lawsuits and other proceedings, judgments and awards, and costs and expenses (including reasonable legal fees), arising directly or indirectly of or growing out of, or otherwise connected with your operation of the Office or the Franchise Agreement, including our payment of fines or assessments on your behalf.
Additional Rating System and Management System User Fee	Varies on the number of users; average additional user cost is \$200.	We will deduct these amounts from Commissions on the 5th business day of the following month	We provide you with the use of three retention management systems. You will pay this fee only if you need additional users to access the Rating System and Management System.
Additional Email Addresses and Services Fee	Our cost of these services.	We will deduct these amounts from Commissions on the 5th business day of the following month	Payable only if you wish to have more than three e-mail addresses at our domain, or if you wish to upgrade your service level.
Social Media Services	Our cost of these services.	We will deduct these amounts from Commissions on the 5th business day of the following month	If you wish to use our social media vendor to promote your business on social media sites, you must reimburse us our incremental costs incurred in adding you to our social media vendor accounts.
Rights Transfer Payment	Amount for which we decide to sell our rights under your Agreement, to the System and Marks	Date that you and we agree to close on the purchase	You will pay this only if we offer to sell to you, and you decide to buy, our rights to the System, the Marks, and your Franchise Agreement. See Note 8.

<sup>1</sup> All fees paid to us are uniform and non-refundable under any circumstances once paid. Fees paid to vendors or other suppliers may or may not be refundable depending on the vendors and suppliers. All fees listed in this Item 6 are uniformly imposed by us as to all franchisees.

All fees or money that you owe to us or our affiliates must be paid by electronic transfer no later than on the date they are due.

<sup>2</sup> Under the Franchise Agreement, you are authorized to sell policies for approved companies issuing, brokering, selling, or servicing authorized products or services and which have a contract with us (“Companies”). We will serve as the clearinghouse for all payments made by any Companies for sales that you make. Payments by Companies generally will be made payable to us, noted as commission for sales made by you, the producer. Occasionally, a Company will send payments that are made payable to us directly to you (as the producer) instead of to us. You are required to send all such payments to us directly. It is a breach of your Franchise Agreement for you to attempt to deposit or cash payments you receive from Companies that are payable, or should have been paid, to us.

On the 5th business day of each month (or at other times we specify in our Brand Standards Manual) (the “Commissions Payment Date”), we will remit to you a statement of Commissions that we collected on your behalf from your sales of policies for Companies during the prior month. We will deduct from these

Commissions: (a) your required monthly Royalty payment; (b) any amounts that we paid to you that were later refunded to Companies by All Nevada or to customers by any Company; (c) your pro rata share of our monthly errors and omissions insurance policy; (d) monies for any supplies or services provided by us to you if you and we previously agreed to such payment; and (e) any other amounts that you owe to us. If, after making the deductions from your Commissions as set forth above, we owe you payment for the remaining amount of commissions due to you but we fail without reasonable justification to make such payment to you on or before the 5th business day of any particular month, as a penalty to us, you will not owe us any Royalty for that month only.

<sup>3</sup> If you own a single ANI franchise, you may obtain the following Royalty discounts based on that single location's Commissions:

- For your Commissions during a calendar year that have exceeded three hundred thousand dollars (\$300,000) in gross, your Royalty will be fifteen percent (15%) of the Commission, beginning on the day your Commission exceeds that dollar amount until and through the last day of the calendar year.
- For your Commissions during a calendar year that have exceeded five hundred thousand dollars (\$500,000) in gross, your Royalty will be ten percent (10%) of the Commission, beginning on the day your Commission exceeds that dollar amount until and through the last day of the calendar year.

To be eligible for the discount, a single person must not be an owner of both you and an equity interest in another franchisee.

In the event that you own and operate more than one ANI franchises, you may obtain the following Royalty discounts based on the combined Commissions of the ANI franchises you own:

- For your combined Commissions during a calendar year that have exceeded four hundred fifty thousand dollars (\$450,000) in gross, the Royalty will be fifteen percent (15%) of the Commission, beginning on the day your combined Commissions exceed that dollar amount until and through the last day of the calendar year.
- For your combined Commissions during a calendar year that have exceeded seven hundred fifty thousand dollars (\$750,000) in gross, the Royalty will be ten percent (10%) of the Commission, beginning on the day your combined Commissions exceed that dollar amount until and through the last day of the calendar year.

To be eligible for the multi-franchise discount, a single person must own more than fifty percent (50%) of every ANI franchise considered in the total.

<sup>4</sup> On the first business day of a month, we will give you a compliance audit to complete. You will have until the fifteenth day of each month to complete and return the compliance audit to us, and we will have fifteen calendar days to review your compliance audit for completeness. We will communicate with you regarding any items on your compliance audit that you have failed to complete, and you will have the chance to correct them. If any items in your compliance audit remain incomplete by the last day of the month, your Commissions for that month will be delayed for approximately one (1) month, until the Commissions Payment Date for the following month.

<sup>5</sup> "Commissions" means all revenue accrued from the sale of all Approved Products and Services in, at, upon, about, through or from the Office, and income of every kind and nature related to the Office; provided,

however, that Commissions will not include revenues from any sales taxes or other add-on taxes collected from customers by Franchisee for transmittal to the appropriate taxing authority, and shall not include income from any specific product when the State, City or County that your franchise is located in specifically forbids such practice, and only then.

<sup>6</sup> If we prevail in any action against you to secure or protect our rights under the Franchise Agreement, or to enforce the terms of the Franchise Agreement, we will be entitled to recover from you all our expenses from your default or termination, including reasonable attorneys' and experts' fees and the future royalties that we anticipate losing because of the early termination of your Franchise Agreement. In addition, if we become a party to any action or proceeding concerning the Franchise Agreement, or any agreement between us and you, or your Office, as a result of any claimed or actual act, error or omission of you or your Office, then you will be liable for our reasonable attorneys' fees incurred by us in the action or proceeding. If we hire a collection agency or an attorney to collect from you money that is past due, we are entitled to reimbursement from you for all costs and expenses that we incur in doing so, including reasonable attorneys' fees.

<sup>7</sup> As a franchisee, you will be required to participate in our errors and omissions insurance policy. Your errors and omissions coverage will be held under our master policy for the System. You will be required to pay us for any increase in our premiums due to a claim being submitted by you. The errors and omissions policy will cover you only so long as, and to the extent that, you are our franchisee and a member of the System. If you choose to undertake any actions that are prohibited by, or not explicitly provided for, under the Franchise Agreement, you will not be covered by our errors and omissions policy for those actions.

<sup>8</sup> If we want to sell our rights in the System, the Marks, and your Franchise Agreement (the "System Rights") to a third party, before we agree to accept any payment from a third party we will first offer you and all of our other franchisees the opportunity to purchase the System Rights for the price we determine. Specifically, we will inform you and all of our other franchisees of our interest in making a sale of the System Rights, including the price at which we are willing to sell the System Rights (the "Rights Transfer Notice").

If you wish to accept our offer to sell you the System Rights, you must comply with the offer requirements stated in the Rights Transfer Notice and provide us notice of your intent to accept our offer within the time window designated in the Rights Transfer Notice. We will accept the first-in-time complete offer we receive from any franchisee that complies with our guidelines for making a valid offer. If neither you nor any of our other franchisees make a valid offer to purchase the System Rights within the designated window of time, you and their right to purchase the System Rights will expire, and we will have the right to sell the System Rights to any party of our choosing for the consideration stated in the Rights Transfer Notice.

## ITEM 7 ESTIMATED INITIAL INVESTMENT

### YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee	\$25,000	Lump Sum	Upon signing of the Franchise Agreement	Us
Office Furniture (Note 1)	\$0 to \$7,500	As Incurred	As Agreed	Outside Suppliers
Furnishings and Fixtures	\$500 to \$1,500	As Incurred	As Agreed	Outside Suppliers

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Communications and computer equipment and software (Note 1)	\$0 to \$7,000	As Incurred	As Agreed	Outside Suppliers
Banking Equipment	\$0 to \$800	As Incurred	As Agreed	Outside Suppliers
Utility and Internet Service Deposits	\$600 to \$1000	Lump Sum	Before Opening	Outside Suppliers
Signage (Note 2)	\$3,600 to \$7,500	As Incurred	As Agreed	Approved Outside Suppliers
Grand Opening Advertising and marketing materials (Note 3)	\$0 to \$3,500	As Incurred	As Agreed	Approved Outside Suppliers
Email and Social Media Platforms (Note 4)	\$0 to \$500	As Incurred	As Agreed	Us
Training (Note 5)	\$0 to \$4,000	As Incurred	As Agreed	Outside Suppliers
Real Estate (Note 6)	\$6,000 to \$30,000 (first 6 months)	As Incurred	As Agreed	Landlord
Real Estate Deposit and Improvements (Note 7)	\$5,000 to \$20,000	As Incurred	As Agreed	Landlord, Outside Suppliers
Professional Fees	\$0 to \$4,000	As Incurred	As Agreed	Outside Suppliers
Business Licenses	\$100 to \$1,500	As Required	When Due	State or municipality
Insurance (Note 8)	\$0 to \$1,000	As Incurred	When Payable	Us and Approved Outside Suppliers
Additional Funds (First 6 Months) (Note 9)	\$18,000 to \$30,000	As Incurred	As Agreed	Outside Suppliers and Employees
<b>TOTAL ESTIMATED INITIAL INVESTMENT (NOTE 10)</b>	<b>\$58,800 to \$144,800</b>			

(Please see Notes below, which are an integral part of this Item)

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your Franchised Business. Neither we, nor any of our affiliates, offer direct or indirect financing for any part of the initial investment.

The factors underlying our estimates may vary depending on a number of variables, and the actual investment you make in developing and opening your Office may be greater or less than the estimates given depending upon the location of your franchise, and current relevant market conditions. We do not know whether any of the money you pay to third parties will be refundable. The Initial Fee you pay us is not refundable. In compiling this chart, we relied on our experience as the owner and operator of an ANI Office similar to the franchise being offered to you.

<sup>1</sup> Furnishings, Fixtures, and Equipment; Communications Equipment and Computer Hardware and Software. If this is not a renewal or successor franchise with All Nevada, we will provide you with a start-up package of items for you to use in operating your Office. This package will consist of desks, chairs, computers and monitors, and software. You may want or need to purchase more than what we provide to you in the start-up package for your Office. The high range assumes that you want or need to purchase additional items.

<sup>2</sup> Signage. You must purchase an LED-lit exterior and interior signage from our approved vendor and, depending on the local ordinances and lease provisions, vinyl advertising. You must also purchase and obtain your landlord's consent to display a pylon sign bearing the Marks. The pylon sign must be installed within 30 days of opening your ANI Office. Interior and exterior signs and decals must be installed within 6 months of opening.

<sup>3</sup> Grand Opening Advertising. We strongly recommend (but do not require) that you conduct a grand opening advertising program to promote the opening of your Office. If you choose to conduct a grand opening advertising program, we will provide you with invitations and cover reasonable food and beverage for a reception on your opening day. We will also provide you with two company shirts and business cards. If you wish to conduct grand opening advertising beyond that which we provide for you, you will be solely responsible for the cost.

<sup>4</sup> Email and Social Media. We will provide you with three (3) email addresses at our aniinc.us domain at a basic service level. If you want additional services or options with your email, you will have to reimburse us for our costs for those add-on services. Similarly, if you want to take advantage of our relationships with social media platforms, we will bill you for our costs incurred in connection with those services at a "pass through" rate and deduct them from your Commission payment.

<sup>5</sup> Training. Your costs of transportation, lodging and food (for you and your employees that you bring to training) will depend on the distance you must travel, type of accommodations, the number of employees attending the training, and their wages. The low end of this estimate assumes you are located in Las Vegas, Nevada.

<sup>6</sup> Real Estate. There is no requirement to purchase real estate in connection with ownership of your Office (you are permitted to lease space). Suitable space, as approved by us, will normally be rented. A typical location will have between 750 and 2500 square feet of space once the Office is up and running. The monthly amount that you spend on the Office space will depend upon its location and the size and condition of the leased premises. These payments may vary substantially from location to location.

These estimated real estate costs are based on anticipated monthly lease payments. These amounts do not reflect costs for the purchase of real estate of for your Office, which would result in a significantly greater initial investment.

<sup>7</sup> Real Estate Improvements. Your Office should have both a location and an appearance that are consistent with the needs of the Office. The location must be accessible to older and disabled individuals, consistent with the Americans with Disabilities Act (ADA) and any local requirements. In all cases, the location of your Office must be accepted by us in writing, and all planned construction or improvements to the Office must be approved in writing before you begin. Costs for space improvements will vary, depending on location and condition. This amount will depend upon the size of the Office, the condition of the premises, landlord construction allowances, the cost of hiring any necessary subcontractors, and costs of materials. You should try to find an Office location that does not require you to spend money on leasehold improvements if that is at all possible. This amount also may include the purchase of heating, ventilating, and/or air conditioning systems for the Office. Depending on the specific improvements you choose to make, this amount may be higher.

<sup>8</sup> Insurance. We will endorse our errors and omissions insurance policy to provide that coverage for you and for the book of business that you bring with your Existing Business, which will not cost you anything additional unless you submit a claim and our premium increases as a result of your claim. If you wish to

have additional coverage beyond the coverage that we provide to you under our policy, you can do so but we do not include the additional cost in this Item 7 estimate.

<sup>9</sup> Additional Funds. Additional funds is an estimate of the funds needed to cover pre- and post-opening expenses including lodging, meals and travel expenses for at least one person attending our training program, initial employee wages, uniforms, accounting fees, legal fees, permit costs, sales taxes, and dues (including dues for belonging to such entities as Better Business Bureau, and Chamber of Commerce; you may choose to affiliate with other trade associations as you desire), as well as additional operating capital for other variable costs (e.g., electricity, telephone, heat, Internet service, Internet setup, etc.), paper, cleaning, and other supplies. Additional funds are also an estimate of the monies you will need on hand during the initial phase of Business operations.

<sup>10</sup> Figures May Vary. This Item 7 includes our estimates of your initial startup expenses and funds for additional inventory and additional funds for the operation of the Office during your initial period of operations. Specifically, this Item 7 is based on our expectation of your expenses and costs during an initial period of operations that is six months after you open. These expenses include payroll costs. These figures are estimates and we cannot guarantee that you will not have additional expenses starting the Office. Your costs will depend on factors such as: how closely you follow our methods and procedures; your skill, experience and business acumen; economic conditions; market demand; the prevailing wage rate; competition; and the sales level reached during the initial period. We assume that you will be actively engaged in running the Office (as the Licensed Representative), and do not include in this estimate costs for hiring a full-time manager.

Additional funds for the operation of the Office will be required after the first six months of operation if sales produced by the Office are not enough to produce positive cash flow. You should also review the figures listed in this Item carefully with a business advisor, like an attorney, banker or an accountant, before making any decision to purchase an ANI Office.

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

Under the terms of the Franchise Agreement, equipment, signage and advertising that will be used in connection with your Office must be purchased from suppliers approved by us. You must sell and service the insurance policies that you offer only through us, dealing with our supplier Companies.

### **Standards and Specifications**

You must operate the Office according to our standards, rules, policies and procedures (our "System Standards"). System Standards may regulate, among other things: the types, models, and brands of computer and telecommunications equipment you use; signs; and the types of products and services you must offer in operating the Office; and unauthorized and prohibited products and services. You are also required to adhere to the standards and specifications established from time to time by us with respect to insurance, forms, operating procedures, computer programs, and advertising materials used in the operation of the Office.

If this is not a renewal or successor franchise, we will provide to you a start-up package consisting of certain fixtures, furniture, and equipment for your Office. If you want or need additional fixtures furnishings, equipment, and other improvements for your Office, you must purchase or lease and install them at your expense. You must refrain from installing or permitting to be installed on or about the Office premises,

without our prior written consent, any fixtures, furnishings, signs, equipment, or other improvements not previously approved as meeting our standards and specifications.

We formulate and modify our standards and specifications based on the market for insurance sales and servicing businesses in general, as well as competitive and economic conditions, based on our experience operating more than one ANI Office. We will communicate our standards and specifications to you in writing through the Brand Standards Manual. Otherwise, we will make our standards and specifications known to you in writing or during training.

### Supplier Approvals

We must approve all companies that provide policies before you use them. We base our approval of policy providers on a determination of quality and value. We formulate and modify our System Standards based on the market for property, casualty, life and health insurance policies in general, as well as competitive and economic conditions, based upon the collective experience of our franchisees and our principals.

We will issue our Approved Products and Services in our Brand Standards Manual or otherwise in writing. We have the right, under the Franchise Agreement, to change the standards and specifications applicable to operation of your Franchised Business, including standards and specifications for services, products, signs, furnishings, supplies, fixtures, inventory and equipment by written notice to you or through changes in the Brand Standards Manual or otherwise in writing. You may incur an increased cost to comply with these changes at your own expense; however, no change will materially alter your fundamental rights under the Franchise Agreement.

You must submit a written request to us for approval of a policy supplier. The supplier must demonstrate to our reasonable satisfaction that it is able to supply policy lines to our ANI Offices meeting our specifications. The supplier must demonstrate to our reasonable satisfaction that it is in good standing in the business community, is financially sound, and has reliable policies.

Presently, we have no written criteria for approval of suppliers. We have the right to require, as a condition of our approval and review, that our representatives be permitted to meet with the proposed supplier. You, or your proposed supplier, will be required to pay our costs of such a meeting, but we do not charge a fee for approving a proposed supplier. We may require suppliers to provide us with certain information before we approve them. We also may require a proposed supplier to sign a confidentiality agreement.

We are not required to approve any policy supplier. We may base our approval of any proposed supplier on considerations relating not only directly to the supplier, but also indirectly to the uniformity, efficiency, and quality of operation we deem necessary or desirable in our System as a whole. We will notify you of our approval or disapproval of a proposed supplier, product, or service within 30 days of receiving all requested information. If we revoke our approval of a supplier, then we will give you written notice. We may revoke our approval of suppliers when we determine, in our sole discretion, that such suppliers no longer meet our standards. Upon receipt of written notice of such revocation, you must cease purchasing products from such supplier.

We do not make our criteria for selecting approved suppliers available to our franchisees, nor do we make our specifications known to suppliers. We do not issue specifications and standards to franchisees or approved suppliers. We do not provide material benefits (including, for example, renewal or granting additional franchises) franchisees based on their purchases of products or services or use of designated or approved suppliers.

## Required Purchases or Leases

### *Start-Up Package*

If this is not a renewal or successor franchise, we will provide to you (at no additional cost beyond your initial franchise fee) an initial start-up package for your Office that consists of certain furniture, fixtures, and equipment. We are the only approved supplier of the start-up package.

### *Policies*

We are the only approved supplier for the approved insurance policies and services offered by approved Companies that you will offer through your Office.

### *Rating System and Management System*

You must also use our Rating System and Management System. We will provide you use of three retention management systems (a value of \$375 monthly); if you wish to add additional users, you must pay us a fee (approximately \$200 per month) for that use. The management software and comparative rater system that we provide for you will be warranted by the manufacturer for one year, and you will be given one (1) year of support for the software by our approved vendor. We reserve the right to require you to purchase or license additional or different software, in accordance with the standards we establish from time to time in our Brand Standards Manual or otherwise in writing. We do not receive any form of compensation or consideration as a result of your use of our Rating System and Management System.

We do not derive a profit from payment of the additional user fee. We are the only approved supplier of the Rating System and Management System.

### *Advertising Materials*

We will sell to you certain advertising materials for you to use in your Office. We are not the only approved supplier of advertising materials.

### *Insurance*

The Franchise Agreement requires you to furnish to us copies of all insurance policies required by the Franchise Agreement, or such other evidence of insurance coverage and payment of premiums as we request or permit. Insurance coverage must meet our minimum requirements. Premiums depend on the insurance carrier's charges, terms of payment, and your history. All insurance policies must name us as an additional insured party. You must use an insurance carrier that has been approved by us. We are not an approved supplier or the only approved supplier of the required insurance policies.

You are required to use our errors and omissions carrier for that insurance, and our carrier is the only approved supplier of errors and omissions insurance. We will bill you for any increase in premiums as a result of your business, and for any deductibles that must be paid as a result of a claim. We may increase your insurance requirements during the term of the Franchise Agreement, and you must comply with the new requirements. We estimate that initial costs for insurance will range between \$500 and \$1000. This amount should cover the initial semi-annual payment for general business liability insurance and workers' compensation insurance. The exact dollar amount of your insurance payment will be determined by the number of employees you are covering. This figure is our best estimate of these costs at the time of our first franchise offering. It is possible that your initial insurance costs would exceed these amounts.

### *Computer System*

If this is not a renewal or successor franchise, we will provide to you, as part of the initial start-up package, certain components of the computer system that you must use in your Office (the “Computer System”). The components we will provide to you consist of computers and monitors and software. You may obtain additional items of your Computer System from any vendor so long as the Computer System is compatible with our required software.

We are the only approved supplier of the components of your Computer System included in your initial start-up package. We are not the only approved supplier of any additional hardware or equipment you want or need to purchase for your Office as part of the Computer System.

Upgrades to the software may be required periodically. You may be required to enter into a hardware maintenance contract with a company of your choosing for other computers you use in the Office, so long as you follow our procedures for approval of such outside supplier. We are not the only approved supplier of the hardware maintenance contract.

### *Real Estate*

You must purchase or lease real estate for your Office according to the criteria that we will make available to you in the Brand Standards Manual. We are not an approved supplier or the only approved supplier of the real estate for your ANI Offices.

### *Advertising and Logo –Bearing Items*

You may purchase other items for the Office, including advertising materials, signage, and logo-bearing items from any approved supplier, if our standards are followed. All advertising and promotion by you, in any manner or medium, must be conducted in a dignified manner and must conform to our standards and specifications. You are responsible for all costs of such advertising and promotion. You may not use any advertising, promotional, or marketing materials that we have not approved or have disapproved.

We are not an approved supplier or the only approved supplier of advertising materials, signage, or logo-bearing items.

### Proportion of Required Purchases and Leases to All Purchases and Leases

We estimate that the purchase of goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating your Office, from us or our designated or approved suppliers and distributors, or those meeting our standards and specifications, will be between 40% and 60% of your total cost to establish, and between 15% and 45% of your total cost of operating, an ANI Office (not including amortization, depreciation, or replacement of worn or obsolete improvements, equipment, furniture, or fixtures).

### Purchasing Cooperatives, Purchasing Arrangements, Rebates, Payments, and Derived Revenue

Other than the requirement that you offer Approved Products and Services from our approved Companies (and sell those policies only as part of the System and as All Nevada), there are no purchasing or distribution cooperatives within the System, nor do we permit our franchisees to form and/or join purchasing and distribution cooperatives. We may, but are not required to, negotiate purchase arrangements with suppliers

specifications, will be between 40% and 60% of your total cost to establish, and between 15% and 45% of your total cost of operating, an ANI Office (not including amortization, depreciation, or replacement of worn or obsolete improvements, equipment, furniture, or fixtures).

#### Purchasing Cooperatives, Purchasing Arrangements, Rebates, Payments, and Derived Revenue

Other than the requirement that you offer Approved Products and Services from our approved Companies (and sell those policies only as part of the System and as All Nevada), there are no purchasing or distribution cooperatives within the System, nor do we permit our franchisees to form and/or join purchasing and distribution cooperatives. We may, but are not required to, negotiate purchase arrangements with suppliers (including price terms) for the benefit of the franchise system. Other than as we describe above, we do not provide any material benefits to you based upon your use of approved suppliers.

We reserve the right to negotiate prices in the future for various products for the benefit of the System, but not on behalf of or for the specific benefit of individual franchisees, but we currently do not do so.

Other than the royalty that you pay to us for the policies that you sell and service, we do not currently receive any form of compensation or consideration as a result of your use of our services, but we reserve the right to derive a profit from our arrangements with certain approved suppliers. There are no caps or limitations on the maximum amount of payments we may receive from our suppliers as the result of franchisee purchases. Some of our officers own an equity interest in us, and we are an approved supplier.

In our fiscal year 2022, neither we nor any of our affiliates derived revenue or other material consideration from required purchases or leases by franchisees.

### **ITEM 9** **FRANCHISEE'S OBLIGATIONS**

**This table lists your principal obligations under the franchise agreement 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 Agreement	Disclosure Document Item
(a) Site selection and acquisition/lease	Section 6	Items 7, 8, 11, and 12
(b) Pre-opening purchases/leases	Sections 3 and 6	Items 5, 7, 8, and 11
(c) Site development and other pre-opening requirements	Section 6	Items 7, 8, and 11
(d) Initial and ongoing training	Section 11	Items 6, 7, and 11
(e) Opening	Sections 3 and 6	Item 11
(f) Fees	Section 7	Items 5, 6, and 7
(g) Compliance with standards and policies/operating manual	Sections 2, 3, 9, 10, 12, and 13	Items 8 and 11

Obligation	Section in Agreement	Disclosure Document Item
(m) Maintenance, appearance and space requirements	Section 3	Items 8, 11, 16, and 17
(n) Insurance	Section 18	Items 7 and 8
(o) Advertising	Sections 7 and 10	Items 6, 7, 8, and 11
(p) Indemnification	Section 17	Item 6
(q) Owner's participation/management/staffing	Sections 2 and 3	Items 11 and 15
(r) Records and reports	Section 3, 7, and 12	Item 11
(s) Inspections and audits	Section 12	Items 6 and 11
(t) Transfer	Section 15	Item 17
(u) Renewal	Section 5	Item 17
(v) Post-termination obligations	Sections 8 and 14	Item 17
(w) Non-competition covenants	Section 8	Items 15 and 17
(x) Dispute resolution	Section 19	Item 17
(y) First Offer to Purchase all or part of the System, Marks, or rights under the Franchise Agreement	Section 15	Items 6 and 11

## ITEM 10 FINANCING

We do not offer financing to our franchisees. We do not guarantee your note, lease or other obligation.

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

**Except as listed below, All Nevada Insurance, Inc. is not required to provide you with any assistance.**

**Pre-Opening Assistance.** Prior to the opening of the Office, we will provide the following initial services:

1. At your request, we will advise you in determining appropriate factors and considerations for selecting a site for the Office. We describe the site selection process later in this Item. (Franchise Agreement, Section 5)
2. We may, but are not required to, assist you in securing your Office lease through advice and/or negotiations with third parties, but it is your exclusive responsibility to obtain and secure the rights to occupy a proposed location, to complete any improvements to the location, and to engage in any other activity necessary to prepare the location for opening as an ANI Office. (Franchise Agreement, Section 6)

3. At your request, we will give you information and referrals regarding potential suppliers for advertising, signage, computer equipment, and contractors for the build-out of your Office. (Franchise Agreement, Section 4)

4. We will communicate with you regarding our specifications for the layout of your Office, which may include advice regarding ordering and placement of signs, furnishings, and fixtures. (Franchise Agreement, Section 4)

5. Before the opening of your Office, you and your Licensed Representative are required to attend an introductory orientation and training program at our pilot ANI Office located in Las Vegas, Nevada, or other designated location (the "Introductory Training Program"). Our Introductory Training Program is described later in this Item. (Franchise Agreement, Section 11)

6. We will loan to you during the term of the Franchise Agreement one copy of the Brand Standards Manual. We describe the Brand Standards Manual later in this Item. (Franchise Agreement, Sections 2 and 3).

7. If this is your first franchise with us (and is not a renewal), we will provide you a start-up package of furniture, computer and networking equipment and software, and other items you will be required to use in operating your System Office. (Franchise Agreement, Section 4)

#### Time to Open.

We estimate that there will be an interval of time of 60 to 90 days between the execution of the Franchise Agreement and the opening of your Office. The factors that may affect this length of time include obtaining a satisfactory site, remodeling and decorating the site, time for obtaining building permits, zoning and local ordinances, weather conditions, installation of computer systems, training, obtaining marketing materials, materials shortages, hiring as needed, obtaining financing arrangements, and delayed installation of equipment, fixtures and signs. You may not open the Office until: (1) we notify you in writing that the Office meets our standards and specifications; (2) you complete the Introductory Training Program to our satisfaction; (3) you pay the initial franchise fee and other amounts then due to us; and (4) you give us certificates for all required insurance policies. (Franchise Agreement, Section 2).

#### Site Selection

We do not select the location of your Office. We generally do not own the premises or lease it to you. Finding a suitable location that conforms to local ordinances, building codes, and our guidelines is your responsibility. We do not provide you assistance with conforming the premises to local ordinances and building codes and obtaining any required permits, and/or constructing, remodeling, or decorating the premises, and/or hiring and training employees. However, we will provide you with guidance regarding our standards for selecting a site, and you are required to obtain our approval for any site you choose.

You select the site of your ANI Office. We will either accept or reject the site in our sole discretion. Acceptance by us of a location is conditioned upon our determination, in our judgment, that the site that you have submitted for your ANI Office is a suitable site based upon criteria we establish from time to time. We will use reasonable efforts to help you analyze your market area, to help determine site feasibility, and to assist in designating the location, although we will not conduct site selection activities for you. We will either accept or reject the site in our sole discretion, on a case-by-case basis. The factors that we consider in approving your site(s) include (but are not limited to) general location and neighborhood, population demographics and density, traffic patterns, parking, size, physical characteristics of existing buildings, lease

terms, local competition, and local household income. We do not guarantee the performance or success of any approved site, including the ultimate location of your ANI Office, regardless of our level of involvement in approving the location or in assisting you in finding the location.

We will approve or disapprove your proposed site within 15 business days after you present the information described above to us. If you and we disagree about the proposed location, you must locate another acceptable site for your Office and repeat the process. If you and we cannot agree on a site, the franchise agreement will be terminated, and we will not refund to you any amounts you have paid us. (Franchise Agreement, Sections 4 and 6).

Post-Opening Obligations. During the operation of your Office, we will:

1. Visit and inspect your Office periodically (at times we determine) for the purpose of advising you with respect to matters related to operations and marketing and helping you comply with our System requirements. (Franchise Agreement, Sections 8, 11 and 16)
2. Approve or disapprove samples of all local advertising and promotional materials not prepared or previously approved by us which are submitted by you. (Franchise Agreement, Section 9)
3. Provide you with specifications, standards, and general guidance. (Franchise Agreement, Sections 11, 15, and 16.)
4. Provide billing and collection services for all payments. (Franchise Agreement, Section 4)
5. Pay you Commissions and Bonus Concessions, according to the schedule in Exhibit A to the Franchise Agreement. (Franchise Agreement, Section 4)
6. Maintain errors and omissions coverage for the System, for which you will pay your pro rata share. (Franchise Agreement, Section 4).
7. If we want to sell the System Rights to a third party, before we agree to accept any payment from a third party we will first offer you and all of our other franchisees the opportunity to purchase the System Rights for the price we determine. If you wish to accept our offer to sell you the System Rights, you must comply with the offer requirements stated in the Rights Transfer Notice and provide us notice of your intent to accept our offer within the time window designated in the Rights Transfer Notice. We will accept the first-in-time complete offer we receive from any franchisee that complies with our guidelines for making a valid offer. (Franchise Agreement, Section 15)

Post-Opening Optional Assistance. During the operation of your Office, we may:

8. Conduct quarterly informational and status meetings and/or training programs regarding System changes and new insurance products at locations designated by us, as well as provide information about continuing education courses offered by outside vendors that may provide utility to you, and provide information about professional organizations and their meetings that may provide utility to you. We may require attendance by you, your manager or your Licensed Representative. Such meetings or programs may have a registration charge to you, and you are responsible for costs associated with attending the meetings such as travel, lodging and meals. You must pay a registration fee to us, which will not exceed \$1000, for each participant and you will be responsible for other costs associated with attending the convention such as travel, lodging and meals (Franchise Agreement, Section 11)

9. Assist you with advertising your ANI Office on social media platforms. (Franchise Agreement, Section 7)

There is no specified date or period for us to complete our obligations stated above. Other than those mentioned above, we do not provide other supervision, guidance, or services during the operation of your Office.

#### Advertising

We do not have an advertising program for the ANI franchise system. We do not require you to participate in any local or regional advertising cooperative. We do not require you to participate in any advertising fund.

#### *Local Advertising*

All of your advertising, promotion, and marketing must be completely clear, factual, and not misleading, and must conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we periodically require. Before you use them, you must send us or our designated agency for review samples of all advertising, promotional, and marketing materials that we have not prepared or previously approved. If you do not receive written disapproval within fifteen (15) days after we receive the materials, they are deemed to be approved. You may not use any advertising, promotional, or marketing materials that we have not approved or have disapproved (Franchise Agreement, Section 9).

We have no advertising council composed of franchisees, but we reserve the right to create one. We do not have any advertising funds other than those described above.

#### Computer System.

If this is not a renewal or successor franchise agreement with us, we will provide to you as part of our initial start-up package certain equipment for your Computer System. Specifically, we will provide to you certain computers and monitors and software as part of the initial franchise fee you pay us. You may need or wish to obtain other hardware or equipment to use as part of your Computer System, and the cost of such additional hardware or equipment will be based on what you decide to purchase and may cost as much as an additional \$7,000.

The Computer System will generate reports on the sales and expenses of your Office. The computer equipment must be connected to the Internet, which will facilitate our communications with you. You must use our Rating System and Management System in your Office to quote, record, and make all of your policy sales at your Office, and we will have the right to access your sales data through the Rating System and Management System. No compatible equivalent component or program has been approved by us.

The management software and comparative rater system that we provide for you will be warranted by the manufacturer for one year, and you will be given one (1) year of support for the software by our approved vendor. Otherwise, you will be solely responsible for the operation, maintenance, and upgrading of the Computer System. Upgrades to the software may be required periodically. Neither we, nor any affiliate or third party, is obligated to provide ongoing maintenance, repairs, upgrades, or updates for the Computer System. We currently do not require that you purchase a service contract for the Computer System, but we reserve the right to do so in the future. The annual cost of a service contract is about \$1,500.

We reserve the right to change the Computer System at any time. There are no contractual limitations on the frequency and cost of this obligation. We need not reimburse you for any of these costs. We have independent, unlimited access to the information generated by the Computer System. We or our affiliates may condition any license of proprietary software to you, or your use of technology that we or our affiliates develop and maintain, on your signing of a Software License Agreement or similar document that we or our affiliates prescribe to regulate your use of, and our and your respective rights concerning, the software or technology. We or our affiliates may charge you a monthly or other fee for any proprietary software or technology that we or our affiliates later develop and license to you and for other maintenance and support services that we or our affiliates provide during the franchise term. We do not currently do so, other than the per-user fee we describe in Item 6. (Franchise Agreement, Section 3.10).

#### Brand Standards Manual

We will loan you one copy of the Brand Standards Manual after you sign the Franchise Agreement. You must comply with all policies and procedures in the Brand Standards Manual. We may modify them at any time. Currently, our Brand Standards Manual consists of a summary of operational policies and audit review procedures, which is attached to the Franchise Agreement as "Exhibit F." We will notify you if there are any changes made to the policies or procedures so that you can comply. (Franchise Agreement, Paragraph 3.5)

We have the right to add to, and otherwise modify, the Brand Standards Manual to reflect changes in authorized products and services, changes in specifications, standards, and operating procedures of an ANI Office. If you give us at least 72 hours' advance notice, we will give you the opportunity to view the Brand Standards Manual (which is also attached to the Franchise Agreement as "Exhibit F") at our headquarters before you sign the Franchise Agreement. You must keep the Brand Standards Manual confidential and current, and may not copy any part of the Brand Standards Manual. (Franchise Agreement, Sections 2 and 3).

#### Training

The Introductory Training Program typically lasts for at least 45 days, depending on your progress and your desire to spend additional time observing the operations of an ANI Office. We will offer you training on an individual basis after you sign a lease for your Office. In setting the specific date for training, we will attempt to accommodate your schedule, but you must attend within thirty (30) days of signing your lease, absent any extensions that are requested by you and agreed to by us in writing.

The Introductory Training Program is free of charge to you and, if applicable, two of your employees, except that you are responsible for costs associated with attending the program such as travel, lodging (if applicable) and meals. The training will cover our System Standards, System, System guidelines, Marks, and operational standards. We will not train or assist in training your independent contractors. Although you may bring employees to training, such training will not cover the day-to-day aspects of their employment with you. You will be responsible for hiring, training, directing, scheduling, and supervising your employees and independent contractors in the day-to-day operations of your Office.

You must complete the training program to our reasonable satisfaction. If, during the Introductory Training Program, we determine, in our sole discretion, that you are not qualified to manage an ANI Office, we have the right to terminate the Franchise Agreement without making any refund to you. (Franchise Agreement, Section 11).

**Training Schedule**

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Company overview, Systems training on software, Understanding your Commissions, Marketing, Quoting home and life insurance, Expectations	40	0	Las Vegas, Nevada
Quoting autos and toys, Underwriting guidelines, Hiring producers, Customer service expectations	40	0	Las Vegas, Nevada
Live training quoting and sales of at least \$5,000 in premium	0	40	Your office or online
Live Quoting and Issuing policies, Customer service with a trainer	0	160	Your office or online
<b>Totals</b>	80	200	

Our Trainers

*Charmaine Hornick – Trainer for All Training Topics*

Ms. Hornick is our Director of Franchise Operations and is a trainer for all training topics. She has more than 30 years of experience in training in the insurance industry.

You may also be trained by employees of our corporate office. The identities of these employees may change. Currently you will be trained by our Franchise Operations department, which will train you on management and administration as well as property and casualty insurance, life, and commercial insurance, customer service duties and upholding our System Standards. Each of our trainers is licensed to sell insurance. Such persons will have a minimum of three (3) years of experience in the insurance industry.

After the opening of your Office, we may provide you with periodic training programs regarding our latest products, techniques, methods, or processes. We have the right to require that you (or such managing partner or shareholder) and any manager as well as your Licensed Representative complete supplemental and refresher training programs during the term of the franchise, to be furnished at locations designated by us, at no charge. You are responsible for costs associated with attending training such as travel, lodging and meals. (Franchise Agreement, Section 11).

**ITEM 12**  
**TERRITORY**

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

We grant franchises for specific sites only. We must approve your proposed franchise locations even if the locations are identified by us in advance. The site that you select, if approved by us, will be known as the “Approved Location” of your Office. We have the sole right to determine placement of all ANI Offices.

If you wish to relocate your franchise, you may request our consent to relocate to another site. So long as your proposed site meets our criteria and will not, in our sole judgment, substantially interfere with another ANI Office, we will not unreasonably withhold our consent to your relocation, but such consent must be in writing to be effective.

You do not have the right to open any additional locations or in any other territories without a Franchise Agreement. The Franchise Agreement that you will sign at the time of application for new locations may differ substantially from the Franchise Agreement that you will execute for your first location, including a higher initial fee, but the Royalty for the additional location will be at a reduced rate.

We reserve all rights to ourselves and our affiliates, including:

- (a) We and our affiliates have the right to own, operate and situate (or grant others the right to own, operate and situate) ANI Offices anywhere, regardless of the proximity to your Approved Location, as we consider appropriate. The locations of these ANI Offices may be immediately proximate to, adjacent to, or abutting your Approved Location.
- (b) The right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing sales, to make sales anywhere using our Marks, including all use of websites, domain names, URL's, directory addresses, metatags, linking, advertising, and co-branding and other arrangements.
- (c) The right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales anywhere of products or services under trademarks different from the Marks.

We are not required to pay you if we exercise any of the rights specified above.

All ANI Offices may solicit, service, advertise and offer their products to any individual or entity only within the jurisdictions that we and you are permitted to do so under applicable law. You may not solicit or accept business from any jurisdiction other than the jurisdiction of your approved location unless: (a) we are licensed in the jurisdiction; (b) you (or your Licensed Representative) are licensed in the jurisdiction; and (c) we give you written approval in advance of your soliciting or accepting business from a jurisdiction outside of the one in which you have your approved location (Franchise Agreement, Paragraph 2.3). You do not have the right to use other channels of distribution to make sales.

Although we and our affiliates have the right to do so, we and our affiliates have not operated or franchised, and have no plans to operate or franchise, other businesses selling or leasing similar products or services under different trademarks. If we or our affiliates purchase, merge, acquire, are acquired by or affiliate with an existing competitive franchise network, chain or any other business, then we or our affiliates will have the right to operate, franchise or license those businesses and/or facilities as ANI Offices in your general area.

### **ITEM 13** **TRADEMARKS**

Under the Franchise Agreement, we grant you the nonexclusive right to use our Marks in connection with the operation of your Office. You may also use our other current or future trademarks to operate the Office. The following marks are registered on the Principal Register of the U.S. Patent and Trademark Office ("USPTO"):

<b>Trademark</b>	<b>Application Number Application Date</b>	<b>Registration Number Registration Date</b>	<b>International Class of Goods</b>
ALL NEVADA INSURANCE (Standard character mark)	77289934 September 26, 2007	3435562 May 27, 2008	36
ANI (Standard character mark)	88332211 March 8, 2019	5857402 September 10, 2019	36

We have filed all necessary affidavits relating to the Marks shown above. We have renewed ALL NEVADA INSURANCE and ONE CALL, YOUR RATES FALL.

There are presently no effective determinations by the United States Patent and Trademark Office, the Trademark Trial And Appeal Board, the Trademark Administrator of any state or any court, nor any pending interference, opposition or cancellation proceeding or material litigation involving the Marks.

You must follow our rules when you use our Marks. You will have the right to use ANI and our other Marks (which include the common-law mark 100+ CARRIERS) in the operation of the Office. Franchisees operating in the state of Nevada may also use ALL NEVADA INSURANCE. However, you must use the Marks only for the operation of your Office and in the manner authorized by us. You cannot use the Marks as part of a corporate name or with modifying words, designs or symbols except for those which we license to you. You may not use our Marks in connection with the sale of unauthorized goods or services, or in a manner not authorized in writing by us.

We have no agreements that limit our right to use or license the Marks in any manner. We are unaware of any infringing uses that could materially affect your use of the Marks. You must notify us immediately in writing of any apparent infringement or challenge to your use of our Marks. We have the sole discretion to take such action as we deem appropriate. We are not obligated by the Franchise Agreement or other agreement to participate in your defense or to indemnify you if you are a party to any administrative or judicial proceeding involving the Marks.

If it becomes advisable at any time, in our sole discretion, to modify or discontinue use of any Marks, and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions for such modification, discontinuance, or substitution within a reasonable time after you receive notice from us. You, in connection with the use of a new or modified mark, may be required, at your own expense, to remove existing signs from your Office, and to purchase and install new signs. We do not have to reimburse you for the costs you incur for making these changes.

You must notify us immediately in writing of any apparent infringement or challenge to your use of our trademarks. We have the sole discretion to take such action as we deem appropriate. We are not obligated by the Franchise Agreement or other agreement to participate in your defense or to indemnify you if you are a party to any administrative or judicial proceeding involving our Marks. We will have sole control over any litigation or proceeding.

You may not, without our written consent, in our sole discretion, commence or prosecute, or seek leave to intervene in any litigation or other proceeding, including any arbitration proceeding, in which you purport to enforce any right or recover any element of damage arising from the use or infringement of any of the Marks or unfair competition resulting from that use.

## **ITEM 14** **PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

### Patents and Copyrights

No patents are material to the franchise.

We claim copyright protection of the Brand Standards Manual and related materials and other brand identity/marketing/advertisement/promotional materials, although such materials may not have been

registered with the United States Copyright Office. These materials are considered proprietary and confidential and are considered our property and may be used by you only as provided in the Franchise Agreement. We reserve the right to register any of our copyrighted materials at any time we deem appropriate.

There currently are no effective determinations of the Patent and Trademark Office, the Copyright Office (Library of Congress), or any court regarding any of the copyrighted materials. There are no agreements in effect that significantly limit our right to use or license the copyrighted materials. There are no infringing uses actually known to us, which could materially affect your use of the copyrighted materials in any state. We are not required by any agreement to protect or defend any patent, trademark, or copyright.

#### Improvements

If you or your employees make or acquire any improvements, including any enhancements, adaptations, derivative works, modifications or new processes (“Improvements”) in the operation of your Office, you will grant-back exclusive rights in these Improvements to us in consideration of the grant of the franchise and without the payment of additional consideration. Improvements will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us. We may include any Improvements we made or acquired in the System, including any and all intellectual property rights of ours and affiliate or services and products of the Office, Brand Standards Manual and the System for use by all franchisees, us or any affiliate. If we seek patent protection or copyright registration for any Improvements, we will do so at our own expense.

#### Confidential Information

We possess certain confidential information including the methods, techniques, formats, specifications, procedures, information, systems and knowledge of and experience in the operation and franchising of the System (the “Confidential Information”). We will disclose certain of the Confidential Information to you during the training programs, seminars and conventions, in the Brand Standards Manual and in guidance furnished to you during the term of the Franchise Agreement.

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

The Franchise Agreement provides that you will not acquire any interest in the Confidential Information other than the right to utilize it in the development and operation of an ANI Office during the term of the Franchise Agreement, and that the use or duplication of the Confidential Information in any other business would constitute unfair competition. You also agree that the Confidential Information is proprietary to us and is disclosed to you solely on the condition that you (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information during and after the term of the Franchise Agreement; (3) will not make unauthorized copies of any portion of the Confidential Information disclosed in written form; and (4) will adopt and implement all reasonable procedures required by us to prevent unauthorized use or disclosure of the Confidential Information,

including without limitation, restrictions on disclosure of Confidential Information to employees of your Office.

The Brand Standards Manual will at all times remain our property exclusively. We may revise the Brand Standards Manual, and you must comply with each new or changed standard, although these new and changed standards will not materially affect your rights and responsibilities under the Franchise Agreement.

### **ITEM 15**

#### **OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

Your Office must at all times be under your direct, day-to-day, full-time supervision (or if you are incorporated or are a partnership, then a managing partner or shareholder of the corporation or partnership, approved by us). We require you to have at least one (1) designated person who holds any and all necessary, valid, and current licenses required by any governmental entity with jurisdiction over the Office (the "Licensed Representative"). You are required to notify us of the identity of your Licensed Representative(s), and will immediately inform us in the event that there is a change in your Licensed Representative. You or your Licensed Representative must use his or her best efforts in the operation of the Office. You and your Licensed Representative must complete our training program. We require your Licensed Representative to own an equity interest in you and be able to control and direct your Franchised Business.

If you are a legal entity, then all your directors, members, partners, and/or officers and any individual that owns an interest in you or the Franchise Agreement must sign our Owner Agreement assuming and agreeing to be personally responsible for all of the obligations of the Franchise Agreement, and agree to be bound by the confidentiality provisions and non-competition provisions of the Franchise Agreement and agree to certain restrictions on their ownership interests. The required Owner Agreement is attached to the Franchise Agreement as Exhibit B. If you are married, we require your spouse to sign the Owner Agreement.

You must take all necessary precautions to ensure that the persons listed in the Franchise Agreement as owners of an equity interest, any representatives and beneficial owners of the Franchise Agreement, and your Licensed Representative(s) sign the Confidentiality/Non-Competition Agreement (Exhibit C to the Franchise Agreement), and you must forward a copy of these signed agreements to us. You also must ensure that your manager and any of your employees that have access to our trade secrets and confidential information each sign the Confidentiality/Non-Competition Agreement.

### **ITEM 16**

#### **RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You are required to offer for sale only products and services through Companies that have been approved and specified by us in writing, either through the Brand Standards Manual and any updates that are incorporated in the Brand Standards Manual from time to time, or through direct written notification from us. You may not offer for sale any products or services or offer products through Companies not specifically approved by us in writing and you may not use the Office premises for any other purpose than the operation of an ANI Office and the sale of services approved by us. You must sell all Authorized Products and Services through the Companies as specified by us. There are no limits on our right to make changes to the types of authorized goods and services during the term of the franchise agreement.

You may solicit, service, advertise and offer products to any individual or entity only within the jurisdictions that we and you are permitted to do so under applicable law. You may not solicit or accept

business from any jurisdiction other than the jurisdiction of your approved location unless: (a) we are licensed in the jurisdiction; (b) you (or your Licensed Representative) are licensed in the jurisdiction; and (c) we give you written approval in advance of your soliciting or accepting business from a jurisdiction outside of the one in which you have your approved location. You do not have the right to use other channels of distribution to make sales.

You may not sell products through other channels of distribution such as wholesale, Internet or mail order sales. You may not establish an account or participate in any social networking sites or mention or discuss the franchise, us or any of our affiliates, without our prior written consent and as subject to our on-line policy. Our on-line policy may completely prohibit you from any use of the Marks in social networking sites or other on-line use.

### **ITEM 17**

#### **RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION THE FRANCHISE RELATIONSHIP**

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

<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
a. Length of the term of the franchise	Section 5.1	Agreement starts on the date we sign it and ends 5 years later.
b. Renewal or extension of the term	Section 5.2	You are permitted to renew for an unlimited number of 5-year terms if you meet the requirements set forth in Section 5.2 of the Franchise Agreement
c. Requirements for franchisee to renew or extend	Section 5.3 5.2.1 – 5.2.6	Meet then-current standards for a new franchisee; sign most current form of Franchise Agreement which may contain substantially different terms and conditions than your current Franchise Agreement, except that our royalty fee retention of Commissions will not change during the first renewal term only; not be in default of any of your obligations under the Franchise Agreement, including your obligation to be current in all monetary obligations owed to us, or have committed more than three defaults during the term.  If you seek to renew your franchise at the expiration of the initial term or any renewal term, you may be asked to sign a new franchise agreement that contains terms and conditions materially different from those in your previous franchise agreement, such as different fee requirements and territorial rights, except that our royalty fee retention of Commissions will remain at the rate that existed immediately prior to renewal.
d. Termination by franchisee	Section 13.4	You may terminate the Franchise Agreement by notice to us if we fail to perform material obligations. You must give us notice, and 90 days to cure or commence cure.

Provision	Section in Franchise Agreement	Summary
e. Termination by franchisor without cause	Not applicable.	Not applicable.
f. Termination by franchisor with "cause"	Section 13.1	We can terminate the Agreement by notice to you, with or without a cure period, if you breach a material provision of the Franchise Agreement.
g. "Cause" defined - curable defaults	Section 13.2	You will have ten (10) days after notice to cure your failure to pay us any fee or other amount that you owe us. You will have thirty (30) days of notice and an opportunity to cure any failure by your Office to meet our System Standards, Brand Standards Manual, or operational policies (as determined through an inspection of your Office). Any other default not specifically listed in Section 13.1 of the Franchise Agreement must be cured within thirty (30) days of notice, or if such cure is not possible to cure even with diligence in thirty (30) days, you must promptly commence and complete a cure with diligence.
h. "Cause" defined – non-curable defaults	Section 13.1	<p>You will not have an opportunity to cure defaults under this section, and we are entitled to terminate the Franchise Agreement upon notice; e.g., if you:</p> <ul style="list-style-type: none"> <li>(a) or your Licensed Representative(s) fail to obtain or have revoked or otherwise taken away from them their state, county, city, or other jurisdictional licenses, or you lose your Licensed Representative and fail to replace him or her immediately;</li> <li>(b) abandon the franchise or fail to keep it open for a period of 5 consecutive days;</li> <li>(c) are adjudicated bankrupt or insolvent, admit to an inability to meet financial obligations as they become due, or make a disposition for the benefit of your creditors;</li> <li>(d) have your assets seized, foreclosed, or taken over;</li> <li>(e) or your licensed individuals or key employees are convicted of or plead no contest to a felony or other criminal misconduct relevant to the operation of the Office;</li> <li>(f) make an unauthorized transfer of the business;</li> <li>(g) fail to comply with any material federal, state, or local law or regulation applicable to the operation of the Office;</li> <li>(h) Receive 3 or more notices of default from us, whether or not those defaults were cured;</li> <li>(i) Make any material misrepresentations relating to your acquisition of the franchise or in connection with the operation of the franchise including any intentional understatement of revenue or failure to report revenue;</li> <li>(j) Refuse to allow or cooperate with an audit;</li> <li>(k) Violate any covenant not to compete or relating to confidential information;</li> </ul>

Provision	Section in Franchise Agreement	Summary
		<ul style="list-style-type: none"> <li>(l) Interfere or attempt to interfere with our actual or prospective contractual relations with any other party;</li> <li>(m) Offer or sell any unapproved program, service or product, or you do not offer all Authorized Products and Services;</li> <li>(n) Fail to pay any amount due to us or any of our affiliates within 10 days after receiving written notice that such payment is past due;</li> <li>(o) Use or duplicate any aspect of the System, services, programs or Authorized Products and Services in an unauthorized fashion; or</li> <li>(p) Appropriate for your own use any payment from a Company made payable to us.</li> </ul>
i. Franchisee's obligations on termination/non-renewal	Section 14.1	<p>Upon termination, expiration, or non-renewal, you must cease operating as an ANI Office, pay all sums due us, cease to use the Marks, cancel any fictitious name which contains the Marks, turn over all manuals, records, files and any materials relating to the operation of the Office, cancel or transfer all telephone numbers and directory listings to us, and comply with all covenants.</p>
j. Assignment of contract by franchisor	Section 15.1	<p>We may transfer the Franchise Agreement without your consent, so long as it is part of a complete transfer of all our rights in the System and Marks. Before making any transfer of System Rights, we must first provide you with notice of our intention to sell the System Rights and give you, and our other franchisees, the first option to purchase the System Rights at the price, and on the terms and conditions, specified in the Rights Transfer Notice.</p>
k. "Transfer" by franchisee – defined	Section 15.2	<p>Includes transfer of contract, premises of the Office, assets, or ownership change</p>
l. Franchisor approval of transfer by franchisee	Section 15.3	<p>You cannot transfer the Franchise Agreement without our consent.</p>

Provision	Section in Franchise Agreement	Summary
m. Conditions for franchisor approval of transfer	Sections 15.3.1 - 15.3.7	<p>We have the right to condition our approval of any transfer proposed by you upon the following:</p> <ul style="list-style-type: none"> <li>(a) You must be in full compliance with the Franchise Agreement and pay all outstanding fees owed to us or our its affiliates;</li> <li>(b) We must have declined our right of first refusal;</li> <li>(c) Your transferee must have been approved in writing by us;</li> <li>(d) Your transferee must execute our then-current form of franchise agreement, the term of which shall be altered so that the term thereof will not be greater than the remaining term of your Franchise Agreement;</li> <li>(e) You must pay us a transfer fee of \$5,000;</li> <li>(f) You and your owners must execute a general release of all claims against us, our affiliates, and shareholders, officers, directors, employees, agents, successors, and assigns; and</li> <li>(g) If any part of the sale price of the transferred interest is financed, you must agree that all obligations of the transferee under any promissory note, other payment agreement, or financing statement will be subordinate to the obligations of the transferee to pay the continuing service fee, fees, and other amounts due to us and our affiliates.</li> </ul>
n. Franchisor's right of first refusal to acquire franchisee's business	Section 15.7	<p>You must give us written notice of intent to sell or otherwise transfer the Franchise Agreement. We have 30 days from the date that you give us written notice to determine whether we will exercise our right of first refusal. We can match any bona fide written offer for the Office, and we have the option to pay you in installments as follows:</p> <ul style="list-style-type: none"> <li>(a) A down payment of 20% of the purchase price, paid within 30 days of notifying you of our intention to exercise our right of first refusal; and</li> <li>(b) The remaining balance will be financed by you at an annual percentage rate of 6%, with monthly payments of principal and interest amortized over a five-year period.</li> </ul>
o. Franchisor's option to purchase franchisee's business	Section 14.4	<p>Upon the expiration, termination, or nonrenewal of the Franchise Agreement for any reason, we have the option, but not the obligation, to purchase from you the assets of your business.</p>
p. Death or disability of franchisee	Section 15.5	<p>So long as the Office is being operated in compliance with the Agreement, the estate or other responsible party of the deceased or mentally incapacitated person will have 6 months from the date of death or incapacity to transfer his or her interest in the Office to an approved individual or entity. We must approve all transfers.</p>

Provision	Section in Franchise Agreement	Summary
q. Non-competition covenants during the term of the franchise	Section 8.4	You must not be in a competing business anywhere and must not attempt to divert customers of the Office to any competitive business. You also may not solicit employees, customers, or any of the companies that we represent on behalf of any competitive business.
r. Non-competition covenants after the franchise is terminated or expires	Sections 8.5 and 8.6	You will not engage in a competing business within the state where your Office is located, for a period of 2 years after your Franchise Agreement is terminated. You must completely disassociate yourself from the Marks and return the Brand Standards Manual and other confidential materials provided to you by us. For a period of two years after your franchise agreement either is terminated or expires, you may not contact or solicit any of the companies we represent. You must also cancel or transfer all telephone numbers and directory listings to us. You may not ever divert any business from us or seek to employ any of our employees or franchisees.
s. Modification of the agreement	Section 20.3	Changes to the Franchise Agreement must be made in writing and agreed to by both parties.
t. Integration/merger clause	Section 20.18	Only the terms of the Franchise Agreement are binding (subject to state law). Nothing in the agreement or in any related agreement is intended to disclaim the representations we made in the Franchise Disclosure Document. Any representations or promises outside the Franchise Disclosure Document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Sections 19.1 and 19.2	All disputes, except as explicitly set forth in the Franchise Agreement, must be submitted to mediation and, if unsuccessful in resolving the dispute, must be submitted to binding arbitration in accordance with the commercial arbitration rules of the Judicial Arbitration and Mediation Service.
v. Choice of forum	Section 20.4	Litigation or arbitration must be in the courts of the state of Nevada located in Las Vegas, Nevada, and the United States District Court for the District of Nevada (subject to applicable state law).
w. Choice of law	Section 20.4	Nevada law applies except where individual state laws supersede, as reflected in any state-specific attachment to the Franchise Agreement (subject to applicable state law).

## **ITEM 18** **PUBLIC FIGURES**

We do not use any public figure to promote the ANI franchise System.

**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 Offices, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing Office 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.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised business (except as set forth above). We also do not authorize our employees or representatives to make such representations either orally or in writing. If you are purchasing an existing business, however, we may provide you with the actual records of that business. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Charmaine Hornick, 9440 W. Sahara Avenue, Suite 210, Las Vegas, NV 89117, Phone: (702) 873-4889, or at [CharH@aniinc.us](mailto:CharH@aniinc.us) or [vinniem@aniinc.us](mailto:vinniem@aniinc.us), the Federal Trade Commission and any appropriate state regulatory agencies.

**ITEM 20**  
**OUTLETS AND FRANCHISEE INFORMATION**

TABLE NO. 1.

**Systemwide Outlet Summary for Years 2020 through 2022**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	9	10	+1
	2021	10	13	+3
	2022	13	14	+1
Company-Owned	2020	1	1	0
	2021	1	1	0
	2022	1	1	0
Total Outlets	2020	10	11	+1
	2021	11	14	+3
	2022	14	15	+1

TABLE NO. 2

**Transfers of Outlets from Franchisees to New Owners (Other than Franchisor or an Affiliate) for Years 2020 through 2022**

State	Year	Number of Transfers
Nevada	2020	0
	2021	1
	2022	1
Total	2020	0
	2021	1
	2022	1

TABLE NO. 3

**Status of Franchised Outlets for Years 2020 through 2022**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Nevada	2020	9	1	0	0	0	0	10
	2021	10	3	0	0	0	1	12
	2022	12	2	0	0	0	1	13
New York	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Totals	2020	9	1	0	0	0	0	10
	2021	10	4	0	0	0	1	13
	2022	13	2	0	0	0	1	14

TABLE NO. 4

**Status of Company-Owned Outlets for 2020 through 2022**

State	Year	Outlets at Start of Year	Outlets Opened	Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Nevada	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Totals	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1

TABLE NO. 5

**Projected Openings for the Upcoming Fiscal Year as of December 31, 2022**

State	Franchised Agreements Signed But Not Opened	Projected New Franchised Outlets in the next Fiscal Year	Projected New Company-Owned Outlets in the Current Fiscal Year
Nevada	0	4	0
New York	0	1	0
Totals	0	5	0

A list of our current franchisees is attached to this Disclosure Document as “Exhibit 3.”

During the last 3 fiscal years, we have signed confidentiality clauses with former franchisees which would restrict them from speaking openly with you about their experience with us.

Franchisees Who Have Left the System

Our franchisees who have left the System are listed in “Exhibit 3.” If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

## **ITEM 21** **FINANCIAL STATEMENTS**

Attached to this FDD as Exhibit 2 are our audited financial statements as of December 31, 2022, December 31, 2021, and December 31, 2020. Our fiscal year ends on December 31st.

## **ITEM 22** **CONTRACTS**

The contracts following this Item 22 are listed in the order in which they appear as exhibits to this Franchise Disclosure Document and/or to the Franchise Agreement (which appears as Exhibit 1 to this Franchise Disclosure Document). At this time, these are the only contracts that we expect that we will enter into with a franchisee in any state, although we reserve the right to enter into different types of contracts with its franchisees as its business develops. As a prospective franchisee, you should obtain independent legal and financial advice concerning this franchise offering as you deem appropriate before making any commitment.

### **Exhibit 1: The Franchise Agreement**

- Exhibit A: Information Regarding Franchisee, Royalty Commissions, and the Franchised Business
- Exhibit B: Owner Agreement
- Exhibit C: Confidentiality and Non-Competition Agreement
- Exhibit D: Compliance Questionnaire

**We will not ask you to complete the Disclosure Questionnaire, and we will disregard any answers from you, if you live or plan to operate your franchise in the states of California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, Wisconsin.**

- Exhibit E: Form of General Release
- Exhibit F: Summary of Operational Policies
- Exhibit G: Assignment of Telephone Numbers
- Exhibit H: Franchise Relationship Acknowledgment
- Exhibit I: Promissory Note

## **ITEM 23** **RECEIPTS**

Two copies of an acknowledgment of your receipt of this Franchise Disclosure Document are attached to this Franchise Disclosure Document as Exhibit 6. Please complete both copies, detach and return the copy marked “Our Copy” to us and keep the other copy in the Franchise Disclosure Document for your own records.

**ALL NEVADA INSURANCE, INC.**

**EXHIBIT 1**

**Franchise Agreement**

[See Attached]



**FRANCHISE AGREEMENT BETWEEN**

**All Nevada Insurance, Inc.,  
doing business as ANI and All Nevada Insurance**  
9440 W. Sahara Avenue, Suite 210  
Las Vegas, NV 89117  
Phone: (702) 873-4889

**AND**

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### Exhibits

- A. Information Regarding Franchisee, Royalties, and the Office
  - B-1. Owner Agreement (Non-Owner Spouse NOT Currently in Insurance Industry)
  - B-2. Owner Agreement (Non-Owner Spouse Currently in Insurance Industry)
- C. Confidentiality and Non-Competition Agreement
- D. Compliance Questionnaire
- E. General Release
- F. Summary of Operational Policies
- G. Assignment of Telephone Numbers
- H. Franchise Relationship Acknowledgement
- I. California Addendum

## **FRANCHISE AGREEMENT**

This Franchise Agreement (“**Agreement**”) is entered into on the Effective Date between All Nevada Insurance, Inc., a company organized under the laws of Nevada (“**ANI**”), and the Franchisee identified in **Exhibit A** to this Agreement (“Franchisee”).

### **RECITALS**

A. ANI is primarily in the business of selling and servicing insurance policies, which include but are not limited to property, casualty, life and health policies, for a number of national providers, has devised and owns a system for the operation of a business selling insurance lines and policies (the “**System**”), and desires to provide certain assistance to businesses selling ANI’s lines and policies.

B. ANI has the right to license the Marks and System in connection with the operation of System Offices.

C. ANI is willing to grant to Franchisee, and Franchisee wishes to obtain the rights to use, the Marks and System, and Franchisee wishes to be assisted, trained, and licensed by ANI to use them.

The parties therefore agree as follows:

### **SECTION 1. DEFINITIONS**

The capitalized terms used in this Agreement have the following meanings:

Affiliate. Any Person (other than a natural person) controlled by, controlling or under common control with either party.

Agent of Record. Person(s) designated on policies sold by Franchisee as broker, agent, or representative and owner of Commissions.

Anti-Terrorism Laws. Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the 15.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the 15.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the 15.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 Approved Location of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

Approved Location is defined in Paragraph 6.4 and identified on **Exhibit A**.

Assigned Rights are defined in Paragraph 15.1.1.

Authorized Products and Services. All coverages or products sold, renewed, serviced or delivered through Franchisee to any Person which have been approved in writing by ANI for sale by Franchisee in ANI’s sole discretion and not later disapproved.

Billings. Statements or billings received by ANI from Franchisee for amounts due ANI from Franchisee and for amounts due Franchisee from ANI.

Brand Standards Manual. Defined in Paragraph 3.5.

Claim or Claims. Defined in Paragraph 17.1.

Commencement Date. The day the Office opens for business.

Commissions: Commissions paid or credited by Companies to Franchisee for the sale, renewal, service or delivery of a specific Authorized Product or Service through Franchisee. Commissions will also include any consulting fees, advisory fees, placement

fees, service fees, renewal fees, or any similar payments paid on or related to any Customer by any Person. Commissions will also include fees or commissions which are generally not associated with the sale of a specific Authorized Product or Service through Franchisee and include, but are not limited to, payments identified by Companies as advertising allowances, prizes, override commissions, expense reimbursements and bonus commissions, but do not include Company Bonus Concessions.

Commissions Payment Date. Defined in Paragraph 4.5.

Company or Companies. A company issuing, brokering, selling, or servicing an Authorized Product or Service and which has a contract with ANI. More than one Company are “Companies.”

Company Bonus Concessions. Commissions or fees which are generally not associated with the sale of specific Authorized Products and Services through Franchisee. Company Bonus Concessions are typically contingent upon factors such as sales volume, premium volume, profitability and other special concessions negotiated by ANI. Company Bonus Concessions include payments identified by the Companies as advertising allowances, prizes, override commissions, expense reimbursements and bonus commissions.

Competing Business. Any business offering any of the Authorized Products and Services, which include but are not limited to selling or servicing insurance policies.

Confidential Information. Proprietary information contained in the Brand Standards Manual or otherwise communicated to Franchisee in writing, and information designated by ANI as confidential, verbally or through the Internet or other on line or computer communications, and any other knowledge or know-how concerning the methods of operation of the Office, including but not limited to: (a) the operating procedures of the System, (b) the economic and financial characteristics of the System and its Franchisees, including without limitation: pricing policies and schedules, profitability, earnings and losses, capital and debt structures; (c) ANI’s relationships with and the identities of the Companies; (d) Authorized Product or Services; (e) ANI’s outside referral sources; (f) Customers; and (g) the Brand Standards Manual.

Credit Card Vendors. Defined in Paragraph 3.20.

Customer. A Person who purchases, renews, or has serviced or delivered an Authorized Product or Service.

Effective Date. The date ANI signs the Agreement, as indicated in its signature block.

Interim Period. Defined in Paragraph 5.4.

Licensed Representative. Defined in Paragraph 3.2.

Marks. Certain trade names, service marks, trademarks, logos, emblems, Trade Dress and other indicia of origin, including the mark “ANI”, “ALL NEVADA INSURANCE” and such other names, marks, copyrights, insignia, emblems, slogans, logos, commercial symbols, signs, trade dress (including designs and specifications and the motif, decor, and color combinations for a System Office), and all other visual identification, as are now or may at any time be designated by ANI for use in connection with the System.

Office. A business office operated by Franchisee selling Authorized Products and Services using the System under this Agreement.

Person. Any natural person or legal entity, including trustees, representatives, administrators, heirs, executors, partnerships, corporations, limited liability companies, trusts, unincorporated organizations and governmental agencies, and departments.

Profit Sharing Bonus. Defined in Paragraph 4.4.

Return Commissions. Commissions for Franchisee’s performance of Authorized Products or Services that are unearned because the Authorized Product or Service was canceled.

Rights Transfer. Defined in Paragraph 15.1.

Rights Transfer Notice. Defined in Paragraph 15.1.

Rights Transfer Amount. Defined in Paragraph 15.1.1.

Start Date. Defined in Paragraph 15.1.1.

Successor Franchise Agreement. Defined in Paragraph 5.2.

System. Defined in the “Recitals.”

System Office. An ANI business operated under the System by ANI, any of its Affiliates, or a franchisee of ANI under a franchise agreement with ANI, the terms of which may vary materially from those in this Agreement.

Term. Defined in Paragraph 5.1.

Transfer. The voluntary or compulsory giving to another, directly or indirectly and by operation of law or otherwise, by selling, dividing, encumbering, assigning, hypothecating, mortgaging, sub-licensing, transferring through bequest, inheritance, transfer in trust, divorce or by any other means, or otherwise disposing of the rights granted under this Agreement, or any part thereof, or any rights or privileges incidental thereto, Franchisee’s operation as a System Office or any interest therein, or of the franchisee’s rights or interest in this Agreement.

Transferee. A third party to whom a Transfer is proposed to be made or actually made, as applicable.

Valid Offer. Defined in Paragraph 15.1.2.

## **SECTION 2. GRANT OF FRANCHISE**

2.1 Grant. ANI appoints and grants Franchisee, for the Term, a non-exclusive license to open and operate the Office in compliance with the System and under the Marks. Franchisee agrees to open and operate, under the terms of this Agreement, a System Office specializing in offering specific Authorized Products and Services under the Marks only at the Approved Location.

2.2 Franchise is Not Exclusive. The franchise granted by this Agreement is non-exclusive, and Franchisee will not have any right to grant franchises to any other party, nor will Franchisee have the right to open more than one Office, unless provided by separate agreement.

2.3 Franchisee’s Jurisdictional Licenses. Franchisee is authorized on behalf of ANI to sell Authorized Products and Services in the state of the Approved Location only. In the event that Franchisee wishes to offer Authorized Products and Services in jurisdiction(s) other than the state of the Approved Location, **both** Franchisee and ANI must first meet the applicable licensing requirements of, and actually obtain license(s) in, such state jurisdiction(s). Further, Franchisee must request and receive written approval from ANI to sell Authorized Products and Services in such jurisdiction(s), but may do so only from the Approved Location.

## **SECTION 3. CONDUCT OF THE FRANCHISED BUSINESS**

3.1 Agent of Record. Franchisee will make ANI (for the purposes of this Paragraph 3.1, “ANI” includes an authorized and duly licensed representative, subsidiary or Affiliate of ANI) the Agent of Record for all Authorized Products and Services sold, renewed, serviced or delivered through Franchisee with an effective date for coverage after the Effective Date, unless prior written approval is obtained from ANI. If a Company refuses to make ANI the Agent of Record for all Authorized Products and Services sold, renewed, serviced or delivered through Franchisee, then Franchisee must assign all Commissions and Company Bonus Concessions associated with such Authorized Products and Services to ANI. Franchisee agrees and acknowledges that by making ANI the Agent

of Record, all Commissions and Company Bonus Concessions are assigned to ANI for accounting and distribution to Franchisee in the manner stated in this Agreement. Franchisee appoints ANI as its attorney-in-fact to endorse or deposit checks made payable to Franchisee by Customers or Companies. If Franchisee receives payment from Customers or Companies, Franchisee agrees that Franchisee will not deposit, cash, or otherwise liquidate such payment, but that Franchisee will instead promptly forward any such payment to ANI. Franchisee also agrees to obtain from its employees or Licensed Representative an appointment of ANI as their attorney-in-fact to endorse or deposit checks made payable to such producers by Customers or Companies.

3.2 Licensed Representative(s). Franchisee agrees that, at all times during the Term, Franchisee will have at least one (1) designated Person who owns an equity interest in Franchisee (if Franchisee is a legal entity) and holds any and all necessary, valid, and current licenses required by any governmental entity with jurisdiction over the Office and who has attended any required training by ANI (the “**Licensed Representative**”). The Licensed Representative must have the right to direct or control Franchisee and the operations of the Office and must have the legal ability to sell the Authorized Products and Services. Franchisee will notify ANI of the identity of Franchisee’s Licensed Representative(s) and will immediately inform ANI in the event that there is a change in Franchisee’s Licensed Representative.

3.3 Franchisee’s Employees. Franchisee agrees to maintain a competent, conscientious, trained staff, in a sufficient number, and to take such steps as are necessary to ensure that its employees preserve good customer relations. Franchisee will provide qualified personnel for the sale, renewal, service and delivery of Authorized Products and Services and to serve as Customer contact. Franchisee must have at least one (1) Person who is a licensed agent in the Office during all hours the Office is in operation.

3.4 Application Processing. After the Effective Date, Franchisee must process all applications for Authorized Products and Services exclusively through ANI or its Affiliate(s).

3.5 Compliance With Procedures. Franchisee shall participate in the System and operate the Office in strict compliance with the standard procedures, operational policies (which include the policies attached as Exhibit F), rules and regulations established by ANI from time to time (collectively, the procedures, policies, standards and operational policies in Exhibit F, as well as our other manuals, are the “**Brand Standards Manual**.” ANI has the right to prescribe additions to, deletions from or revisions of the Brand Standards Manual (the “**Supplements**”), all of which will be considered a part of the Brand Standards Manual. All references to the Brand Standards Manual in this Agreement will include the Supplements. ANI will provide Franchisee with 30 days to comply with any material change made by ANI to the standards stated in the Brand Standards Manual. The Brand Standards Manual and any Supplements are material in that they will affect the operation of the Office, but they will not conflict with or materially alter Franchisee’s rights and obligations under this Agreement. While the Manual is designed to protect ANI’s reputation and the goodwill of the Marks, it is not designed to control the day-to-day operation of the Office.

3.5.1 ANI is permitted to revise the System, Marks, the various training programs offered to franchisees and their employees, and the Brand Standards Manual at any time, by addition, deletion or other modification, and such modification shall be made in the sole judgment of ANI. Such modifications may obligate Franchisee to invest additional capital in the Office (“**Capital Modifications**”) and/or incur higher operating costs.

3.5.2 Upon the execution of this Agreement, ANI shall loan to Franchisee one (1) copy of the Brand Standards Manual. The Brand Standards Manual is the copyrighted property of ANI. The Brand Standards Manual is loaned to Franchisee for the Term, and must be returned to ANI immediately upon its termination or expiration. The contents of the Brand Standards Manual is and contains ANI’s Confidential Information. Franchisee must not make, or cause or allow to be made, any copies, reproductions or excerpts of all or any portion of the Brand Standards Manual without ANI’s express prior written consent. Upon the expiration or termination of this Agreement for any reason whatsoever, Franchisee shall immediately return the Brand Standards Manual to ANI.

3.5.2 Franchisee acknowledges that ANI’s operational rules include, among other requirements, a requirement that Franchisee provide to ANI, at its request, copies of all records or documents originated, received or processed by Franchisee which are related to Customers, Franchisee’s sales of Authorized Products and Services, or the Office. Franchisee acknowledges the importance of complete and timely transmittal of all records and documents.

3.6 Approved Companies. Franchisee will sell only those products and services that are specifically designated by ANI as Authorized Products and Services, and only from those Companies that are authorized by ANI. Franchisee acknowledges that ANI, in its sole and absolute discretion, will decide which Companies for which Franchisee may sell Authorized Products and Services.

3.7 Limits of Authority. Franchisee will abide by and conform to the conditions and limits of authority for binding Companies to insurance and other coverages, which are set forth from time to time in writing by ANI or by an applicable Company.

3.8 Operating Hours. Franchisee will keep the Office open and in normal operation during normal business hours, during the days of the week required by ANI, unless otherwise authorized in writing by ANI (subject to local ordinances or lease restrictions, if any). Hours and days of operation may be changed as ANI may from time to time specify in the Brand Standards Manual.

3.9 Computer Equipment, Hardware, and Software. Franchisee will follow and adhere to the daily accounting and reporting procedures as specified by ANI from time to time. ANI will provide certain computer hardware and software to Franchisee in the start-up package (as stated in Section 4.11), and will also provide to Franchisee use of three retention management systems (a value of \$375 per month). Franchisee will be responsible to purchase other equipment and software not included in the start-up package specified by ANI. The computer equipment and software to be used in the Office will possess features that facilitate the operation and internal accounting control of the Office, which ANI will have the ability to access electronically, which presently includes "EZ Lynx" and our customer management system software, but may include other or substitute software as determined by ANI. Franchisee will not sell, lease or authorize the use of the hardware or software to anyone else and will not configure, program or change any software programs. Franchisee, its owners, officers, directors, employees and independent contractors agree to release, defend, indemnify and hold ANI harmless for and from any and all Claims, losses, liabilities, damages or expenses (including, but not limited to reasonable attorneys' fees, court costs, and costs of investigation) of any kind or nature whatsoever incurred by Franchisee, its owners, officers, directors, employees and independent contractors resulting from Franchisee's use of third-party software. This release, defense, indemnification and hold harmless will survive the termination or expiration of this Agreement.

3.10 Improvements. If Franchisee, its employees, owners or Licensed Representative(s) develop any new concept, process or improvement in the operation or promotion of the Office or System Offices generally (an "**Improvement**"), Franchisee agrees to promptly notify ANI and provide ANI with all necessary related information, without compensation. Any such Improvement shall become ANI's sole property and ANI shall be the sole owner of all related patents, patent applications, and other intellectual property rights. Franchisee hereby assigns to ANI any rights Franchisee may have or acquire in the Improvements, including the right to modify the Improvement, and waive and/or release all rights of restraint and moral rights in and to the Improvement. Franchisee agrees to assist ANI in obtaining and enforcing the intellectual property rights to any such Improvement and further agrees to execute and provide ANI with all necessary documentation for obtaining and enforcing those rights. Franchisee irrevocably designates and appoints ANI as agent and attorney-in-fact for Franchisee for ANI 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 Improvement. In the event that the foregoing provisions of this Section 3.10 are found to be invalid or otherwise unenforceable, Franchisee hereby grants to ANI a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the Improvement.

3.11 Franchisee as Legal Entity. If Franchisee is a corporation, partnership, limited liability company, or other entity, all shareholders, partners, members, or owners of that entity, and their spouses, must execute the Owner Agreement attached as Exhibit B-1 or Exhibit B-2, as applicable. Franchisee also agrees to the following additional terms:

3.11.1 Company Documents. ANI must receive copies of any articles of incorporation or formation, limited liability company or partnership agreement, by-laws and other organizational documents and any changes to them.

3.11.2 Ownership of Franchisee. Franchisee must provide to ANI, in Exhibit A, the names of the current shareholders, partners, members, or other owners of any entity that owns Franchisee, their respective titles, and the amount of their respective ownership interests in that entity, and the names of any other officers or directors of Franchisee. Franchisee agrees to keep Exhibit A updated.

3.11.3 Stock Legend. All shares of capital stock in any corporation, and any certificates of ownership interest or participation in any other entity, must bear the following legend: "The sale or other transfer of the shares of stock, or other interests represented by this certificate is restricted by and subject to the terms and conditions of a written franchise agreement with All Nevada Insurance, Inc."

3.11.4 Restriction of Business Purpose. The corporation, partnership, limited liability company, or other entity may not engage in any business or activity other than operating the Office.

3.12 Customer Service. Franchisee will provide excellent customer service, including the collection of payments from Customers by certified funds, personal checks, debit and/or credit cards or in any other manner stipulated by ANI. Franchisee will never accept cash payments from a Customer. Franchisee will assist in claims administration in accordance with the rules and procedures set forth by Companies, and by ANI in the Brand Standards Manual or otherwise in writing, and Franchisee acknowledges that Franchisee is fully responsible for learning and complying with all Company rules and procedures.

3.13 Ownership of Customer Policies During Term. During the Term, and so long as Franchisee is not in default, all Customer policies resulting from Franchisee's sales of Authorized Products and Services, which are written by Franchisee, will remain with Franchisee so long as the Customer resides within Nevada or any other state in which Franchisee and ANI are authorized to sell. If this Agreement expires or is terminated, Customer policies will be owned exclusively by ANI, and ANI will have no obligation or duty to reimburse or pay Franchisee for them.

3.14 Collections Responsibility of Franchisee. Even though all billings to Customers are made by or through ANI, Franchisee is responsible for the collection of Customer accounts receivable. Franchisee agrees to use Franchisee's best efforts to collect these amounts in a timely manner.

3.15 ANI's Commission Retention. Franchisee authorizes ANI to retain the Royalty in Section 4.3 below. In addition, from Franchisee's Commissions, Franchisee authorizes ANI to retain funds for Franchisee's share of: (a) Franchisee's advertising contribution; (b) any amounts paid to Franchisee that were later refunded to Companies by ANI or to Customers by any Company; (c) any required deductible or premium increase resulting from a Claim by Franchisee under ANI's errors and omissions policy; (d) interest owed by Franchisee to ANI or any other supplier; (e) the price of any supplies or services provided by ANI to Franchisee if previously agreed upon by ANI and Franchisee; (f) licensing fees relating to Franchisee's use of required software; (g) incremental fees incurred by ANI for providing e-mail addresses (ANI will pay for up to three (3) accounts, subject to Franchisee's compliance with ANI's Brand Standards Manual), email services beyond the basic level of support, or social media services.

3.16 Authorized Debit by ANI. If Franchisee has not paid to ANI, or its designee, the debit balance recorded on the Franchisee's account with ANI by the 5th business day of each month, then Franchisee authorizes ANI, or its designee, to withdraw the amount of such debit balance from Franchisee's checking account using an electronic funds transfer. Franchisee further agrees to execute any documents that are reasonably necessary to permit ANI to make the electronic funds transfer. Without waiving any other rights, if Franchisee fails to pay amounts due ANI when due, ANI may at its discretion charge interest on unpaid amounts at a rate not to exceed the maximum rate allowed by law until such amounts are paid. ANI may at its sole discretion allow Franchisee additional time to pay amounts Franchisee owes; however, in such event, ANI may still charge Franchisee interest until such amounts are paid.

3.17 Payment of Insurance Expenses. Franchisee will be responsible for payment of the: (a) increased premium for cyber liability insurance due to Franchisee's joining ANI; (b) deductible under ANI's errors and omissions insurance coverage; and (c) as well as other Claims expenses, with respect to each errors and omissions Claim made by Franchisee or as a result of Franchisee's actions or lack of actions.

3.18 Notification of Issues. Franchisee will, within twenty-four hours of receipt, fully report to ANI any legal or regulatory issues, inquiries or notices such as potential or actual errors and omissions Claims, insurance department or other regulatory complaints, legal summons, audits and subpoenas. Franchisee will not make any written or verbal comments or responses regarding said issues to anyone until fully discussed with ANI. Franchisee acknowledges that ANI will coordinate and control responses to

any such issues. ANI will not be required to pay any fines assessed or levied against, or due to the actions of, Franchisee by the Nevada Department of Insurance, which are Franchisee's sole responsibility.

3.19 Payment of Fines. Franchisee acknowledges and covenants that Franchisee will promptly pay any and all fines or monetary assessments that are assessed against Franchisee (or by reason of any actions by Franchisee) by any regulatory authority. Franchisee acknowledges and agrees that, should Franchisee fail to promptly pay any such fines or assessments, ANI will have the right (but not the obligation) to pay any and all such amounts on Franchisee's behalf. If ANI elects to make a payment on Franchisee's behalf, ANI will be entitled to withhold it from Franchisee's Commission payment.

3.20 Merchant Services. Franchisee agrees to maintain, at all times, credit-card relationships with the credit- and debit-card issuers or sponsors, check or credit verification services, financial-center services, merchant service providers, and electronic-fund-transfer systems (together, "**Credit Card Vendors**") that ANI may periodically designate as mandatory. The term "Credit Card Vendors" includes, among other things, companies that provide services for electronic payment, such as near field communication vendors (for example, "Apple Pay" and "Google Wallet"). Franchisee agrees not to use any Credit Card Vendor for which ANI has not given its prior written approval, or as to which ANI have revoked its earlier approval. ANI has the right to modify ANI's requirements and designate additional approved or required methods of payment and vendors for processing such payments, and to revoke ANI's approval of any service provider. Franchisee shall acquire, at its expense, all necessary hardware and/or software used in connection with these non-cash systems.

3.21 PCI Guidelines. Franchisee agrees to comply with the then-current Payment Card Industry Data Security Standards as those standards may be revised and modified by the PCI Security Standards Council, LLC (see [www.pcisecuritystandards.org](http://www.pcisecuritystandards.org)), or any successor organization or standards that ANI may reasonably specify. Among other things, Franchisee agrees to implement the enhancements, security requirements, and other standards that the PCI Security Standards Council (or its successor) requires of a merchant that accepts payment by credit and/or debit cards. Franchisee must demonstrate compliance upon reasonable request, which may include having an independent third party Qualified Security Assessor (QSA) conduct a PCI/DSS audit. In the event Franchisee is unable to demonstrate full compliance, ANI may require that Franchisee engages the services of an approved vendor to assist Franchisee on an ongoing basis. Having a secure managed firewall that meets ANI's system standards is one part of the current requirement. Franchisee must enter a contractual relationship directly with ANI's approved managed firewall vendor.

3.22 Compliance Audits. On the first business day of each month, ANI will give to Franchisee a compliance audit form. Franchisee's completed compliance audit must be returned to ANI on or before the fifteenth (15<sup>th</sup>) calendar day of the month. ANI will have fifteen (15) calendar days to review Franchisee's completed compliance audit form and will communicate with Franchisee regarding any errors in the compliance audit. In the event Franchisee fails to submit a complete, corrected compliance audit form to ANI by the last day of the month, ANI will have the right to delay payment of Commissions, and the Commissions Payment Date, for up to one (1) month after ANI has received from Franchisee the corrected audit compliance form.

## **SECTION 4. ANI'S OBLIGATIONS TO FRANCHISEE**

4.1 Billing and Collection Services. ANI will serve as a clearinghouse for the processing of payments by Companies for sales made by Franchisee of Authorized Products and Services. ANI may provide other services as may be agreed upon by the parties from time to time. Certain of ANI's duties and obligations may be performed by an authorized and duly licensed representative, subsidiary or Affiliate of ANI.

4.2 Calculation of Commissions Due. ANI will account for all Commissions on Authorized Products and Services issued, renewed, endorsed, changed, serviced, delivered or canceled on behalf of a Customer. ANI will credit Franchisee's account for Commissions received by ANI from Companies for Customer accounts in the amounts indicated on the appropriate Company billing. Where applicable, ANI will debit Franchisee's account for Return Commissions due to Companies by ANI for Customer accounts in the amounts indicated on the appropriate Company billing.

4.3 **ANI's Fee Retention.** ANI will calculate and credit Franchisee's account monthly for amounts due Franchisee. The amount due to Franchisee will be calculated by first subtracting the fees due to ANI from Franchisee. ANI will deduct and/or retain from all Commissions for the preceding accounting period the following sums pertaining to that period:

- 4.3.1 Royalties, at the rate stated in **Exhibit A** to this Agreement.
- 4.3.2 Any amounts paid to Franchisee that were later refunded to Companies by ANI or to Customers by any Company.
- 4.3.3 The increase in ANI's monthly premium for Franchisee's errors and omissions coverage, as stated in Paragraph 4.8, if any.
- 4.3.4 Any supplies or services provided by ANI to Franchisee if previously agreed upon by the parties, including Franchisee's Cooperative contribution.
- 4.3.5 Any additional computer user fee(s) charged by ANI under Paragraph 7.3.
- 4.3.6 Incremental fees incurred by ANI for providing e-mail addresses (ANI will pay for up to three (3) accounts only), email services beyond the basic level of support, or social media services.
- 4.3.7 Any other amounts owed to ANI by Franchisee.

4.4 **Company Bonus Concessions.** In addition to the foregoing, ANI will pay to Franchisee, on an annual basis and according to the schedule specified by ANI in its Brand Standards Manual or otherwise in writing, a profit sharing bonus calculated as a percentage of all Company Bonus Concessions paid by Companies to ANI, which percentage will be based on Franchisee's written earned premium, combined loss ratio and overall Customer retention in the manner stated in the Brand Standards Manual (the "Profit Sharing Bonus").

4.5 **Acknowledgement of Payment Schedule.** Franchisee acknowledges that, due to the delays inherent in the insurance payment and collections process, ANI's payment to Franchisee for Commission earned by Franchisee for each month will be due on the 5th business day of the following month (the "Commissions Payment Date").

4.6 **Account Reconciliation; Payments.** On the Commissions Payment Date, ANI will forward a record of Franchisee's account to Franchisee. ANI will deduct all monies owed by Franchisee on the Commissions Payment Date and will pay Franchisee the credit balance (after making the deductions stated in Paragraph 4.3) showing on Franchisee's account. If Franchisee has not paid to ANI, or its designee, any debit balance showing on Franchisee's account by the 10th business day of each month, then ANI, or its designee, will withdraw the amount of any such debit balance from Franchisee's checking account using an electronic funds transfer as stated in Paragraph 3.16. Upon written notice to Franchisee, ANI may change the date on or about which Franchisee's account is credited or debited. Notwithstanding the foregoing, in the event Franchisee fails to submit a complete, corrected compliance audit form (as discussed in Paragraph 3.22) to ANI by the last day of the month, ANI will have the right to delay payment of Commissions, and the Commissions Payment Date, for up to one (1) month after ANI has received the corrected audit compliance form.

4.7 **Consequence of ANI's Failure to Make Timely Payment.** In the event that Franchisee has timely submitted to ANI a completed an error-free audit compliance form before the due date and ANI, without reasonable justification, fails to make the payment required in Paragraph 4.6 to Franchisee on or before the Commissions Payment Date, ANI will not be entitled to retain the Royalty stated in Paragraph 4.3.1. In any event, ANI will be entitled to withhold other amounts owed by Franchisee based on Paragraphs 4.3.2 through 4.3.7.

4.8 **Coverages.** ANI will purchase and maintain individual errors and omissions and cyber liability coverages for the System. Should Franchisee's participation in the System cause the policy premium for ANI's errors and omissions or cyber liability coverage to increase, ANI will calculate and debit Franchisee's account for the amount of such increase attributable to Franchisee. As stated in Paragraph 3.17, Franchisee will be responsible for payment of any increased deductible(s), as well as other Claims expenses with

respect to each errors and omissions Claim made by Franchisee or as a result of Franchisee's actions or lack of actions. Upon ANI's request, Franchisee will provide ANI with copies of those documents which ANI deems necessary for its errors & omissions and cyber liability policy. Franchisee may be required to be a member of the state independent agents' association or other association to be eligible for errors and omissions coverage, and may be required to participate in errors and omissions loss control seminars.

4.9 Company Appointments. ANI agrees to attempt, upon Franchisee's request and behalf, to have ANI appointed as an Agent of Record with Companies suggested by Franchisee, so long as such appointments are reasonable and, in ANI's sole judgment, are in the interests of the System.

4.10 Commission Schedule. ANI will provide Franchisee with a schedule of Commissions paid by each Company, and any changes to that schedule.

4.11 Start-Up Package. If this is not successor franchise agreement, ANI will provide to Franchisee a start-up package of furniture, computer and networking equipment and software, and certain other items selected by ANI. At Franchisee's request, ANI will provide Franchisee with a specific list of items that will be included in the start-up package.

## **SECTION 5. TERM OF FRANCHISE; FRANCHISEE'S RIGHT TO OBTAIN A SUCCESSOR AGREEMENT**

5.1 Term. The Agreement's "Term" begins on the Effective Date and ends on the 5<sup>th</sup> anniversary of the Commencement Date.

5.2 Successor Agreement. Franchisee has the right to obtain an unlimited number of additional five-year terms at the expiration of this Agreement provided that, at the time of expiration, Franchisee meets the following conditions:

5.2.1 Notice. Franchisee must provide ANI notice of its intention to obtain a successor franchise agreement (the "Successor Franchise Agreement") not more than 180 days, and not less than 60 days, before the end of the Term.

5.2.2 Renewal Agreement. Franchisee must execute ANI's then-current standard form of franchise agreement, which may, at ANI's sole and absolute discretion, include substantially different terms than those contained in this Agreement, and the term of which will be the successor term stated above, provided, however, that during the first Successor Franchise Agreement, ANI's Royalty will not exceed that stated in Paragraph 4.3.1.

5.2.3 General Release. Franchisee executes a general release, in ANI's then-current approved form (the current approved form is attached as Exhibit E), of any and all Claims, known or unknown, that may exist at the time of renewal against ANI and its subsidiaries and Affiliates, and their respective officers, directors, agents, and employees.

5.2.4 Not in Default. Franchisee is not then in default of any provision of this Agreement, or any amendment or successor of or to it, or any other agreement between Franchisee and ANI, or any subsidiary or affiliate of ANI, and Franchisee will have substantially and materially performed all of Franchisee's obligations throughout the Term. Franchisee may not have received from ANI more than three (3) notices of default during the Term.

5.2.5 Timely Payment of Monetary Obligations. Franchisee has paid or otherwise satisfied all monetary obligations owed by Franchisee to ANI and its Affiliates, and Franchisee will have timely paid or otherwise satisfied these obligations throughout the Term.

5.2.6 Renovation of Office. Franchisee agrees, at its sole cost and expense, to reimagine, renovate, refurbish and modernize the Office, within the time frame required by ANI, including the office design, signs, interior and exterior decor items, fixtures, furnishings, trade dress, color scheme, presentation of trademarks and service marks, supplies and other products and materials to meet ANI's then-current standards, specifications and design criteria for franchisees.

5.3. **ANI's Refusal to Provide a Successor Agreement.** ANI can refuse to provide a Successor Franchise Agreement if, in ANI's judgment, the relationship between ANI and Franchisee during the Term has been uncooperative or contentious for any material period of time during the Term, or if there have been material disputes during the Term that were not amicably resolved.

5.4. **Interim Period.** If Franchisee does not sign the Successor Franchise Agreement prior to the end of the Term and continues to accept the benefits of this Agreement after the Term, then at ANI's option, this Agreement may be treated either as: (i) expired as of the end of the Term, with Franchisee then operating without a franchise and in violation of ANI's rights; or (ii) continued on a month-to-month basis ("Interim Period") until one party provides the other with written notice of such party's intent to terminate the Interim Period, in which case the Interim Period will terminate 30 days after receipt of the notice to terminate the Interim Period. In the latter case, all obligations of Franchisee will remain in full force and effect during the Interim Period as if this Agreement had not expired, and all obligations and restrictions imposed on Franchisee upon expiration of this Agreement will be deemed to take effect upon termination of the Interim Period.

## **SECTION 6. NO EXCLUSIVITY; APPROVED LOCATION**

6.1. **No Grant of Exclusive Territory.** Franchisee understands and agrees that it will only have the right to operate the Office from the Approved Location. ANI specifically reserves all other rights to itself and its Affiliates, including the rights to offer or sell any products, including the Authorized Services and Products, at or from any location anywhere, using any method of distribution, under the Marks or under trademarks different than the Marks.

6.2 **Location of Other ANI Offices.** Franchisee acknowledges that ANI and its Affiliates have the right to own, operate, franchise others to operate, and situate ANI offices selling the Authorized Products and Services using the System anywhere, as it considers appropriate, regardless of the proximity to Franchisee's Office or other ANI System Offices.

6.3 **Protection of Customer Information.** In the event an Affiliate of ANI engages in a business that is the same as, or similar to, the Office, ANI agrees not to provide any of the Customer information received by ANI from Franchisee to such Affiliate with the intent that such information be used in a way that will interfere materially with Franchisee's receiving the benefit of this Agreement.

6.4 **Location of Office.** Franchisee agrees that Franchisee is responsible for independently investigating the demographic characteristics, competition, and market for the services to be provided by the Office in the area of Franchisee's intended operation. Franchisee will select the location of the Office. Franchisee must obtain ANI's approval of the Office location prior to Franchisee's selection of a site by advising ANI in writing of the street address of the proposed office and by providing ANI with a copy of any demographic information that Franchisee possesses on the proposed location. Within fifteen (15) days after receipt of such information from Franchisee, ANI will approve or disapprove of the proposed site, which will then be the "**Approved Location**," and indicated on **Exhibit A.** If Franchisee and ANI do not agree on a site, Franchisee must attempt to locate another acceptable site.

6.5 **Relocation.** The Approved Location cannot be changed except with the written consent of ANI, which ANI can withhold for any reason or no reason.

6.6 **California Franchisees.** If Franchisee's Approved Location is within the State of California, Franchisee agrees to execute and deliver the California Addendum in the form attached as **Exhibit I.**

## **SECTION 7. FEES**

7.1 **Initial Fee.** Upon the signing of this Agreement, Franchisee will pay to ANI twenty-five thousand dollars (\$25,000.00). The initial fee is fully earned by ANI upon payment in consideration of ANI's costs, expenses, and lost opportunities incurred or realized in granting a franchise to Franchisee and is not refundable under any circumstances.

7.2 **Royalty.** ANI will deduct from the Commissions and retain the monthly Royalty as stated in **Exhibit A.**

7.3 Social Media and E-Mail Fees. ANI will provide to Franchisee up to three (3) e-mail addresses at ANI's @aniinc.us domain at the basic service level. In the event Franchisee wants more than three (3) email addresses or a service level upgrade, Franchisee must reimburse ANI for its incremental cost in providing those additional accounts or services to Franchisee. If Franchisee elects to use ANI's preferred social media vendors, Franchisee must reimburse ANI for its incremental cost in adding Franchisee to its social media vendor accounts.

7.4 No Right of Off-Set. Franchisee has no right, Claim or defense of "offset" and will pay all fees and amounts due ANI on time regardless of any Claims or defenses that Franchisee may have or assert against ANI or its Affiliates.

## **SECTION 8. COVENANTS NOT TO COMPETE AND TO MAINTAIN CONFIDENTIALITY**

8.1 Franchisee, Defined. Unless otherwise specified, the term "Franchisee" as used in this Agreement will include, collectively and individually, and will apply to, jointly and severally: (a) any individual(s) operating as Franchisee either individually or as a proprietorship; (b) if Franchisee is a corporation, the corporation and all officers, directors, and the holders of a controlling interest in such corporation or in any corporation directly or indirectly controlling Franchisee; (c) if Franchisee is a partnership, the partnership and all general and limited partners (including any corporation that controls, directly or indirectly, any general or limited partner, and the officers, directors, and holders of a controlling interest in such corporation); (d) if Franchisee is a limited liability company, the limited liability company and all members (including any corporation that controls, directly or indirectly, any members, and the officers, directors, and holders of an interest in such corporation); and (e) the immediate family members of any individual(s) who are personally involved in the day-to-day operations of the Office, who have access to the Brand Standards Manual, or have attended any training with ANI.

8.2 Acknowledgement. Franchisee acknowledges that over the Term, Franchisee will receive Confidential Information which ANI has developed over time at great expense. Franchisee acknowledges and agrees that the Confidential Information is not generally known in the industry and is beyond Franchisee's own present skills and experience, and that it would be expensive, time consuming and difficult for Franchisee to develop it. Franchisee further acknowledges that ANI's Confidential Information provides a competitive advantage and is valuable to Franchisee in the development of its business, and that gaining access to it is, therefore, a primary reason why Franchisee is entering into this Agreement. Accordingly, Franchisee agrees that the Confidential Information constitutes ANI's private, valuable, trade secrets. Franchisee further acknowledges and agrees that substantial client goodwill will be developed and associated with the Office, including the use of the Marks. Franchisee agrees that the covenants stated in this Section 8 are reasonable and necessary to protect the legitimate business interests of ANI in the System including, without limitation, the legitimate business interests described in this Paragraph 8.2. Franchisee expressly agrees that the existence of any Claims it may have against ANI, whether or not arising from this Agreement, will not constitute a defense to enforcement by ANI of the covenants in this Section 8. Franchisee further acknowledges that a violation of any covenant in this Section 8 will cause irreparable harm to ANI, the exact amount of which may not be subject to reasonable or accurate ascertainment, and therefore, Franchisee consents that in the event of such violation, ANI will, as a matter of right, be entitled to apply for injunctive relief to restrain Franchisee, or anyone acting for or on his/her/its behalf, from violating said covenants. Such remedies, however, will be cumulative and in addition to any of the other remedies to which ANI may then be entitled. The covenants stated in this Section 8 will survive the termination or transfer of this Agreement. Franchisee agrees to pay all costs and expenses, including, without limitation, reasonable attorneys' fees, incurred by ANI in connection with the enforcement of this Section 8.

8.3 Confidential Information. During the Term and following the expiration or termination of this Agreement, Franchisee covenants not to: (i) use for its benefit or the benefit of any other person or legal entity; (ii) communicate directly or indirectly; or (iii) divulge to or any Confidential Information except as permitted by ANI. In the event of any expiration, termination or non-renewal of this Agreement, Franchisee agrees that it will never use ANI's Confidential Information, trade secrets, methods of operation or any proprietary components of the System for any purpose, including in the design, development or operation of any business selling or servicing insurance policies, which include but are not limited to property, casualty, life and health policies. These protections are in addition to, and not in lieu of, all other protections for such trade secrets and confidential information as are available in law or in equity.

8.4 Competing Business During Term. During the Term and any successor term, except as otherwise approved in writing by ANI, Franchisee will neither, directly nor indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or other legal entity:

8.4.1 Diversion; Injury to Goodwill and Marks. Divert or attempt to divert any Customer or Company to any competitor, by direct or indirect inducement or otherwise, or to do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System; or

8.4.2 Competing Business. Operate, advise on the development or operation of, be employed in a managerial or sales capacity by, or have any ownership interest in any Competing Business anywhere.

8.5 Competing Business After Expiration or Termination of Agreement. Franchisee covenants and agrees that, except as otherwise approved in writing by ANI, for a period of twenty-four (24) months after the expiration or termination of this Agreement, regardless of the cause of termination, Franchisee will neither directly nor indirectly, individually, or through, on behalf of, as a member of, or in conjunction with any person, persons, partnership, corporation, or other legal entity, operate, advise on the development or operation of, be employed in a managerial or sales capacity by, or have any interest as an owner of any Competing Business within the state in which the Office is located.

8.6 Non-Solicitation of Companies, Employees, and Customers. Franchisee agrees that it will not, directly or indirectly, at any time either during the Term or after the expiration or termination of this Agreement, solicit, on Franchisee's own behalf or on behalf of a Competing Business: (i) Customers of the Office or of ANI; (ii) any of the Companies; or (iii) any of the employees of: (a) the Office; (b) ANI or its Affiliates; or (c) any other ANI System Office.

8.7 Employees and Independent Producers. Franchisee will ensure that all of its principals, Licensed Representative(s), producers, office and sales employees, and members of Franchisee's immediate families execute a confidentiality and non-competition agreement in the form attached as Exhibit C to the Franchise Disclosure Document, or as ANI otherwise requires.

8.8 Covenants Are Severable. The parties agree that each covenant in this Section 8 will be construed to be independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Agreement is held to be unenforceable or unreasonable by a court or agency having competent jurisdiction in any final decision to which ANI is a party, Franchisee expressly agrees 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 resultant covenant were separately stated in and made a part of this Agreement.

8.9 Limited Exclusion. The restrictions contained in Paragraphs 8.4 and 8.5 above will not apply to ownership of less than five percent (5%) of the shares of a company whose shares are listed and traded on a national securities exchange if such shares are owned for investment only, and are not owned by an officer, director, employee or consultant of such company.

## **SECTION 9. TRADEMARK STANDARDS AND USE REQUIREMENTS**

9.1 Ownership. Franchisee disclaims all rights, title and interest in or to the Marks and any goodwill associated with the Marks. Franchisee must not, during or after the Term, engage in any conduct directly or indirectly that would infringe upon, harm or contest the rights of ANI in any of the Marks or the goodwill associated with the Marks, including any use of the Marks in a derogatory, negative or other inappropriate manner in any media, including but not limited to print or electronic media.

9.2 Changes. ANI, from time to time in its discretion, may modify all or any part of the Marks. Upon receipt of notice of such modifications, Franchisee, as soon as reasonably possible, will cease using the former Marks and commence using the modified Marks at Franchisee's sole cost and expense.

9.3 Permitted Use. Franchisee will use the Marks only in accordance with the System and in connection with Franchisee's Business, except as ANI otherwise directs in writing. Franchisee may use the Marks only in connection with the sale of Authorized Products and Services. Franchisee must comply with all trademark, trade name and service mark notice marking requirements,

including, without limitation, affixing "SM," "TM," or "®," adjacent to all Marks in any and all uses thereof. The use of any additional words with any of the Marks must have ANI's prior written consent. Franchisee will not use the Marks in or as a part of its corporate, partnership or other business entity or trade name without the written consent of ANI, upon such terms and conditions as specified by ANI. Franchisee will not use anything that resembles or is deceptively or confusingly similar to the Marks or the System in any manner or for any purpose.

9.4 Litigation. Franchisee must notify ANI of: (a) any litigation relating to the Marks; or (b) suspected infringement upon the Marks, but Franchisee may not take any action against suspected infringers without ANI's express written permission. Franchisee must notify ANI within three (3) days after receiving notice of any claim based upon or arising from any attempt by any other person, firm or corporation to use the Marks or any imitation of them. If Franchisee notifies ANI in a timely manner of a claim against Franchisee relating to the Marks, ANI will have the exclusive right (but not the obligation) to contest, defend against, or bring an action against, any third party regarding the third party's use of any of the Marks. In the event ANI takes legal action to protect the Marks or authorizes Franchisee to do so, ANI will be responsible for all costs (including reasonable attorneys' fees) related to such legal action. Franchisee must execute any and all documents, do such acts and things that may be necessary, and cooperate with ANI and with any action undertaken by ANI concerning litigation relating to the Marks.

## **SECTION 10. ADVERTISING AND SIGNS**

10.1 Franchisee Advertising and Identification. Franchisee will advertise the Office locally on a basis comparable to other System Offices generally. All advertising must include the Marks. Franchisee will use the Marks on all paper supplies, uniforms, furnishings, advertising materials, signs and other articles in accordance with the System as directed by ANI. With the exception of advertising or marketing materials created and provided to Franchisee by ANI, at least fifteen (15) days before using them, Franchisee will submit to ANI for approval all Marketing materials and programs it intends to use, which approval will be in ANI's sole discretion. Franchisee will not use any plans or materials until they have been approved by ANI, and will promptly discontinue use of any advertising or promotional plans and material if ANI disapproves them. Any plans or materials submitted by Franchisee to ANI which have not been approved or disapproved in writing, within fifteen (15) days of its receiving them, will be deemed approved.

10.2 Marketing Programs. ANI may, from time-to-time, develop new (and modify existing) marketing programs. ANI's decisions with respect to these matters will be final and binding, including the type, quantity, timing, placement, choice of media, market areas, marketing agencies and public relations firms. Franchisee will participate in all such current and future programs while they are in effect, and will purchase and display all required System advertising and other materials in areas as designated by ANI.

10.4 Internet Advertising. ANI has the exclusive right to advertise the System and use the Marks, and other names or slogans used by ANI, on the Internet (including social media sites like Facebook, Twitter, LinkedIn, and others). Franchisee agrees that, if permitted by ANI in its sole discretion, Franchisee's exclusive presence on the Internet and on any other electronic or alternative media will be on or through ANI's Internet site or on or through such other media and/or location as ANI may specify.

10.5 Signs; Standard. Franchisee will install signs and other identification in and about the Office identifying it as an ANI System Office, which includes an electronically lit overhead sign and window decals as specified by ANI in the Brand Standards Manual or otherwise in writing. The signs and other identification will be such as to get maximum exposure for the Office with respect to the general public using the public streets and highways in and around the Office, and to provide identification, guidance and assistance to customers in the Office. The signs and other identification must conform to the System in all respects, including size, placement and manner of installation, and must be approved in writing by ANI, in its sole discretion, prior to being ordered. Franchisee is solely responsible for complying with all laws, statutes, regulations, or codes relating to the erection, maintenance, and use of the signs. Franchisee must notify ANI and cooperate with ANI to resolve the inconsistencies between the System and such legal requirements. Franchisee must install a pylon sign within 30 days of opening, and must install exterior and interior signs and decals within 6 months of opening, Franchisee's ANI Office.

## **SECTION 11. TRAINING**

11.1 Training. Franchisee acknowledges the importance of training in developing and maintaining the quality of the Office' operation, and agrees to attend such training programs as may be required by ANI from time to time. Franchisee, its Licensed Representative, independent contractors, and Franchisee's license holders (if applicable) all will be required to successfully complete the training provided. ANI will provide our initial training program, without charge, to up to three (3) people Franchisee designates.

11.2 Franchisee Responsible for Expenses. Franchisee will be responsible for the compensation of its designated employees, Licensed Representative, independent contractors, and license holders during the training period and the travel and living expenses the trainees (including Franchisee) incur in connection with training.

11.3 Additional Training Programs. ANI may, at its discretion, make available additional training programs, seminars, as well as refresher courses to Franchisee and/or Franchisee's designated individual(s) from time to time. ANI may require Franchisee and any previously trained personnel to attend periodic refresher training courses at such times and locations that ANI designates, not to exceed one such refresher training course during each calendar year.

11.4 Attendance at Meetings. Franchisee, its Licensed Representative(s), or an individual with authority to make operational and financial decisions for Franchisee, must attend all meetings that ANI sponsors for franchisees to set forth new methods and programs for operation, training, management, sales or advertising. These meetings may include two (2) semi-annual franchisee meetings and (1) awards dinner, and may include periodic seminars.

## **SECTION 12. AUDIT AND INSPECTION**

12.1 Accounting. Franchisee will prepare, on a current basis, complete and accurate records concerning all financial, marketing and other operating aspects of the Office and Franchisee conducted under this Agreement. Franchisee will maintain an accounting system reflecting all operational aspects of the Office and the license, including uniform reports as may be required by ANI, prepared in accordance with accounting methods utilized and generally accepted for federal income tax return purposes. Franchisee's records will include tax returns, and complete annual financial statements (to be prepared by a third party Certified Public Accountant). Franchisee will also submit to ANI current financial statements and such other reports as ANI may reasonably request to evaluate or compile research data on any operational aspect of the Office and Franchisee. All financial data with respect to the Office will be for ANI's own use, will be kept confidential and will not be made available to other Franchisees, prospective Franchisees, or other third parties except to the extent ANI needs such information to make a financial performance representation under any franchise disclosure laws. Franchisee will maintain the records required under this Paragraph 12.1 for a period of three (3) years after the expiration of the Term, or such longer period as required by Companies or applicable law. ANI will have no right to inspect, audit or copy the records of any business activity unrelated to the Office.

12.2 Inspection Rights and Access to Records. During the Term and for a period of three (3) years following the termination or expiration of the Agreement, ANI (either directly or through a designated agent) has the right to visit the place where Franchisee's records are located and inspect all aspects of the operation of Franchisee's Office, at any time during normal business hours and without advance notice. Franchisee acknowledges that any evaluation or inspection ANI conducts is not intended to exercise, and does not constitute, control over Franchisee's day-to-day operation of Franchisee's Office or to assume any responsibility for Franchisee's obligations under this Agreement.

10.1.1. As part of such visit, ANI has the right to: (a) inspect Franchisee's Office operating materials and supplies; (b) observe the operations of Franchisee's Office for such consecutive or intermittent periods as ANI deems necessary; (c) take photographs, movies or video recordings of Franchisee's Office; (d) interview Franchisee's personnel; (e) conduct customer surveys; (f) inspect and copy any books, Customer Information, records, and documents relating to the operation of Franchisee's Office, including contracts, leases, and material and information generated by or contained in the Computer System; and (g) select products, inventory, supplies, equipment and other items from Franchisee's Office to evaluate whether they comply with ANI's Brand Standards Manual. Franchisee must cooperate fully with ANI in connection with these inspections, observations, surveys and interviews. ANI will not be obligated to give Franchisee or Franchisee's Licensed Representative any prior notice of any such inspection.

10.1.2. Franchisee authorizes ANI or ANI's designee to make reasonable inquiries of Franchisee's bank, suppliers and trade creditors concerning the Office, and by this Agreement Franchisee directs such persons to provide ANI with such information and copies of documents pertaining to Franchisee's Office as ANI requests.

10.1.3. ANI and ANI's designee have the right to discuss Franchisee's records and Franchisee's Office with Franchisee's Licensed Representative and any officers, directors and employees responsible for maintaining records.

12.3 Inspection Rights. To ensure conformity with the standards and specifications of ANI or its representatives, reserves the right to inspect all aspects of the operation of the Office, during normal business hours. Franchisee will have the right to be present during any inspection of the Office conducted by ANI or ANI's representatives and ANI will give Franchisee reasonable prior notice of such inspection.

### **SECTION 13. DEFAULT AND TERMINATION**

13.1. Immediate Termination. ANI will have the right to terminate this Agreement **immediately** without an opportunity to cure upon written notice to Franchisee under any of the following circumstances:

13.1.1 License. Franchisee, Franchisee's Licensed Representative, or any of Franchisee's other licensed individual(s) and/or any other of Franchisee's key employees fail to obtain or have revoked or otherwise taken away from them their state, county, city, or other jurisdictional licenses such that they are unable to legally sell the Authorized Products and Services.

13.1.2 Abandonment. Franchisee abandons the Office, including Franchisee's failure at any time to keep the Office open and operating for a period of 5 consecutive days, or for any other period after which it is not unreasonable under the facts and circumstances for ANI to conclude that Franchisee does not intend to continue to operate the Office.

13.1.3 Bankruptcy. Franchisee is adjudicated bankrupt, judicially determined to be insolvent, admits to an inability to meet its financial obligations as they become due, or makes a disposition for the benefit of its creditors.

13.1.4 Seizure. The Office or a substantial part of the assets or property used in the Office are seized, taken over, or foreclosed by a government official in the exercise of his or her duties, or seized, taken over, or foreclosed by a creditor or lienholder provided that a final judgment against Franchisee remains unsatisfied for 30 days unless an appropriate appeal bond has been filed, or if a levy of execution has been made upon this Agreement or upon a material portion of the assets or property used in the Office and it is not discharged within 5 days of the levy.

13.1.5 Certain Acts. Franchisee, any of its licensed individuals, members, managers, partners, agents, or key employees are convicted of or pleads no contest to any criminal misconduct relevant to the operation of the Office or is convicted of or pleads no contest to any felony, or violates, or makes any misrepresentation regarding Franchisee's compliance with, or violation of, Anti-Terrorism Laws.

13.1.6 Unauthorized Transfer. Franchisee makes a Transfer or purported Transfer in violation of Section 15.

13.1.7 Failure to Comply With Laws. Franchisee fails to comply with any material federal, state, or local law or regulation applicable to the operation of the Office within the time period allowed to cure the noncompliance following Franchisee's receiving notice.

13.1.8 Multiple Defaults. Franchisee receives from ANI three (3) or more notices of valid defaults by Franchisee under material provisions of this Agreement, whether or not any or all of those defaults are cured within the time limits allowed in such notices.

13.1.9 Material Misrepresentations. Franchisee makes any material misrepresentations relating to the acquisition of the Office or in connection with the operation of the Office including, but not limited to, any intentional understatement of revenue or intentionally failing to remit or report revenue as required.

13.1.10 Failure to Allow Audit. Franchisee refuses to allow or cooperate with the audits described in Section 12.

13.1.11 Breach of Restrictive Covenants. Franchisee or its owners violate any of the restrictive covenants in Section 8.

13.1.12 Interference With Relationships. Franchisee interferes or attempts to interfere with ANI's actual or prospective contractual relations with other franchisees, Customers, Companies, employees, advertising agencies or any third parties.

13.1.13 Sale of Unapproved Products or Services. Franchisee offers or sells as part of the Office any unapproved program, service or product, or does not use and disseminate (as applicable) all materials, notices and procedures specified by ANI.

13.1.14 Duplication of System. Franchisee uses or duplicates any aspect of ANI's System, services, programs or Authorized Products and Services in an unauthorized fashion.

13.1.15 Unauthorized Appropriation of Payments. Franchisee deposits, cashes, or otherwise uses for its own benefit any payment from a Company that is made, or should be made, payable to ANI or to Franchisee.

13.1.16 Change In Licensed Representative. Franchisee fails to maintain at all times a Licensed Representative, or to inform ANI of a change in the Licensed Representative for the Office.

13.1.17 Failure to Purchase Insurance or to Reimburse ANI. Franchisee fails to purchase or maintain any insurance required by this Agreement, or to reimburse ANI for such policies.

13.1.18 Communication With Companies. Franchisee communicates with any of the Companies for any reason not permitted by this Agreement, the Brand Standards Manual, or by ANI in writing.

13.2 Termination After Opportunity to Cure. Without limiting ANI's rights under Paragraph 13.1, ANI can terminate this Agreement effective 30 days after written notice to Franchisee of any material breach of any term, condition, covenant, or requirement of this Agreement if such breach is not cured within the 30-day period. If the breach is of such a nature that more than 30 days is reasonably required for cure, ANI can grant Franchisee additional time to correct the defect (not to exceed 60 days) so long as the corrective action is begun within the 30-day period and is pursued diligently to completion. Franchisee will have only 10 days to cure any default arising or resulting from Franchisee's failure to pay any amount owed to ANI or its Affiliates.

13.3 Effect of Laws; Election by ANI not to Terminate Immediately. If applicable law will not allow the termination of this Agreement immediately as stated in Paragraph 13.1 above, or if ANI elects not to have the default result in the immediate termination of this Agreement, the concerned default will be subject to the provisions of Paragraph 13.2.

13.4. Termination by Franchisee. Franchisee can terminate this Agreement only with the prior written consent of ANI or if ANI commits a material breach of this Agreement that is not cured within 90 days after written notice from Franchisee to ANI. If the nature of the breach is such that ANI will be unable to cure it within the required 90 day period, ANI can take such additional time as may be reasonably necessary within which to cure said breach provided that the correction action is begun within the 90 day period and is pursued diligently to completion.

13.5. Cross Default. Any default by Franchisee under any other agreement between ANI and Franchisee or between Franchisee, any Franchisee's Affiliates, and ANI or ANI's Affiliates will constitute a default under this Agreement. Any default by Franchisee under this Agreement will be deemed a default under any other agreements between ANI or any Affiliate and Franchisee. If the concerned default is not cured as allowed by this Agreement or such other agreement and this Agreement or the other agreement is terminated for that reason, this Agreement and/or the other concerned agreement can thereupon be terminated at the election of ANI or the concerned Affiliate.

13.6. ANI's Pre-Termination Options. If Franchisee fails to pay any amount owed under this Agreement, or fail to comply with any term of this Agreement or the Brand Standards Manual, then, in addition to ANI's rights to find you in default, terminate this Agreement or to bring a claim for damages, ANI has the following options as it deems necessary:

13.6.1. To charge Franchisee a non-compliance fee of five hundred dollars (\$500) per default under this Agreement. This fee is intended to offset the damages that ANI incurs as a result of Franchisee's non-compliance and is not intended as a penalty.

13.6.2. To suspend all services provided to Franchisee under this Agreement or otherwise, including training, marketing assistance, and the sale of products and supplies.

13.6.3. To eliminate listing Franchisee in any advertising, marketing or promotional materials, including the ANI website.

ANI may continue taking these actions until Franchisee complies with the requirements of any default notice that it sends to Franchisee and ANI acknowledges Franchisee's compliance in writing. The options in this Section 13.6 will have no effect on, and will not release Franchisee from, any obligation Franchisee owes to ANI.

#### **SECTION 14. OBLIGATIONS AND RIGHTS OF THE PARTIES UPON TERMINATION OR EXPIRATION**

Upon the termination, expiration, or nonrenewal of this Agreement for any reason, Franchisee agrees that it will:

14.1. Cease Using the Marks. At Franchisee's sole expense, immediately and completely cease using the Marks or any other names or marks confusingly similar to any of the Marks and promptly change the trade dress at the Office, repaint the Office and fixtures in a color scheme dissimilar to that used by System Offices, remove any and all signs, advertising, fixtures, furnishings, and other items that might tend to cause the public to associate Franchisee with ANI or the System.

14.2. Comply with Covenants. Immediately begin complying with the covenants in Section 8.

14.3. Return Information to ANI. Immediately return to ANI:

14.3.1. The Brand Standards Manual, all other manuals, bulletins, instruction sheets, and any other material received from ANI, as well as all supplements to them.

14.3.2. All forms, brochures, business cards, and other printed matter containing any of the Marks or other logos, insignia, slogans, designs, and commercial symbols used by ANI or System Offices.

14.3.3. All lists of Customers, employees, specifications, standards, suppliers, or Companies, and all similar and related information.

14.3.4. The original and all copies of any material containing any of ANI's Confidential Information.

14.3.5. The original and all copies of each database maintained by Franchisee in connection with or in any way relating to the operation of the Office.

14.4 Pay Amounts Owed. Within five (5) business days of the date on which this Agreement expires or is terminated, pay to ANI and its Affiliate(s) all sums due or accruing on or prior to the date of termination in connection with this Agreement. In the event the Agreement is terminated due to Franchisee's default, these amounts will include lost future profits or lost future royalty fees that ANI lost due to Franchisee's early termination.

14.5 Assignment of Telephone and Other Numbers and Social Media Identities. Within five (5) business days assign to ANI (or its designee), all of Franchisee's right, title and interest in and to Franchisee's telephone numbers, facsimile numbers and Internet addresses. Franchisee acknowledges that all telephone numbers, facsimile numbers, Internet addresses, and social media identities used in the operation of the Office are ANI's property. Franchisee will notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone number, facsimile number, Internet and e-mail addresses, social media identities, and any regular, classified or other telephone directory listing associated with the Marks and to authorize a transfer of same to or at the direction of ANI. ANI has the right to require Franchisee to execute Exhibit A in connection with these obligations. Franchisee must furnish ANI evidence, satisfactory to ANI, of compliance with these obligations within fifteen (15) days after said termination or expiration.

14.6. Reservation of Rights. The expiration or termination of this Agreement will be without prejudice to the rights of either party against the other party for any violation of this Agreement or for any breach of any other obligation between the parties. The expiration or termination of this Agreement will not relieve either party of any of their obligations existing at the time of expiration or termination or terminate those obligations that by their nature survive the expiration or termination of this Agreement.

14.7 Return Start-Up Package to ANI. Return to ANI, in good condition (reasonable wear and tear excepted) all components of the start-up package that was provided to Franchisee by ANI, as stated in Section 4.11.

14.8 ANI's Option to Acquire Assets of the Office. Upon the termination of this Agreement for cause, ANI will have the right (but not the obligation) to purchase any or all physical assets of the Office including leases, products, equipment, displays, signs, advertising materials, supplies and other items bearing ANI's Marks, at Franchisee's cost or fair market value, whichever is less. ANI's right to purchase assets must be exercised by its giving written notice to Franchisee of its intent to do so within thirty (30) days after termination or expiration.

14.9 Right of Set-Off. If ANI elects to purchase any rights of Franchisee under Sections 14.8 or 15.5, it will have the right to set off all amounts due from the Franchisee under this Agreement, and the cost of the appraisal, if any, against any payment therefor.

## **SECTION 15. TRANSFERS AND RIGHT OF FIRST REFUSAL**

15.1. Transfer by ANI; First Offer to Franchisees. ANI will not transfer or assign only a partial interest in the System, the Marks, or its rights or obligations under this Agreement to any Person (a "**System Transfer**"), and agrees that any System Transfer will be of a complete and total interest in the System, Marks, and its rights and obligations under this Agreement (the "**System Rights**"), and only if the Person to which those rights are transferred agrees to discharge all of the obligations of ANI under this Agreement. ANI agrees that, if it intends to make a System Transfer, ANI will inform Franchisee, and all other franchisees in the System, of its interest in making a System Transfer (the "**System Transfer Notice**").

15.1.1 The System Transfer Notice will contain: (a) the specific dollar amount at which ANI is willing to make a System Transfer (the "**System Transfer Amount**"); and (b) the first day on which ANI is willing to accept a Valid Offer from Franchisee or any franchisees in the System (the "**Start Date**").

15.1.2 For a fifteen (15) day period after the Start Date, Franchisee (and all other franchisees in the System) will have the right to indicate its or their intention to purchase System Rights at the System Transfer Amount. To make a valid offer to purchase the System Rights (a "**Valid Offer**"), Franchisee must:

15.1.2.1 Be prepared to pay, and indicate to ANI its intention to pay, the System Transfer Amount for the System Rights in the form(s) indicated by ANI in the System Transfer Notice.

15.1.2.2 Provide to ANI such evidence and other information regarding Franchisee's willingness and ability to pay the System Transfer Amount, in the form(s) indicated by ANI, in the form(s) ANI demands in the System Transfer Notice, including but not limited to statements of Franchisee's net worth and Franchisee's consent for ANI to perform such credit or other inquiries as is reasonably necessary to verify Franchisee's ability to pay the System Transfer Amount. A failure by Franchisee to provide all of the information reasonably requested by ANI in the System Transfer Notice will result in the offer being considered incomplete and/or invalid at the time it is received by ANI.

15.1.2.3 Send the above information by facsimile or by electronic mail to the address or facsimile number specified by ANI in the System Transfer Notice, beginning at 12:00 A.M. Pacific Time on the Start Date, and before 11:59 P.M. on the fifteenth (15<sup>th</sup>) day after the Start Date.

15.1.3 ANI will accept the first-in-time Valid Offer received by ANI at the facsimile or email address specified by ANI in the System Transfer Notice from any franchisee that is received at or after 12:00 A.M. Pacific Time on the Start Date, and before 11:59 P.M. on the fifteenth (15<sup>th</sup>) day after the Start Date. The ability of Franchisee, or any franchisee in the System, to make a Valid Offer to purchase the System Rights at the System Transfer Amount will expire at 11:59 P.M., Pacific Time, on the fifteenth (15) day after the Start Date. The time of receipt by ANI of a Valid Offer will be conclusively established by the date and time stamp on ANI's email system or facsimile machine.

15.1.4 If ANI does not receive a Valid Offer from any System franchisee before 11:59 P.M. Pacific Time on the fifteenth (15<sup>th</sup>) day after the Start Date, then ANI may, for a period of six (6) months after the Start Date, accept an offer from any Person to purchase the System Rights at the System Transfer Amount.

15.2. Transfer by Franchisee. Franchisee agrees that Franchisee's rights and duties under this Agreement, and Franchisee's right to benefit economically from the sale of Authorized Products and Services to the Customers of the Office, are personal to Franchisee and its owners and that ANI has granted this franchise to Franchisee in reliance upon the individual or collective character, skill, aptitude, attitude, business ability, and financial capacity of Franchisee and its owners. Accordingly, neither this Agreement, this franchise, any part or all of the ownership interests in Franchisee if Franchisee is an entity, the assets or property of the Office, Franchisee's right to benefit economically from the sale of Authorized Products and Services to the Customers of the Office, nor any interest in any of the foregoing, can be Transferred without the prior written approval of ANI. Any purported Transfer without such approval will constitute a breach of this Agreement and will convey no rights to or interest in this Agreement, the franchise, Franchisee, or the assets or property of the Office.

15.3. Conditions for Approval of Transfer. Franchisee will not Transfer or permit a Transfer without ANI's consent, which will not be withheld arbitrarily or without cause. ANI, in its discretion, may impose conditions on the Transfer, including the following:

15.3.1 Compliance With Agreement. Franchisee and its owners must be in full compliance with this Agreement and must pay all amounts then owed to ANI or its Affiliates.

15.3.2 Approval of Transfer. The Transferee must have been approved in writing by ANI.

15.3.3 Form of Franchise Agreement. The Transferee must execute the franchise agreement being offered by ANI to prospective new franchisees as of the proposed date of the transfer, the term of which will be altered so that the term will not be greater than the remaining Term.

15.3.4 Transfer Fee. Franchisee must pay ANI a Transfer fee of five thousand dollars (\$5,000).

15.3.5 General Release. Franchisee and its owners must execute a general release, in the form attached to this Franchise Agreement as Exhibit E, of all Claims against ANI, its Affiliates, and their respective shareholders, officers, directors, employees, agents, successors, and assigns.

15.3.6 Subordination. If any part of the sale price of the transferred interest is financed, Franchisee must agree that all obligations of the Transferee under any promissory note, other payment agreement, or financing statement will be subordinate to the obligations of the transferee to pay the continuing service fee, fees, and other amounts due to ANI and its Affiliates pursuant to this Agreement.

15.4. Transfer of Partial Interest. If Franchisee proposes to Transfer a partial interest, or create an additional interest, in Franchisee, or if Franchisee is, or as a result of the Transfer will become, an entity, or proposes to Transfer a partial interest in any entity that owns any interest in Franchisee or in the property and assets of the Office, the Franchisee must notify ANI of the proposed Transfer, must obtain ANI's approval of the proposed Transfer and its terms, and must pay ANI a transfer fee of \$3,000.00 and must sign, and cause the Transferee to sign, such documents reflecting the Transfer as ANI may require.

15.5 Right of First Refusal. Franchisee must give ANI written notice of any proposed Transfer at least 30 days in advance. ANI will have the right to acquire Franchisee, the assets or property of the Office, or Franchisee's right to benefit economically from the sale of Authorized Products and Services to the Customers of the Office at the same price, and on the same terms and conditions, as contained in any bona fide offer from a third party. If the consideration, terms, and/or conditions offered by the third party are such that ANI may not reasonably be required to furnish the same consideration, terms, and/or conditions, then ANI may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree as to the reasonable equivalent in cash consideration, an independent appraiser will be appointed by mutual agreement and the determination of the appraiser will be binding. ANI must receive, and Franchisee agrees to make, all customary representations and warranties given by the seller, as applicable. ANI has the unrestricted right to assign this right of first refusal to a third party, who then will have the rights described in this Section. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal by ANI. This Section 15.5 will not apply to the Transfer of shares to an Owner who was identified on Addendum 1 of this Agreement as of the Effective Date.

15.6 Financing. If ANI exercises its right to purchase Franchisee or its interest in this Agreement, ANI may at its election, make payment on an installment basis as follows:

14.9.2.1 ANI will make a down payment of 20% of the purchase price within 30 days of notifying Franchisee of its intention to exercise its purchase option.

14.9.2.2 The remaining balance will be financed by the Franchisee at an annual percentage interest rate of 6%, with monthly payments of principal and interest amortized over a five-year period.

15.7. Death or Disability. Upon the death, legal incapacity, or permanent disability of Franchisee or the owner of a controlling interest in Franchisee, subject to ANI's approval of the successor operator, ANI will permit the heirs, personal representative, executor, or conservator of the concerned person to continue operating the Office subject to compliance with all terms and conditions of this Agreement for a period of 6 months after such death, legal incapacity, or permanent disability. By the end of the 6-month period, the interest of Franchisee or the owner of the controlling interest must be transferred subject to all provisions of and satisfaction of all conditions on Transfer provided in this Section 15.

15.8. Effect of Consent. ANI's consent to any Transfer under this Section 15 will not constitute a novation or release of Franchisee or any of its shareholders, partners, or owners from their obligations.

## **SECTION 16. BUSINESS AND LEGAL RELATIONSHIP AND CONTROL**

16.1 Scope of Relationship. Franchisee will act as an agent of ANI only for the purpose of marketing, selling and servicing insurance policies in accordance with the provisions of this Agreement. The relationship between ANI and Franchisee and its officers, directors, shareholders, members, independent producers, independent contractors, employees, and other persons working

in connection with this agreement, will be that of an independent contractor for all purposes. It is expressly agreed that the parties intend by this Agreement to establish between ANI and Franchisee the relationship of franchisor and franchisee. Franchisee has no authority to create or assume in ANI's name or on behalf of ANI, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of ANI for any purpose whatsoever. Neither ANI nor Franchisee is the employer, employee, agent, partner or co-venturer of or with the other, each being independent. Franchisee will not hold himself out as the agent, employee, partner or co-venturer of ANI. Neither shall have the power to bind or obligate the other except specifically as stated in this Agreement. ANI and Franchisee agree that the relationship created by this Agreement is one of an independent contractor and not a fiduciary relationship.

16.1.1. ANI will not be obligated for any damages to any person or property directly or indirectly arising out of the operation of the business Franchisee conducts pursuant to this Agreement, whether or not caused by Franchisee's negligent or willful action or failure to act, or Franchisee's use of the Marks in a manner not in accordance with this Agreement. Franchisee must not employ any of the Marks in signing any contract or applying for any license or permit or in a manner that may result in ANI's liability for Franchisee's debts or obligations.

16.1.2. All employees, independent contractors, and independent producers hired by or working for Franchisee will be the employees, independent contractors, or independent producers of Franchisee and can never, under any circumstances or for any purpose, be deemed employees of ANI or subject to ANI's control, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. Each of the parties shall file its own tax, regulatory and payroll reports, and be responsible for all employee benefits and workers compensation payments, with respect to its respective employees and operations, saving and indemnifying the other party hereto of and from any liability of any nature whatsoever by virtue thereof. Neither this Agreement nor ANI's course of conduct is intended, nor may anything in this Agreement (nor ANI's course of conduct) be construed, to state or imply that ANI is the employer of Franchisee's employees and/or independent contractors, nor vice versa.

16.1.3. ANI will not have the power to hire or fire Franchisee's employees, independent contractors, or independent producers. Franchisee expressly agrees, and will never contend otherwise, that ANI's authority under this Agreement to certify certain of Franchisee's employees, independent contractors, or independent producers for qualification to perform certain functions for the Office does not directly or indirectly vest in ANI the power to hire, fire or control any such employee, independent contractor, or independent producer. Franchisee agrees that any direction Franchisee receives from ANI regarding employment policies should be considered as examples, that you alone are responsible for establishing and implementing your own policies, and that Franchisee understand that it should do so in consultation with local legal counsel well-versed in employment law.

16.1.4. Franchisee acknowledge and agrees, and will never contend otherwise, that Franchisee alone will exercise day-to-day control over all operations, activities and elements of the Office and that under no circumstance shall ANI do so or be deemed to do so. Franchisee further acknowledge and agrees, and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications and procedures of System which Franchisee is required to comply with under this Agreement, whether stated in ANI's Manual or otherwise, do not directly or indirectly constitute, suggest, infer or imply that ANI controls any aspect or element of the day-to-day operations of the Office, which Franchisee alone controls, but only constitute standards Franchisee must adhere to when exercising Franchisee's control of the day-to-day operations of the Office. Without limiting the generality of the foregoing, Franchisee acknowledges that ANI has no responsibility to ensure that the Office is developed and operated in compliance with all applicable laws, ordinances and regulations and that ANI will have no liability in the event the development or operation of the Office violates any law, ordinance or regulation.

16.1.5 Franchisee agrees to inform each of its employees that Franchisee alone is their employer, and that ANI is not. Franchisee agrees to explain to its employees and contractors the respective roles of a franchisor and franchisee and ANI's relationship with Franchisee, and Franchisee will request that its employees and contractors sign any acknowledgement or disclosure explaining the differences between ANI (Franchisee's franchisor) and Franchisee (their employer or contractor).

ANI's current required form of Franchise Relationship Acknowledgement is attached to this Agreement as **Exhibit H**. Franchisee agrees to post a notice in Franchisee's Office break room stating that Franchisee is the employer of its employees, and that ANI is not.

16.2 Reliance by ANI. Franchisee agrees that ANI may rely on statements, representations, requests, instructions, commitments and agreements (without verification or confirmation of same) of Franchisee's owners, officers, directors, employees, independent producers, or independent contractors as if same had been made or delivered to ANI by Franchisee unless and until written instructions limiting ANI's right to rely on such statements representations, requests, instructions, commitments and agreements have been provided by Franchisee and received by ANI. Franchisee agrees to release, defend, indemnify and hold harmless ANI, its owners, officers, directors, employees, and independent contractors (for purposes of Sections 16.2 and 16.3 only, collectively, "ANI") for and from any and all Claims, losses, liabilities, or damages or expenses (including, but not limited to reasonable attorneys' fees, court costs, and costs of investigation) of any kind or nature whatsoever arising out of or in connection with ANI's reliance or which Franchisee, its owners, officers, directors, employees, and independent contractors may incur as a result of ANI's reliance on same. This release, defense, indemnification and hold harmless shall survive termination of the Agreement.

16.3 Obligations of Franchisee. The duties and obligations of Franchisee stated in this Agreement apply to Franchisee, its owners, officers, directors, employees and independent contractors. Inasmuch as this Agreement is by and between Franchisee and ANI, Franchisee is responsible for the compliance of its owners, officers, directors, employees and independent contractors with the terms of this Agreement and any rules and procedures adopted from time to time by ANI. Franchisee agrees that it is fully responsible for the acts and omissions of its owners, officers, directors, employees and independent contractors (for purposes of Paragraph 16.3 only, collectively "Franchisee"). Accordingly, Franchisee agrees to release, defend, indemnify and hold harmless ANI for and from any and all Claims, losses, liabilities, or damages or expenses (including, but not limited to reasonable attorneys' fees, court costs, and costs of investigation) of any kind or nature whatsoever arising out of or in connection with Franchisee's acts or omissions or which ANI or Franchisee may incur as a result of Franchisee's acts or omissions. This release, defense, indemnification and hold harmless shall survive termination of the Agreement.

16.4 Compliance with Laws. Franchisee must maintain at all times Franchisee's business premises and conduct Franchisee's Business operations in compliance with all federal, state, and local laws or regulations of any type or nature that affect the Office. Franchisee will record, transmit and process insurance and company business in compliance with the laws governed by the State of Nevada and, to the extent applicable to Franchisee, the other states in which ANI is licensed.

16.5 Licenses. Franchisee must obtain and maintain at all times during the Term all necessary permits, certificates and/or licenses necessary for Franchisee and Franchisee's employees to conduct the operation of the Office. Franchisee warrants that Franchisee, its officers, directors, shareholders, members and employees will maintain any required agent licenses in the state or states in which Franchisee is appointed to represent ANI.

16.6 Information Requested by ANI. Franchisee is responsible for providing to ANI any information regarding Franchisee or Franchisee's Customers, owners, officers, employees and independent contractors that may be required from ANI by any self-regulatory organization, governmental agency or any Company. Franchisee will be responsible for ensuring that Franchisee and Franchisee's owners, officers, employees and independent contractors comply with all federal, state, local and Company requirements including but not limited to the record keeping, sales practices, education and licensing requirements of all governmental agencies and any Company. Franchisee will provide evidence satisfactory to ANI that Franchisee and Franchisee owners, officers, employees and independent contractors have complied with such requirements. If Franchisee does not comply with the terms of this paragraph, it is cause for immediate termination of this Agreement without any liability on or against ANI.

16.7 Duty to Report. Franchisee will within twenty-four hours of receipt fully report to ANI any legal or regulatory issues, inquiries or notices such as potential or actual errors and omissions Claims, insurance department or other regulatory complaints, legal summons, audits and subpoenas. Franchisee will not make any written or verbal comments or responses regarding said issues to anyone until fully discussed with ANI. Franchisee acknowledges that ANI will coordinate and control responses to any such issues.

16.8 Identification. Franchisee agrees to post promptly and maintain all signs and/or notices specified by ANI, and those required by applicable law, indicating the status of the parties and their relationship including such notices in advertising, promotional, and public relations material, and on Franchisee's letterhead, business cards, and other material, as ANI may periodically specify. In all public records, in relationships with other persons, and on letterhead and business forms, Franchisee must indicate its independent ownership of the Office and that Franchisee is solely a franchisee of All Nevada Insurance, Inc.

## SECTION 17. INDEMNIFICATION

17.1 Indemnification by Franchisee. Except as stated in Paragraph 17.2 below, Franchisee will indemnify and hold harmless ANI and its Affiliates, officers, directors, employees, agents and representatives from all claims, demands, losses, liabilities, actions, lawsuits and other proceedings, judgments and awards, and costs and expenses (including reasonable legal fees), including any and all taxes, of any kind or nature ("Claims"), arising directly or indirectly of or growing out of, or otherwise connected with any of the following: (a) any element of the Office; (b) any Claims by creditors of Franchisee; (c) any personal injury or death suffered by any customer, visitor, employee or guest of the Office; (d) Claims of any type or nature advanced by or against Franchisee or any of Franchisee's officers, directors, shareholders, partners, proprietors, management, agents, employees, affiliates representatives and contractors (or any third party acting on behalf of or at the direction of Franchisee) by a third party (or, as applicable, against a third party) or between or among themselves; crimes committed on or near the Office; (e) Franchisee's operation of the Office; (f) Claims of liability for products manufactured or services performed by third parties which are offered, sold or utilized by the Office; (g) Claims or fines assessed or levied against, or due to the actions of, Franchisee by the Nevada Department of Insurance; (h) Franchisee's alleged or actual infringement or violation of any patent, mark or copyright or other proprietary right owned or controlled by third parties; (i) Franchisee's alleged or actual violation or breach of any contract, federal, state, local, foreign or other law, regulation, ruling, standard or directive applicable to Franchisee's business, or of any industry standard; (j) libel, slander or any other form of defamation by Franchisee; (k) Franchisee's alleged or actual violation or breach of any warranty, representation, agreement or obligation stated in this Agreement; (l) any acts, errors, neglects or omissions of Franchisee or the Office, and/or the officers, directors, shareholders, management, employees, agents, servants, contractors, partners, proprietors, affiliates or representatives of any of them (or any third party acting on behalf of or at the direction of Franchisee), whether in connection with the Office or otherwise, including (without limitation) injury or death suffered or caused by any delivery person or vehicle serving the Office; (m) all liabilities arising from or related to Franchisee's offer, sale and delivery or products, and/or services as contemplated by this Agreement; (n) latent or other defects in the location of the Office, whether or not discoverable by ANI or Franchisee; (o) any service or product provided by Franchisee at, from or related to the operation at the Office or any other facility of the Office; (p) any action by any Customer or visitor to the Office; (q) any damage to the property of Franchisee, ANI or any of ANI's Affiliates, or their officers, directors, management, agents, employees and contractors; or (r) Franchisee's employment or other contractual relationship with its employees, workers, managers, or independent contractors, including but not limited to any allegation, claim, finding, or ruling that ANI is an employer or joint employer of Franchisee's employees. ANI will not have any obligation to give Franchisee any notice of a Claim by a third party unless such Claim is in writing. The rights of ANI to be indemnified herein will not be deemed forfeited by any failure to give notice to Franchisee unless Franchisee is prejudiced by such failure.

17.2 Indemnification by ANI. ANI will indemnify and hold Franchisee harmless against liability, including the cost of defense and settlements, imposed on Franchisee for damages sustained by policyholders and caused solely by the acts or omissions of ANI. Franchisee agrees, as a condition to such indemnification, to notify ANI immediately of any Claim or suit against it and to allow ANI to make such investigation, settlement, or defense as ANI deems prudent. Franchisee agrees to cooperate fully with ANI in any such investigation, settlement, or defense. ANI will have the right to employ its own counsel in any case to defend such Claim, or to compromise or settle such Claim.

17.3 Exclusions. Specifically excluded from this indemnity is any liability arising from the gross negligence or intentional willful misconduct of the party seeking indemnification, except to the extent that joint liability is involved, in which event the indemnification provided by this Paragraph 17.3 will extend to any finding of comparative negligence or contributory negligence attributable to Franchisee, ANI, or any of their Affiliates, as the case may be.

17.4 Indemnification of Franchisee for Use of Intellectual Property. If Franchisee receives notice, is informed or learns of any Claim, suit or demand against it on account of any alleged infringement, unfair competition, or similar matter relating to the use of the Marks or any of ANI's copyrights, Franchisee agrees to promptly notify ANI. ANI will then promptly take any action it may consider necessary to protect and defend Franchisee against the Claim and indemnify Franchisee against any loss, cost or expense incurred in connection with the Claim, so long as the Claim is based solely on any alleged infringement, unfair competition, or similar matter relating to the use of the Marks or copyrights. Franchisee may not settle or compromise the Claim by a third party without ANI's prior written consent. ANI will have the right to defend, compromise and settle the Claim at its sole cost and expense, using its own counsel. Franchisee agrees to cooperate fully with ANI in connection with the defense of the Claim. Franchisee grants irrevocable authority to ANI, and appoints ANI as Franchisee's attorney in fact, to defend and/or settle all Claims of this type. Franchisee may participate at its own expense in the defense or settlement, but ANI's decisions regarding the settlement will be final. ANI will have no obligation to defend or indemnify Franchisee pursuant to this Paragraph 17.4 if the Claim arises out of or relates to Franchisee's use of any of the Marks and/or ANI's copyrights in violation of the terms of this Agreement.

## SECTION 18. INSURANCE

18.1 Required Insurance Coverage. ANI imposes and prescribes minimum standards and limits for certain types of required insurance coverage in its Brand Standards Manual or by other written notice to Franchisee. Franchisee agrees that ANI may modify the required minimum limits of insurance coverage from time to time by written notice to Franchisee, through amendments or supplements to the Brand Standards Manual or otherwise. Upon delivery or attempted delivery of this written notice, Franchisee agrees to immediately purchase insurance conforming to the newly established standards and limits prescribed by ANI. Without limiting the generality of the foregoing, Franchisee agrees to obtain, at its expense, (at a minimum) the following types of coverage:

18.1.1 General Liability. Broad form comprehensive general liability coverage and broad form contractual liability coverage satisfactory to ANI of at least \$2,000,000 aggregate, with an endorsement specifically covering cyber liability risks. This insurance may not have a deductible or self-insured retention of over \$5,000.

18.1.2 Worker's Compensation, Underemployment, and State Disability. Workers Compensation insurance in the amounts required by applicable law as well as unemployment insurance and state disability insurance as required and in the amounts required by law for Franchisee's employees.

18.1.3 Business Interruption. Business Interruption Insurance in sufficient amounts to cover the lease of the office space for the Office, previous profit margins, maintenance of competent personnel and other fixed expenses during the life of the business interruption.

18.1.4 Automobile. If any vehicle is operated in connection with the Office, automobile liability coverage, including coverage of owned, non-owned and hired vehicles, with minimum limits of liability in the greater of (i) the amount required by all applicable state and federal laws, or (ii) \$1,000,000 for each person killed or injured, and, subject to that limit for each person, a total minimum liability of \$2,000,000 for any number of persons injured or killed in one accident, and a minimum limit of \$300,000 for injury, destruction or loss of use of property of third persons as the result of any one accident.

18.1.5 Errors and Omissions Policy. As stated in Paragraph 4.7, ANI will add Franchisee to ANI's existing Errors and Omissions policy, and Franchisee will pay ANI its pro rata share of the policy coverage as set forth herein, as well as for any and all increases to the existing Errors and Omissions policy caused by Franchisee.

18.2 Policy Requirements. All insurance policies must endorsed to: (i) name ANI (and its members, officers, directors, and employees) as additional insureds and provide that the coverage afforded applies separately to each insured against whom the Claim is brought as though a separate policy had been issued to each insured; (ii) contain a waiver by the insurance carrier of all subrogation rights against ANI; and (iii) provide that ANI receive 30 days prior written notice of the termination, expiration, cancellation or modification of the policy. If any of Franchisee's policies fail to meet these criteria, then ANI may disapprove the policy and Franchisee must immediately find additional coverage with an alternative carrier satisfactory to ANI. Each policy must:

18.2.1 No Limitation. Contain no provision that in any way limits or reduces coverage for Franchisee if there is a Claim by ANI.

18.2.2 Cover Obligations Under Agreement. Extends to and provide indemnity for all obligations assumed by Franchisee under this Agreement and all other items for which Franchisee is required to indemnify ANI and any other Person who is indemnified in Paragraph 17.1.

18.2.3 No Changes. Not have its limits reduced, or coverage restricted, or is not cancelled or otherwise altered or amended without ANI's written consent.

18.3 Assignment. If there is a Claim by ANI or any one or more of the Persons named in Paragraph 17.1, Franchisee shall, upon ANI's request, assign to ANI all rights which Franchisee then has or later may have with respect to the Claim against the insurer(s) providing the coverages.

18.4 No Undertaking or Representation. Nothing contained in this Agreement is an undertaking or representation by ANI that the insurance that Franchisee is required to obtain or that ANI obtains for Franchisee will insure Franchisee against any or all insurable risks of loss that may arise out of or in connection with the operation of the Office. The procurement and maintenance of such insurance will not relieve Franchisee of any liability to ANI under any indemnity requirement of this Agreement. The insurance afforded to ANI and the other additional insureds named in Paragraph 18.2 will apply as primary insurance and not contribute to any insurance or self-insurance available to ANI.

18.5 Certificates of Insurance. Franchisee agrees to promptly provide ANI with Certificates of Insurance evidencing the required coverage no later than ten days before the date that the Office will commence operations. Franchisee agrees to renew all insurance policies and documents, and on renewal, to furnish a renewal Certificate of Insurance to ANI before the expiration date of the policy in question. ANI may at any time require Franchisee to forward to ANI full copies of all insurance policies.

18.6 Notice of Claims and Demands. Franchisee must notify ANI of all Claims or demands against Franchisee, the Office, and/or ANI within three days of Franchisee's receiving notice of any Claim or demand. Franchisee must respond to all Claims within the time required by law, rule or regulation. In addition, Franchisee must cooperate with ANI (or its designee) in every way possible to defend ANI and Franchisee against all Claims made by employees, customers or third parties. Franchisee must, when necessary, to make appearances at administrative or other hearings to present or reinforce these defenses.

## **SECTION 19. DISPUTE RESOLUTION**

19.1 Mediation. All claims or disputes between Franchisee and ANI or its Affiliates arising out of, or in any way relating to, this Agreement, or any of the parties' respective rights and obligations arising out of this Agreement, shall be submitted first to mediation prior to a hearing in binding arbitration or a trial court proceeding. Such mediation shall take place in Las Vegas, Nevada (or at a location closest to ANI's then-current headquarters) under the auspices of the Judicial Arbitration and Mediation Service ("JAMS"), in accordance with JAMS's Commercial Mediation Rules then in effect. Franchisee may not commence any action against ANI or ANI's Affiliates with respect to any such claim or dispute in any court unless mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by ANI. The parties shall each bear their own costs of mediation and shall share equally the filing fee imposed by JAMS and the mediator's fees. ANI reserves the right to specifically enforce its right to mediation. Prior to mediation, and before commencing any legal action against ANI or ANI's Affiliates with respect to any such claim or dispute, Franchisee must submit a notice to ANI, which specifies in detail, the precise nature and grounds of such claim or dispute. ANI shall not be required to first attempt to mediate a controversy, dispute or claim against Franchisee through mediation as stated in this Section 19.1 if such controversy, dispute or claim concerns an allegation by ANI that Franchisee have violated (or threaten to violate, or pose an imminent risk of violating): (a) any of ANI's federally protected intellectual property rights in the Marks, the System, or in any of ANI's trade secrets or confidential information; (b) any claims pertaining to or arising out of any warranty issued; or (c) any of the restrictive covenants contained in this Agreement.

19.2 Arbitration. All controversies, disputes or Claims between ANI and its Affiliates and its respective shareholders, officers, directors, agents, employees, successors and assigns and Franchisee and its owners, guarantors, affiliates, employees and independent contractors arising out of or relating to: this Agreement, or any other agreement between ANI and Franchisee or any provision of any agreement; ANI's relationship with Franchisee, the validity of this Agreement or any other agreement will be submitted for arbitration on demand of either Party to an office of JAMS in Las Vegas, Nevada, where the arbitration proceedings will be conducted. All matters to arbitration will be governed by the Federal Arbitration Act, as amended, and not by any state arbitration law. The arbitration will be conducted by a single arbitrator, chosen in the manner provided by the JAMS Commercial Arbitration Rules. The arbitrator will have the right to award or include in the award any relief that the arbitrator deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief and attorney's fees and costs, provided that the arbitrator will not have the right to declare any Marks generic or otherwise invalid or, except as otherwise provided herein, to award exemplary or punitive damages. The award and decision of the arbitrator will be conclusive and binding upon all Parties, and judgment upon the award may be entered in any court of competent jurisdiction. The provisions of this subsection are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. The parties intend and agree that any state laws attempting to prohibit arbitration or void out-of-state forums for arbitration are preempted by the Federal Arbitration Act and that arbitration will be conducted as provided in this section.

19.3 Limitations on Scope of Arbitration. Franchisee and ANI agree to be bound by the provisions of any limitation on the period of time in which Claims must be brought under applicable law. Franchisee and ANI further agree that, in connection with any such arbitration proceeding, each party must submit or file any Claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the Claim to which it relates. Any such Claim which is not submitted or filed as described above will be forever barred.

19.4 Claims Excluded from Arbitration. Despite the above obligation to arbitrate, ANI is not required to arbitrate Claims relating to Franchisee's unauthorized or improper use of any of ANI's Marks or Confidential Information, or Claims relating to Franchisee's compliance with non-monetary obligations after termination or expiration of this Agreement. In addition, the agreement to arbitrate will not apply to ANI if it seeks temporary restraining orders, preliminary injunctions or other procedures in a court having jurisdiction over such matters to obtain interim relief when deemed necessary to preserve the status quo or prevent irreparable harm or injury pending resolution by arbitration of the actual dispute between the parties.

19.5 Injunctive Relief. Franchisee acknowledges that a breach of this Agreement by Franchisee, which relates to any of the matters set out below, will cause irreparable harm to ANI for which monetary damages are an inadequate remedy. Therefore, in addition to any other remedies ANI has under this Agreement, ANI is entitled to seek and obtain the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement with respect to: (i) the obligations of Franchisee upon termination or expiration of this Agreement; (ii) Transfers; (iii) Confidential Information; or (iv) any act by Franchisee that may impair the good will associated with the Marks or the System. Franchisee is entitled to seek and obtain the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement as may be available at law or in equity. Neither party is required to post a bond or other security with respect to injunctive relief.

19.6 No Limitation. Nothing in this Section 19, or elsewhere in this Agreement, will limit any rights or remedies of either party to bring any action for injunctive relief or other provisional remedy, including, but not limited to, any action ANI deems to be necessary to protect the Marks or the Confidential Information.

19.7 Attorneys' Fees and Costs. Should any party hereto commence any action or proceeding for the purpose of enforcing or preventing the breach of any provision of this Agreement, for damages for any alleged breach of any provision of this Agreement, or for a declaration of such party's rights or obligations hereunder, whether by arbitration, judicial or quasi-judicial action, or otherwise, then the prevailing party will be reimbursed by the losing party for all costs and expenses incurred in connection therewith, including, but not limited to, the reasonable attorneys' fees and court or arbitration tribunal costs incurred by the prevailing party.

19.8 Jurisdiction and Venue. Franchisee agrees that the venue of any legal action, mediation, or arbitration concerning this Agreement, its inducement, execution, or performance, or the franchise relationship between ANI and Franchisee will be in Las Vegas, Nevada. Franchisee agrees to submit to the jurisdiction of the courts and arbitration tribunals located in Las Vegas, Nevada, as though Franchisee were a resident thereof.

19.9 WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL. ANI AND FRANCHISEE HEREBY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, MULTIPLE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES AGAINST THE OTHER ARISING OUT OF ANY CAUSE WHATSOEVER (WHETHER SUCH CAUSE BE BASED IN CONTRACT, NEGLIGENCE, STRICT LIABILITY, OTHER TORT OR OTHERWISE), AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM, EACH SHALL BE LIMITED TO THE RECOVERY OF ANY: (A) ACTUAL DAMAGES SUSTAINED BY IT, INCLUDING LOSS OF FUTURE ROYALTY FEES; AND (B) TRADEMARK LAW TREBLE DAMAGES. IF SUCH CLAIMS AND DEMANDS CANNOT BE WAIVED BY LAW, THEN THE PARTIES AGREE THAT ANY RECOVERY WILL NOT EXCEED TWO (2) TIMES ACTUAL DAMAGES. ANI AND FRANCHISEE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THE PARTIES.

**Franchisee's Initials** \_\_\_\_\_

19.10. WAIVER OF CLASS OR GROUP ARBITRATION. ANY DISAGREEMENT BETWEEN FRANCHISEE AND ANI (AND/OR ANI'S AFFILIATES AND OWNERS) WILL BE CONSIDERED UNIQUE AS TO ITS FACTS AND MUST NOT BE BROUGHT AS A CLASS ACTION. FRANCHISEE WAIVES ANY RIGHT TO PROCEED AGAINST ANI (AND ANI'S AFFILIATES, STOCKHOLDERS, MEMBERS, MANAGERS, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, SUCCESSORS AND ASSIGNS) BY WAY OF CLASS ACTION, OR BY WAY OF A MULTI-PLAINTIFF, CONSOLIDATED OR COLLECTIVE ACTION.

**Franchisee's Initials** \_\_\_\_\_

## **SECTION 20. GENERAL PROVISIONS**

20.1 Severability. All provisions of this Agreement are severable. If pursuant to the decision of any court having jurisdiction, any provisions, in whole or in part are not enforceable, the remainder of this Agreement will continue to be in full force and effect, and the affected provisions are superseded and modified by applicable law.

20.2 Approvals. Whenever this Agreement requires the prior approval or consent of ANI before Franchisee takes any action, Franchisee will make a timely written request to ANI for it, and such approval or consent will be obtained in writing. ANI will not unreasonably withhold or unreasonably delay its response. By providing any waiver, approval, consent, or suggestion to Franchisee or in connection with any consent, or by reason of any neglect, delay, or denial of any request therefor, ANI makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee.

20.3 No Modifications. No waiver or modification of this Agreement or of any covenant, condition, or limitation herein contained shall be valid unless the same is made in writing and duly executed by the party to be charged therewith. 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, duly executed.

20.4 Governing Law. Except to the extent governed by the United States Trademark Act of 1946, as amended (Lanham Act, 15 U.S.C. Section 1051 et seq.), this Agreement is governed by and must be interpreted in accordance with the laws of the State of Nevada, without reference to conflict of laws provisions. Franchisee expressly waives any rights or protections Franchisee has or may have under any statute or law of any other state to the fullest extent permitted by law. This Agreement will be deemed amended from time to time as may be necessary to bring any of its provisions into conformity with valid applicable laws or regulations.

20.5 Persons Bound. This Agreement is binding upon the parties and their respective, heirs, successors and Transferees.

20.6 Force Majeure. Except for monetary obligations hereunder, or as otherwise specifically provided in this Franchise Agreement, if either party to this Agreement will be delayed or hindered in or prevented from the performance of any act required under this Agreement by reason of strikes, lock-outs, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, war, acts of terrorism or other causes beyond the reasonable control of the party required to perform such work or act under the terms of this Agreement, then performance of such act will be excused for the period of the delay, but in no event to exceed ninety (90) days from the stated time periods as stated in this Franchise Agreement.

20.7 Notices. All notices, approvals, and consents required by this Agreement, or related to it, must be in writing. By providing an electronic mail address to the other party, the indicating party consents that notices, approvals, and consents can be transmitted to them electronically as long as the method of electronic communication creates a record that can be retained, retrieved, and reviewed by the recipient and can be directly reproduced in paper form through an automated process. Notices, approvals, and consents will be deemed to have been received by the addressee at the earlier of when personally delivered to the addressee, when an acknowledgment of receipt is signed by the addressee or a duly authorized agent of addressee, when sent to the addressee by facsimile transmission at a telephone number or by electronic mail when sent to an address specified by the addressee, the day after they are sent by a recognized overnight express delivery service, or 3 days after the deposit in the United States mail, when sent by certified mail, postage prepaid, and properly addressed to the address set forth at the beginning of this Agreement or one duly substituted for it. For purposes of notice, the parties designated the addresses listed at the beginning of this Agreement. Any party to this Agreement can change his, her, or its address by giving written notice of the change to the other party as provided above.

20.8 Execution/Counterparts/Copies. Two copies of this Agreement may be signed, each of which, when signed, is an original, and which, together, constitute one and the same instrument. This Agreement may be executed in two or more counterparts, each of which constitutes an original, and all of which, when taken together, constitute one Agreement. Photocopies and facsimiles of a signed original of this Agreement are fully binding and effective as originals.

20.9 Performance through Others. ANI may perform all of its obligations directly or through its Affiliates or third party consultants. If performed through any of them, Franchisee's obligations with respect to such matters will still run directly to ANI.

20.10 Survival. All provisions, including the understandings, representations and warranties, which, as a matter of logic or otherwise, need to continue in force and effect subsequent to and notwithstanding the expiration or termination of this Agreement in order to achieve an intended result, will continue in full force and effect despite the absence of such specific language with respect to each of them.

20.11 Further Assurances. Whenever, in ANI's sole judgment, it is advisable to execute any other and further documents necessary or desirable to carry out the purposes of this Agreement, Franchisee agrees to execute such documents promptly, provided that they do not substantially alter the rights or increase the duties of Franchisee hereunder. Franchisee agrees to respond promptly and accurately to all inquiries from ANI's accountants, auditors, lenders, and others authorized by ANI's concerning the status of this Agreement, the status and amounts of any accounts between Franchisee and ANI, and/or any other matters pertaining to the rights and obligations of the parties to this Agreement.

20.12 Third Party Beneficiaries. This Agreement is not for the benefit of any third parties and is only for the benefit of the ANI, Franchisee, and ANI's Affiliates (to the extent applicable).

20.13 Cumulative Rights. The remedies provided for in this Agreement are not exclusive. Either party is free to pursue such other remedies as may be available at law or in equity.

20.14 Definitions and Captions. The use of another tense of the defined term, or its use as a noun, adjective or adverb, or otherwise, means the same as the defined term, modified by the context of the sentence in which it is used. All personal pronouns, whether used in the masculine, feminine or neuter gender, include all genders; the singular includes the plural and the plural includes the singular. All captions and headings in this Agreement are intended for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision of this Agreement.

20.15 Internal Policies. ANI's internal policies and procedures, whether or not communicated to Franchisee, are intended for ANI's use only, are not binding on ANI with respect to its relationship with Franchisee, and are not a part of or an amendment to this Agreement.

20.16 Exhibits. All exhibits, addenda, schedules and riders attached to this Agreement are a part of and fully incorporated into it.

20.17 Rules of Construction. Neither this Agreement nor any uncertainty or ambiguity in this Agreement shall be construed or resolved against the drafter of this Agreement, whether under any rule of construction or otherwise. Terms used in this Agreement that are not defined shall be construed and interpreted according to their ordinary meaning. If any provision of this Agreement is susceptible to two or more meanings, one of which would render the provision enforceable and the other(s) which would render the provision unenforceable, the provision shall be given the meaning that renders it enforceable.

20.18 Entire Agreement. This Agreement, together with any Addenda and Exhibits, constitutes the entire agreement between the parties with respect to the entire subject matter of this Agreement and supersedes and embodies all prior agreements and negotiations with respect to the Office authorized hereunder. Franchisee acknowledges and agrees that Franchisee has not received any representation, warranty or guarantee, express or implied, as to the potential volume, profits or success of the Office. Nothing in this or in any related agreement, however, is intended to disclaim the representations that ANI made in the Franchise Disclosure Document that ANI furnished to Franchisee. Except for those changes permitted to be made unilaterally by ANI hereunder, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to in writing by the parties and executed by their authorized officers or agents.

## **SECTION 21. FRANCHISEE'S CERTIFICATION REGARDING TERRORIST ACTIVITIES**

Franchisee certifies that neither Franchisee, nor Franchisee's Owners, principals, employees or anyone associated with Franchisee is listed in the Annex to Executive Order 13224. (The Annex is available at <http://www.treasury.gov/resource-center/sanctions/Programs/Documents/terror.pdf>) Franchisee agrees not to hire or have any dealings with a Person listed in the Annex. Franchisee certifies that Franchisee has no knowledge or information that, if generally known, would result in Franchisee, Franchisee's Owners, principals, employees, or anyone associated with Franchisee being listed in the Annex to Executive Order 13224. Franchisee agrees to comply with and/or assist ANI in its efforts to comply with the Anti-Terrorism Laws. In connection with such compliance, Franchisee certifies, represents, and warrants that none of Franchisee's property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and Franchisee's Owners or principals are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such Anti-Terrorism Laws, and Franchisee specifically acknowledges and agrees that Franchisee's indemnification responsibilities in this Agreement pertain to Franchisee's obligations under this Section.

**ALL NEVADA INSURANCE, INC.**

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

**FRANCHISEE: \_\_\_\_\_**

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT "A"**  
**INFORMATION CONCERNING FRANCHISEE AND THE FRANCHISED BUSINESS**

**A. IDENTITY AND STRUCTURE OF FRANCHISEE**

Franchisee's Name: \_\_\_\_\_

Entity type and jurisdiction of formation: \_\_\_\_\_

Date of entity formation: \_\_\_\_\_

Provide name and address of each person who owns a percentage of the legal entity, and show what percentage of stock, partnership interest, or membership interest is owned by each.

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Address for Notices: \_\_\_\_\_

Attention: \_\_\_\_\_

Email Address: \_\_\_\_\_

Licensed Representative's Name (Paragraph 3.2): \_\_\_\_\_

**B. APPROVED LOCATION (Paragraph 6.2)**. *Complete at time of signing Franchise Agreement if location has been approved. If not approved, complete and initial this form when location is approved.*

ANI FRANCHISED BUSINESS LOCATION	
New franchisee location:	
Inspection Date:	Inspection Approval:

The parties agree that the above form is accurate.

Franchisee Initials: \_\_\_\_\_

ANI Initials: \_\_\_\_\_

### **C. ROYALTY (Paragraphs 4.3 and 7.2).**

Franchisee's Royalty will be assessed according to the schedule set forth below. All Royalties will be deemed fully earned by ANI and non-refundable once they are assessed.

#### **Royalty for New Franchisees of ANI**

If this is Franchisee's first franchise agreement with ANI, then Franchisee's Royalty will be determined as follows:

- Beginning on the Commencement Date and ending with the day before the first anniversary of that date, ANI will retain a Royalty of ten percent (10%) of the Commission.
- Beginning on the Commencement Date and ending on the day before its second anniversary, ANI will retain a Royalty of fifteen percent (15%) of the Commission.

On the second anniversary of the Commencement Date, Franchisee's Royalty will be determined exclusively according to the schedule set forth below.

#### **Royalties for all Franchisees**

The Royalty for all franchisees is 20% of the Commission, except as provided below.

- If this is Franchisee's first franchise agreement with ANI, during the first two (2) years after the Commencement Date, the Royalty will be the lesser of the Royalty described above on this Exhibit A or the discounted Royalty shown below.
- If Franchisee owns a single ANI franchise, Franchisee may obtain the following Royalty discounts based on that single location's Commissions:
  - For Franchisee's Commissions during a calendar year that have exceeded three hundred thousand dollars (\$300,000) in gross, the Royalty will be fifteen percent (15%) of the Commission, beginning on the day Franchisee's Commission exceeds that dollar amount until and through the last day of the calendar year.
  - For Franchisee's Commissions during a calendar year that have exceeded five hundred thousand dollars (\$500,000) in gross, the Royalty will be ten percent (10%) of the Commission, beginning on the day Franchisee's Commission exceeds that dollar amount until and through the last day of the calendar year.
- In the event that Franchisee owns and operates more than one ANI franchises, Franchisee may obtain the following Royalty discounts based on the combined Commissions of all ANI franchises owned by Franchisee:
  - For Franchisee's combined Commissions during a calendar year that have exceeded four hundred fifty thousand dollars (\$450,000) in gross, the Royalty will be fifteen percent (15%) of the Commission, beginning on the day Franchisee's combined Commissions exceed that dollar amount until and through the last day of the calendar year.
  - For Franchisee's combined Commissions during a calendar year that have exceeded seven hundred fifty thousand dollars (\$750,000) in gross, the Royalty will be ten percent (10%)

of the Commission, beginning on the day Franchisee's combined Commissions exceed that dollar amount until and through the last day of the calendar year.

For the purposes of determining the Royalty rate in this Exhibit A only, "Franchisee" includes any owner of more than fifty percent (50%) of an equity interest in Franchisee. In other words, to be eligible for the multi-franchise discount, a single person must own more than fifty percent (50%) of Franchisee and every other ANI franchise considered in the total.

#### **ACKNOWLEDGEMENT**

By signing below, Franchisee acknowledges that the information above is true and correct. Use additional sheets if necessary. Any and all changes to the above information must be reported to ANI in writing.

ALL NEVADA INSURANCE, INC.

FRANCHISEE

By: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT "B-1"**  
**FRANCHISE OWNER AGREEMENT**  
**(For Use Where Non-Owner Spouse is NOT Currently In Insurance Industry)**

This Franchise Owner Agreement (this “**Agreement**”) is entered into by: (i) each of the undersigned Owners of Franchisee (defined below); and (ii) the spouse of each such Owner, in favor of All Nevada Insurance, Inc., and its successors and assigns (“**us**”), upon the terms and conditions set forth in this Agreement. Each signatory to this Agreement is referred to as “**you**.”

**1. Acknowledgments.**

- a. **Franchise Agreement; Franchisee.** The term “**Franchisee**,” as used in this Agreement, is the party that entered, or is entering, into a franchise agreement with effective as of \_\_\_\_\_, 20\_\_\_\_ (“**Franchise Agreement**”). Capitalized words not defined in this Agreement will have the same meanings given to them in the Franchise Agreement.
- b. **Owners’ Role.** Owners are the beneficial Owners of all of the equity interest in Franchisee. Franchisee’s obligations under the Franchise Agreement, including the confidentiality and non-compete obligations, would be of little value to us if Franchisee’s Owners were not bound by the same requirements. Under the provisions of the Franchise Agreement, Owners are required to enter into this Owners Agreement as a condition to our entering into the Franchise Agreement with Franchisee. Owners will be jointly and severally liable for any breach of this Agreement.
- c. **Your Access to Our Confidential Information.** In your capacity as an Owner of Franchisee, or the spouse of an Owner of Franchisee, you may gain knowledge of our System, Confidential Information, and Intellectual Property (collectively, the “**Know-how**”). You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our entire franchise system if you were to unfairly compete with us. In addition, you understand that certain terms of the Franchise Agreement apply to “**Owners**” and not just Franchisee. You agree to comply with the terms of this Agreement in order to: (i) avoid damaging our System by engaging in unfair competition; and (ii) bind yourself to the terms of the Franchise Agreement applicable to Owners.

**2. System Protection Covenants.** In light of your above acknowledgements, you covenant and agree to the following:

- a. **Intellectual Property.** You agree: (i) you will not use the Know-how in any business or capacity other than operating the ANI office operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you or your spouse are no longer an Owner of Franchisee, as applicable. You further agree that you will not use the Know-how for any purpose other than the development and operation of Franchisee’s ANI office under the terms of the Franchise Agreement and Manuals. You agree to assign to us or our designee, without charge, all rights to any Improvements developed by you, including the right to grant sublicenses. If any Legal Requirement precludes you from assigning ownership of any Improvement to us, then you covenant, promise and agree that you will perpetually license that Improvement to us free of charge, with full rights to use, commercialize, and sublicense the Improvement.
- b. **Unfair Competition During Relationship.** You agree not to unfairly compete with us at any time while you are an Owner of Franchisee, or while your spouse is an Owner of Franchisee, as applicable, by engaging in any of the following (collectively, the “**Prohibited Activities**”): (i) owning, operating or having

any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in a Competitive Business (other than owning an interest of two percent (2%) or less in a publicly traded company that is a Competitive Business); (ii) diverting or attempting to divert any business from us (or one of our Affiliates or franchisees); and/or (iii) inducing (a) any of our employees or managers (or those of our Affiliates or franchisees) to leave their position or (b) any customer of ours (or of one of our Affiliates or franchisees) to transfer their business to you or to any other person that is not then a franchisee of ours.

c. Unfair Competition After Relationship. You agree that, for a period of two (2) years after the termination of the Franchise Agreement or any successor to it (the “**Restricted Period**”) not to unfairly compete with us during the Restricted Period by engaging in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers who are located within the State of Nevada (the “**Restricted Territory**”). If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the Prohibited Activity (any such extension of time will not be construed as a waiver of your breach or otherwise impair any of our rights or remedies relating to your breach).

d. Immediate Family Members. You acknowledge that your disclosing Know-how to an immediate family member (i.e., parent, sibling, child, or grandchild) could potentially circumvent the purpose of this Agreement. You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family: (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

e. Covenants Reasonable. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.** Although you and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration and geographic are, we may at any time unilaterally modify the terms of the system protection covenants in Section 2 of this Agreement upon written notice to you, by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under Section 2 of this Agreement to ensure that the terms and covenants are enforceable under applicable law.

f. Breach. You agree that failure to comply with the covenants in this Section 3 will cause substantial and irreparable damage to us and/or other ANI franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of these covenants will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, you and we agree that the amount of the bond will not exceed \$1,000. None of the remedies available to us under this Section

are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

3. **Transfer Restrictions.** If you are an Owner of Franchisee, you acknowledge that we must approve all persons who hold a direct or indirect Ownership interest in Franchisee. Accordingly, you agree that you will not, directly or indirectly or by operation of law, sell, assign, mortgage, pledge or in any manner transfer any direct or indirect Ownership interest in Franchisee except in accordance with the terms and conditions set forth in Article 15 of the Franchise Agreement. You acknowledge and agree that any attempted Transfer of an interest in Franchisee requiring our consent under the Franchise Agreement for which our express written consent is not first obtained will be a material breach of this Agreement and the Franchise Agreement.

4. **Personal Guarantee.** In order to secure Franchisee's financial obligations under the Franchise Agreement and all ancillary agreements executed by Franchisee in connection with the Franchise Agreement, including, but not limited to, any agreement for the purchase of goods or services from us or an Affiliate of ours and any promissory note related to payments owed to us (collectively, the "**Secured Agreements**"), you agree to personally guarantee all of Franchisee's financial obligations under the Secured Agreements.

a. **Payment.** Each of you, jointly and severally, personally and unconditionally: (a) guarantee to us and our successor and assigns, that Franchisee will punctually fulfill all of its payment and other financial obligations under the Secured Agreements; and (b) agree to be personally bound by, and personally liable for, each and every monetary provision in the Secured Agreements.

b. **Waiver of Notice.** You waive: (1) acceptance and notice of acceptance by us of the foregoing undertakings; (2) notice of demand for payment of any indebtedness guaranteed; (3) protest and notice of default to any party with respect to the indebtedness guaranteed; (4) any right you may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (5) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness hereby guaranteed.

c. **Liability is Joint and Several.** You agree that: (1) your direct and immediate liability under this guarantee will be joint and several with Franchisee and all other persons who sign this Agreement; (2) you will render any payment required under the Secured Agreements upon demand if Franchisee fails or refuses punctually to do so; (3) your liability will not be contingent or conditioned upon pursuit by us of any remedies against Franchisee or any other person; and (4) liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that we may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which will in any way modify or amend this guarantee, which will be continuing and irrevocable during the term of each of the Secured Agreements and following the termination, expiration or transfer of each of the Secured Agreements to the extent any financial obligations under any such Secured Agreements survive such termination, expiration or transfer.

d. **Bankruptcy Filing.** This guarantee will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee or successor of Franchisee or by any abandonment of one or more of the Secured Agreements by a trustee of Franchisee. Neither your obligation to make payment in accordance with the terms of this undertaking nor any remedy for enforcement will be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency.

e. Indemnification. You agree to indemnify, defend and hold harmless us, all of our Affiliates, and the respective shareholders, directors, partners, employees, and agents of such entities, against and from all losses, damages, costs, and expenses which we or they may sustain, incur, or become liable for by reason of: (a) Franchisee's failure to pay the monies payable (to us or any of our affiliates) pursuant to the Franchise Agreement, or to do and perform any other act, matter, or thing required by the Franchise Agreement; or (b) any action by us to obtain performance by Franchisee of any act, matter, or thing required by the Franchise Agreement.

f. No Exhaustion of Remedies. You acknowledge and agree that we will not be obligated to proceed against Franchisee or exhaust any security from Franchisee or pursue or exhaust any remedy, including any legal or equitable relief against Franchisee, before proceeding to enforce the obligations of the Owners as guarantors under this Agreement, and the enforcement of such obligations can take place before, after, or contemporaneously with, enforcement of any of Franchisee's debts or obligations under the Franchise Agreement.

g. Effect of Owner's Death. Upon the death of an Owner, the estate of such Owner will be bound by the obligations in this Section 4, but only for defaults and obligations that exist under this Agreement or the Franchise Agreement at the time of death; and the obligations of any other Owners will continue in full force and effect.

5. Dispute Resolution. Any dispute between the parties relating to this Agreement must be brought in accordance with the dispute resolution procedures stated in the Franchise Agreement. Notwithstanding the foregoing, if any of the dispute resolution procedures stated in the Franchise Agreement conflict with any of the terms of this Agreement, the terms of this Agreement will prevail. You acknowledge and agree that a breach of this Agreement by you will constitute a material event of default under the Franchise Agreement, permitting us to terminate the Franchise Agreement in accordance with its terms.

6. Provisional Remedies. We have the right to seek from an appropriate court any provisional remedies, including temporary restraining orders or preliminary injunctions to enforce your obligations under this Agreement. You acknowledge and agree that there is no adequate remedy at law for your failure to fully comply with the requirements of this Agreement. You further acknowledge and agree that, in the event of any noncompliance, we will be entitled to temporary, preliminary, and permanent injunctions and all other equitable relief that any court with jurisdiction may deem just and proper.

7. Miscellaneous.

a. Attorney Fees. If either party hires an attorney or files suit against the other party in relating to an alleging a breach of this Agreement, the losing party agrees to pay the prevailing party's reasonable attorneys' fees and costs incurred in connection with such breach.

b. Defenses. Any claim, defense or cause of action that you may have against us, our Affiliates, or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

c. Severability. Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it will not affect the enforceability of any other section, subsection or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.

d. **Notice.** You agree that we may deliver to you any notice or other communication contemplated by this Agreement in the same manner and to the same address listed in the notice provisions of the Franchise Agreement and any such delivery will be deemed effective for purposes of this Agreement. You may change the address to which notices must be sent by sending us a written notice requesting such change, which notice must be delivered in the manner and to the address listed in the Franchise Agreement.

e. **No Third-Party Beneficiaries.** Nothing in this Agreement is intended to confer upon any person or entity (other than the parties and their heirs, successors and assigns and our Affiliates) any rights or remedies under or by reason of this Agreement.

f. **Construction.** No provision of this Agreement will be interpreted in favor of or against either party merely because of that party's role in the preparation of this Agreement, or because of the nature or type of this Agreement. All references to gender and number will be construed to include such other gender and number as the context may require. All captions in this Agreement are intended solely for the convenience of the parties and none will be deemed to affect the meaning or construction of any provision of this Agreement.

g. **Binding Effect.** This Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Agreement is binding on the parties and their respective heirs, executors, administrators, personal representatives, successors and (permitted) assigns.

IN WITNESS WHEREOF, each of **Owner** or **spouse of an Owner** has executed this Agreement as of the date or dates set forth below.

(Add additional pages and signature lines, if necessary for each Owner or spouse of an Owner)

By: \_\_\_\_\_

Address: \_\_\_\_\_

Name: \_\_\_\_\_

Telephone: \_\_\_\_\_

**EXHIBIT "B-2"**  
**FRANCHISE OWNER AGREEMENT**  
**(For Use Where Non-Owner Spouse IS Currently In Insurance Industry)**

This Franchise Owner Agreement (this “**Agreement**”) is entered into by: (i) each of the undersigned Owners of Franchisee (defined below); and (ii) the spouse of each such Owner, in favor of All Nevada Insurance, Inc., and its successors and assigns (“us”), upon the terms and conditions set forth in this Agreement. Each signatory to this Agreement is referred to as “you.”

**1. Acknowledgments.**

- a. **Franchise Agreement; Franchisee.** The term “**Franchisee**,” as used in this Agreement, is the party that entered, or is entering, into a franchise agreement with effective as of \_\_\_\_\_, 20\_\_\_\_ (“**Franchise Agreement**”). Capitalized words not defined in this Agreement will have the same meanings given to them in the Franchise Agreement.
- b. **Owners’ Role.** Owners are the beneficial Owners of all of the equity interest in Franchisee. Franchisee’s obligations under the Franchise Agreement, including the confidentiality and non-compete obligations, would be of little value to us if Franchisee’s Owners were not bound by the same requirements. Under the provisions of the Franchise Agreement, Owners are required to enter into this Owners Agreement as a condition to our entering into the Franchise Agreement with Franchisee. Owners will be jointly and severally liable for any breach of this Agreement.
- c. **Your Access to Our Confidential Information.** In your capacity as an Owner of Franchisee, or the spouse of an Owner of Franchisee, you may gain knowledge of our System, Confidential Information, and Intellectual Property (collectively, the “**Know-how**”). You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our entire franchise system if you were to unfairly compete with us. In addition, you understand that certain terms of the Franchise Agreement apply to “Owners” and not just Franchisee. You agree to comply with the terms of this Agreement in order to: (i) avoid damaging our System by engaging in unfair competition; and (ii) bind yourself to the terms of the Franchise Agreement applicable to Owners.
- d. **Spouse Acknowledgement: Competing Insurance Business.** If you are the spouse of an Owner, we recognize that you currently are employed and/or occupied in the insurance industry in a business that competes with us. You recognize that we would not grant a franchise to your spouse if you do not sign this Agreement to protect and safeguard our Know-how, Confidential Information, and Intellectual Property from use or disclosure to a business that competes with us.

**2. System Protection Covenants.** In light of your above acknowledgements, you covenant and agree to the following:

- a. **Intellectual Property.** You agree: (i) you will not use the Know-how in any business or capacity other than operating the ANI office operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you or your spouse are no longer an Owner of Franchisee, as applicable. You further agree that you will not use the Know-how for any purpose other than the development and operation of Franchisee’s ANI office under the terms of the Franchise Agreement and Manuals. You agree to assign to us or our designee, without charge, all rights to any Improvements developed by you, including the right to grant sublicenses. If any Legal Requirement precludes you from assigning ownership of any Improvement to us, then you

covenant, promise and agree that you will perpetually license that Improvement to us free of charge, with full rights to use, commercialize, and sublicense the Improvement.

b. Unfair Competition During Relationship: (Applicable Only to Owner). You agree not to unfairly compete with us at any time while you are an Owner of Franchisee by engaging in any of the following (collectively, the “**Prohibited Activities**”): (i) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in a Competitive Business (other than owning an interest of two percent (2%) or less in a publicly traded company that is a Competitive Business); (ii) diverting or attempting to divert any business from us (or one of our Affiliates or franchisees); and/or (iii) inducing (a) any of our employees or managers (or those of our Affiliates or franchisees) to leave their position or (b) any customer of ours (or of one of our Affiliates or franchisees) to transfer their business to you or to any other person that is not then a franchisee of ours.

c. Unfair Competition After Relationship: (Applicable Only to Owner). You (an Owner) agree that, for a period of two (2) years after the termination or expiration of the Franchise Agreement or any successor to it (the “**Restricted Period**”) not to unfairly compete with us during the Restricted Period by engaging in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers who are located within the State of Nevada (the “**Restricted Territory**”). If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the Prohibited Activity (any such extension of time will not be construed as a waiver of your breach or otherwise impair any of our rights or remedies relating to your breach).

d. Unfair Competition: (Applicable Only to Spouse of Owner). You agree not to unfairly compete with us at any time while your spouse is an Owner of Franchisee, or for a period of two (2) years after the termination or expiration of the Franchise Agreement or any successor to it, by engaging in any of the following (collectively, the “**Prohibited Activities**”): inducing (a) any of our employees or managers (or those of our Affiliates or franchisees) to leave their position; or (b) any customer of ours (or of one of our Affiliates or franchisees) to transfer their business to you or to any other person that is not then a franchisee of ours.

e. Immediate Family Members. You acknowledge that your disclosing Know-how to an immediate family member (i.e., parent, sibling, child, or grandchild) could potentially circumvent the purpose of this Agreement. You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family: (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

f. Covenants Reasonable. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.** Although you and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration and geographic are, we may at any time unilaterally modify the terms of the system protection covenants in Section 2 of this Agreement upon written notice to you, by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period,

reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under Section 2 of this Agreement to ensure that the terms and covenants are enforceable under applicable law.

g. **Breach.** You agree that failure to comply with the covenants in this Section 3 will cause substantial and irreparable damage to us and/or other ANI franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of these covenants will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, you and we agree that the amount of the bond will not exceed \$1,000. None of the remedies available to us under this Section are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

3. **Transfer Restrictions.** If you are an Owner of Franchisee, you acknowledge that we must approve all persons who hold a direct or indirect Ownership interest in Franchisee. Accordingly, you agree that you will not, directly or indirectly or by operation of law, sell, assign, mortgage, pledge or in any manner transfer any direct or indirect Ownership interest in Franchisee except in accordance with the terms and conditions set forth in Article 15 of the Franchise Agreement. You acknowledge and agree that any attempted Transfer of an interest in Franchisee requiring our consent under the Franchise Agreement for which our express written consent is not first obtained will be a material breach of this Agreement and the Franchise Agreement.

4. **Personal Guarantee.** In order to secure Franchisee's financial obligations under the Franchise Agreement and all ancillary agreements executed by Franchisee in connection with the Franchise Agreement, including, but not limited to, any agreement for the purchase of goods or services from us or an Affiliate of ours and any promissory note related to payments owed to us (collectively, the "**Secured Agreements**"), you agree to personally guarantee all of Franchisee's financial obligations under the Secured Agreements.

a. **Payment.** Each of you, jointly and severally, personally and unconditionally: (a) guarantee to us and our successor and assigns, that Franchisee will punctually fulfill all of its payment and other financial obligations under the Secured Agreements; and (b) agree to be personally bound by, and personally liable for, each and every monetary provision in the Secured Agreements.

b. **Waiver of Notice.** You waive: (1) acceptance and notice of acceptance by us of the foregoing undertakings; (2) notice of demand for payment of any indebtedness guaranteed; (3) protest and notice of default to any party with respect to the indebtedness guaranteed; (4) any right you may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (5) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness hereby guaranteed.

c. **Liability is Joint and Several.** You agree that: (1) your direct and immediate liability under this guarantee will be joint and several with Franchisee and all other persons who sign this Agreement; (2) you will render any payment required under the Secured Agreements upon demand if Franchisee fails or refuses punctually to do so; (3) your liability will not be contingent or conditioned upon pursuit by us of any remedies against Franchisee or any other person; and (4) liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that we may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which will in any way modify or amend this guarantee, which will be continuing and irrevocable during the term of each of the Secured Agreements and following the

termination, expiration or transfer of each of the Secured Agreements to the extent any financial obligations under any such Secured Agreements survive such termination, expiration or transfer.

d. Bankruptcy Filing. This guarantee will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee or successor of Franchisee or by any abandonment of one or more of the Secured Agreements by a trustee of Franchisee. Neither your obligation to make payment in accordance with the terms of this undertaking nor any remedy for enforcement will be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency.

e. Indemnification. You agree to indemnify, defend and hold harmless us, all of our Affiliates, and the respective shareholders, directors, partners, employees, and agents of such entities, against and from all losses, damages, costs, and expenses which we or they may sustain, incur, or become liable for by reason of: (a) Franchisee's failure to pay the monies payable (to us or any of our affiliates) pursuant to the Franchise Agreement, or to do and perform any other act, matter, or thing required by the Franchise Agreement; or (b) any action by us to obtain performance by Franchisee of any act, matter, or thing required by the Franchise Agreement.

f. No Exhaustion of Remedies. You acknowledge and agree that we will not be obligated to proceed against Franchisee or exhaust any security from Franchisee or pursue or exhaust any remedy, including any legal or equitable relief against Franchisee, before proceeding to enforce the obligations of the Owners as guarantors under this Agreement, and the enforcement of such obligations can take place before, after, or contemporaneously with, enforcement of any of Franchisee's debts or obligations under the Franchise Agreement.

g. Effect of Owner's Death. Upon the death of an Owner, the estate of such Owner will be bound by the obligations in this Section 4, but only for defaults and obligations that exist under this Agreement or the Franchise Agreement at the time of death; and the obligations of any other Owners will continue in full force and effect.

5. Dispute Resolution. Any dispute between the parties relating to this Agreement must be brought in accordance with the dispute resolution procedures stated in the Franchise Agreement. Notwithstanding the foregoing, if any of the dispute resolution procedures stated in the Franchise Agreement conflict with any of the terms of this Agreement, the terms of this Agreement will prevail. You acknowledge and agree that a breach of this Agreement by you will constitute a material event of default under the Franchise Agreement, permitting us to terminate the Franchise Agreement in accordance with its terms.

6. Provisional Remedies. We have the right to seek from an appropriate court any provisional remedies, including temporary restraining orders or preliminary injunctions to enforce your obligations under this Agreement. You acknowledge and agree that there is no adequate remedy at law for your failure to fully comply with the requirements of this Agreement. You further acknowledge and agree that, in the event of any noncompliance, we will be entitled to temporary, preliminary, and permanent injunctions and all other equitable relief that any court with jurisdiction may deem just and proper.

7. Miscellaneous.

a. Attorney Fees. If either party hires an attorney or files suit against the other party in relating to an alleging a breach of this Agreement, the losing party agrees to pay the prevailing party's reasonable attorneys' fees and costs incurred in connection with such breach.

b. **Defenses.** Any claim, defense or cause of action that you may have against us, our Affiliates, or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

c. **Severability.** Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it will not affect the enforceability of any other section, subsection or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.

d. **Notice.** You agree that we may deliver to you any notice or other communication contemplated by this Agreement in the same manner and to the same address listed in the notice provisions of the Franchise Agreement and any such delivery will be deemed effective for purposes of this Agreement. You may change the address to which notices must be sent by sending us a written notice requesting such change, which notice must be delivered in the manner and to the address listed in the Franchise Agreement.

e. **No Third-Party Beneficiaries.** Nothing in this Agreement is intended to confer upon any person or entity (other than the parties and their heirs, successors and assigns and our Affiliates) any rights or remedies under or by reason of this Agreement.

f. **Construction.** No provision of this Agreement will be interpreted in favor of or against either party merely because of that party's role in the preparation of this Agreement, or because of the nature or type of this Agreement. All references to gender and number will be construed to include such other gender and number as the context may require. All captions in this Agreement are intended solely for the convenience of the parties and none will be deemed to affect the meaning or construction of any provision of this Agreement.

g. **Binding Effect.** This Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Agreement is binding on the parties and their respective heirs, executors, administrators, personal representatives, successors and (permitted) assigns.

IN WITNESS WHEREOF, each of **Owner** or **spouse of an Owner** has executed this Agreement as of the date or dates set forth below.

(Add additional pages and signature lines, if necessary for each Owner or spouse of an Owner)

By: \_\_\_\_\_

Address: \_\_\_\_\_

Name: \_\_\_\_\_

Telephone: \_\_\_\_\_

By: \_\_\_\_\_

Address: \_\_\_\_\_

Name: \_\_\_\_\_

Telephone: \_\_\_\_\_

**EXHIBIT "C"**  
**Confidentiality / Non-Competition Agreement**

NAME: \_\_\_\_\_

HOME ADDRESS: \_\_\_\_\_

HOME TELEPHONE: \_\_\_\_\_

CLASSIFICATION: \_\_\_\_\_

(Owner, Shareholder, Officer, Director, Independent Producer, Independent Contractor, Employee, Etc.)

\_\_\_\_\_ ("Franchisee") is a Franchisee of All Nevada Insurance, Inc. ("ANI") pursuant to a Franchise Agreement entered into by ANI and Franchisee dated \_\_\_\_\_ (the "Franchise Agreement").

I agree that during the term of my employment by, ownership or participation in, association with or service to Franchisee (in any manner, including but not limited to as an independent contractor or independent producer), or at any time thereafter, I will not communicate, divulge or use for the benefit of any other person, persons, partnership, proprietorship, association, corporation or entity any confidential information, knowledge or know-how concerning the systems of operation, services, products, clients or practices ANI which may be communicated to me ("Confidential Information"), and I will not divert any business to competitors of Franchisee and/or ANI.

Any and all information, knowledge, know-how, techniques and information which the entities mentioned above or their officers designate as confidential will be Confidential Information for the purposes of this Agreement, except information which I can demonstrate came to my attention before disclosure or which had become or becomes a part of the public domain through publication or communication by others, but in no event through any act of mine.

I specifically understand that, without limitation, the following have been deemed to constitute Confidential Information: the ANI system of operations and all services, products, technologies, business relationships, business methods, operating manuals, policies, standards, systems, techniques, requirements, criteria and procedures that are used by ANI now or in the future (the "System"); Franchisee in the course of the operation of Franchisee's business, as well as all procedures, systems, techniques and activities employed by ANI and/or Franchisee in the course of offering or selling products and services from or at Franchisee's businesses; the names of the companies with or for whom ANI and/or Franchisee do business or have done business; all of ANI's and Franchisee's sources (or prospective sources) of policies and contracts, and all information pertaining to same; the computer hardware and software utilized by ANI and Franchisee; all information pertaining to ANI's, and Franchisee's advertising, marketing, promotion and merchandising campaigns, philosophies, materials, specifications and procedures; ANI's and Franchisee's computer network Web sites and any and all computer network Web sites of ANI and any affiliate of ANI; all information posted on or received at such Web sites; all of ANI's instructional materials; quality assurance programs; supervision systems; recommended services; recordkeeping, bookkeeping and accounting systems and materials; revenue reports; activity schedules; job descriptions; records pertaining to customers of Franchisee; business forms; product and service order forms; general operations materials; revenue reports; specifications, systems, standards, techniques, philosophies and materials, guidelines, policies and procedures concerning the System; additions to, deletions from, and modifications and variations of the components of the System or the systems and methods of operations which now or in the future are employed by ANI, including all related standards and specifications and the means and manner of offering and selling them; and, all other components, specifications, standards, requirements and duties imposed by ANI or any of ANI's affiliates.

I will at no time copy, duplicate, record or otherwise reproduce any of the Confidential Information or material containing it, in whole or in part, store them in a computer retrieval or database, nor otherwise make them available to any unauthorized person. Upon the expiration or other termination for any reason of my employment, association, service or ownership participation, I agree to return to ANI or Franchisee (as the case may be) all materials, books, records, and manuals considered confidential under this Agreement which are in my possession.

I further agree that during the term of my employment/service/association/retention/ownership participation, and for a period of two years immediately following its expiration or termination for any reason, I will not, directly or indirectly, engage or participate in any other business which directly or indirectly engages in, or franchises others to engage in, a business which is the same as or substantially similar to ANI's business, including without limitation, any businesses specializing or deriving more than twenty percent (20%) of their gross receipts from the provision of services similar to the services provided by ANI ("Competitive Business"). I am prohibited from engaging in any Competitive Business as a proprietor, partner, investor, shareholder, director, officer, employee, principal, agent, advisor, or consultant.

For a period of two years immediately following the expiration or termination of my employment/service/association/ownership participation, I am prohibited from engaging in any Competitive Business, if the other business is located within the State of Nevada.

It is the intention of these provisions to preclude not only direct competition but also all forms of indirect competition, such as service as an independent contractor for Competitive Businesses or any assistance or transmission of information of any kind that would be of any material assistance to a Competitive Business. Nothing herein will prevent me from owning for investment purposes up to an aggregate of 5% of the capital stock of any Competitive Business, so long as the Competitive Business is a publicly held corporation whose stock is listed and traded on a national or regional stock exchange.

I acknowledge that violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to ANI and Franchisee, for which no adequate remedy at law will be available. Accordingly, I hereby consent to the entry of an injunction procured by ANI or Franchisee (or both) prohibiting any conduct by me in violation of the terms of those covenants not to compete and/or restrictions on the use of Confidential Information stated in this agreement. I expressly agree that it may conclusively be presumed in any legal action that any violation of the terms of these covenants not to compete was accomplished by and through my unlawful utilization of ANI's Confidential Information, know-how, methods and procedures. Further, I expressly agree that any Claims I may have against ANI will not constitute a defense to ANI's enforcement of the covenants not to compete stated in this Agreement. I further agree to pay all costs and expenses (including reasonable attorneys' and experts' fees) incurred by ANI in connection with the enforcement of those covenants not to compete stated in this Agreement.

If all or any portion of this covenant not to use Confidential Information and not to compete is held unreasonable, void, vague or illegal by any court or agency having valid jurisdiction in an final decision (after the exhaustion of all appellate rights), the court or agency will be empowered to revise and/or construe the covenant to fall within permissible legal limits, and should not invalidate the entire covenant. I expressly agree to be bound by any lesser covenant subsumed within the terms of this Agreement as if the resulting covenant were separately stated in and made a part of this Agreement.

I agree that this Agreement and all relations and disputes between myself on the one hand, and Franchisee or ANI on the other hand, whether sounding in contract, tort, or otherwise, are to be exclusively construed in accordance with and/or governed by (as applicable) the law of the State of Nevada without recourse to Nevada (or any other) choice of law or conflicts of law principles. Nothing in this Agreement is intended to invoke the application of any franchise, business opportunity, antitrust, unfair competition, fiduciary or any other doctrine of law of the State of Nevada or any other state, which would not otherwise apply.

I further agree that any litigation arising out of or related to this Agreement; any breach of this Agreement; and, all relations and any and all disputes between myself on the one hand, and Franchisee or ANI on the other hand, whether sounding in contract, tort, or otherwise, will be instituted exclusively in a court of competent jurisdiction in Las Vegas, Nevada. I agree that any dispute as to the venue for this litigation will be submitted to and resolved exclusively by a court of competent jurisdiction situated in Las Vegas, Nevada. I hereby waive and covenant never to assert or Claim that said venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any Claim under the judicial doctrine of *forum non conveniens*).

**SEEN AND AGREED:**

Witnessed By:

(Print Name)

Witness/Date

(Signature)

(Date)

**SPOUSAL CONSENT**

I acknowledge that I am familiar with the foregoing Agreement. I am aware that by its provisions my spouse agrees to certain obligations described therein. I hereby consent to the provisions of the Agreement, and agree that Franchisee's assets and my interest in them, if any, are subject to the provisions of the Agreement.

Signature

Print Name

## **EXHIBIT “D”**

### **COMPLIANCE QUESTIONNAIRE**

As you know, All Nevada Insurance, Inc. and you are preparing to enter into a Franchise Agreement (the “Agreement”). In this questionnaire, All Nevada Insurance, Inc. will be referred to as “we” or “us.” The purpose of this questionnaire is to determine whether any statements or promises were made to you that we did not authorize and that may be inaccurate. Please review each of the following questions carefully and provide honest and complete responses to each question. **If the answer you give calls for a written explanation and there is not enough room in the space we provide on this questionnaire to give a complete written explanation, please attach additional pages as necessary.**

**We will not ask you to complete this form, and we will disregard any answers from you, if you live or plan to operate your franchise in the states of California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, Wisconsin.**

1. Have you received, studied and reviewed carefully the Franchise Disclosure Document and Franchise Agreement? Check one:  Yes  No

2. Do you understand all of the information contained in the Franchise Agreement and each exhibit and schedule attached to it? Check one:  Yes  No

If your answer is “No,” what parts of the Franchise Agreement do you not understand?

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3. Do you understand all of the information contained in the Franchise Disclosure Document and each addendum attached to it? Check one:  Yes  No

If your answer is “No,” what parts of the Franchise Disclosure Document do you not understand?

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4. Have you discussed with an attorney, accountant, or other professional advisor the benefits and risks of establishing and operating a business as a ANI franchisee, or made the decision not to consult with one? Check one:  Yes  No

5. Has any employee or other person speaking on our behalf made any statement or promise that is contrary to, or different from, the information contained in the Franchise Disclosure Document? Check one:  Yes  No.

If your answer is “Yes,” please describe the statement or promise:

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6. Was any oral, written or visual claim or representation made to you that stated, suggested, predicted or projected your sales, expenses, income or profit levels or that of any other actual or hypothetical franchise business? Check one:  Yes  No.

If your answer to is "Yes," please describe the oral, written or visual claim or representation made to you:

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7. Do you understand that the success or failure of your business will depend in large part upon your skills and experience, your business acumen, the hours you will work, your location, the local market for ANI's products and services, interest rates, the economy, inflation, the prevailing wage rate, competition, and other economic and business factors? Further, do you understand that the economic and business factors that exist at the time you open your business may change? Check one:  Yes  No.

If your answer is "No," please describe your understanding of what the success or failure of your business will depend:

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8. Has any employee or other person speaking on our behalf made any statement, promise or agreement concerning the likelihood of success that you should or might expect to achieve from operating an ANI office? Check one:  Yes  No.

If your answer is "Yes," please describe the statement, promise, or agreement:

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9. Do you understand that there may be national, regional, state, or local laws or regulations applying to the operation of an ANI business (either specifically or generally), and that, as a franchisee, you are fully responsible as an independent business owner for learning about and complying with these laws? Check one:  Yes  No.

If your answer is "No," please describe your understanding regarding legal compliance:  
(Attach additional pages, if necessary)

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10. Have any of our employees or any other persons speaking on our behalf made any statement, agreement or promise to you concerning the advertising, marketing, training, support service or assistance that we will furnish to you that is contrary to, or different from, the information contained in the FDD?

Check one:  Yes  No.

If your answer is "Yes," please describe the statement, promise, or agreement:

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11. Have any of our employees or any other persons speaking on our behalf made any statement, agreement or promise to you concerning the costs you may incur in operating a Office that is contrary to, or different from, the information contained in the FDD?

Check one:  Yes  No.

If your answer is "Yes," please describe the statement, promise, or agreement:

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12. Have we or any of our employees or any other persons speaking on our behalf made any oral, written, visual or other promises, agreements, commitments, representation, understandings, "side agreements" or otherwise that expand upon or are inconsistent with FDD or the Franchise Agreement, or any attached written addendum signed by you and an officer of ours?

Check one:  Yes  No.

If your answer is "Yes," please describe the statement, promise, agreement, representation, "side agreements" or other understanding that you have with us:

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13. Do you understand that we are relying on your answers to this questionnaire to ensure that the franchise sale was made in compliance of state and federal laws? Check one:  Yes  No

14. Do you understand that any training, support, guidance or tools we provide to you as part of the franchise are for the purpose of protecting the ANI brand and trademarks and to assist you in the operation of your business and not for the purpose of controlling or in any way intended to exercise or exert control over your decisions or day-to-day operations of your business, including your sole responsibility for the hiring, wages and other compensation (including benefits), training, supervision and termination of your employees and all other employment and employee related matters? Check One:  Yes  No. If no, please explain your answer:

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By signing below, you are acknowledging that you understand that your answers are important and that we will rely on them, and that you have responded truthfully to the above questions.

**NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, OR OTHER ENTITY, EACH OF ITS PRINCIPALS MUST EXECUTE THIS ACKNOWLEDGMENT (Make Additional Copies if Necessary).**

By: \_\_\_\_\_

Name: \_\_\_\_\_

State of \_\_\_\_\_ ss.  
County of \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_, \_\_\_\_\_ by \_\_\_\_\_

Notary Public \_\_\_\_\_  
My Commission Expires: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

State of \_\_\_\_\_ ) ss.  
County of \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_, \_\_\_\_\_ by \_\_\_\_\_

Notary Public \_\_\_\_\_  
My Commission Expires: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

State of \_\_\_\_\_ ) ss.  
County of \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_, \_\_\_\_\_ by \_\_\_\_\_

Notary Public \_\_\_\_\_  
My Commission Expires: \_\_\_\_\_

**EXHIBIT E**  
**GENERAL RELEASE**

As a condition to All Nevada Insurance, Inc.'s ("Franchisor") consent to [grant a successor franchise agreement to] [the proposed transfer of] the Franchise Agreement with [name of franchisee] ("Franchisee") dated [date of Franchise Agreement] (the "Franchise Agreement"), the undersigned, and each of their respective corporate parents, subsidiaries, affiliates, successors in interest, heirs and assigns, and each of their respective owners, managers, directors, officers, agents, servants, and employees, as applicable, whether specifically mentioned herein or not, do hereby release, acquit and forever discharge Franchisor and its respective parents, subsidiaries, affiliates, and successors in interest, and each of their respective directors, officers, agents, servants, employees, whether specifically mentioned herein or not, of and from any and all liability, actions, causes of action, claims, debts, demands, damages and liabilities to person(s) or property, costs, expenses and compensation of every nature, kind and character whatsoever, whether known or unknown, foreseen or unforeseen, direct, indirect, contingent or actual, liquidated or unliquidated, whether statutory, contract, or in tort on account of or in any way connected with or related to Franchisor's, or Franchisor's affiliate's, offer, sale, grant of, construction, subleasing, operation of, assistance with operation of, or development of franchises or franchise rights in any and all franchise locations awarded at any time to the undersigned and from the inception of any contact with Franchisor to the date of this Release. It is the express intention of the undersigned that this Release be as broad as permitted by law.

Undersigned represents and warrants that execution hereof is free and voluntary; that no inducements, threats, representations, or influences of any kind were made or exerted by or on behalf of Franchisor; and that, prior to the execution hereof, undersigned was given the opportunity, if desired, to consult with counsel. This Release shall be binding upon the undersigned, their heirs, successors and legal representatives. Whenever the text hereof requires, the use of singular number shall include the appropriate plural number as the text of the within instrument may require. This Release may not be changed orally.

NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, OR OTHER ENTITY, EACH OF ITS PRINCIPALS AND OWNERS / MANAGERS / SHAREHOLDERS AND A DULY AUTHORIZED OFFICER MUST EXECUTE THIS RELEASE (Attach Additional Sheets if Necessary).

By: \_\_\_\_\_

Name: \_\_\_\_\_

State of \_\_\_\_\_ )

) ss.

County of \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_, \_\_\_\_\_ by \_\_\_\_\_

Notary Public \_\_\_\_\_  
My Commission Expires: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

State of \_\_\_\_\_ )

) ss.

County of \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_, \_\_\_\_\_ by \_\_\_\_\_

Notary Public \_\_\_\_\_

My Commission Expires: \_\_\_\_\_

**EXHIBIT F**  
**SUMMARY OF OPERATIONAL POLICIES**



**Summary of Operational Policies**

**I. Office Standards**

1. The overall look of the office needs to be presentable, well-maintained (less paper present, the better). You must have a standard floor layout and paint scheme, in accordance with our standards.
2. There should be a seated/lobby area, along with two white reception chairs, an end table, a reception desk, and at least two desks positioned appropriately throughout the office for clients to sit at and conduct their business.
3. There should be adequate and professional pictures/paintings on the walls. Banners and other promotional goods are acceptable as long as it all looks presentable.
4. Each office should be to code for disabled individuals.
5. Each office's front door should have our company's logo and slogan, phone and fax number, website address, days and hours of operation and a statement saying, "No Cash Accepted."
6. You must have voicemail as part of your phone system, just in case you cannot answer a third or fourth call coming in at once.
7. Any formal and persistent complaints should be directed to your Office Manager. If you do not have one, you must intercept the complaint and handle it accordingly.
8. Document destruction process must be immediate and no client files and/or loose information left exposed. Scan necessary documents into computer, or at the very least, lock client information away in a secured drawer or room.
9. Never use an Accord or generic auto evidences. Auto evidences, a.k.a., I.D. cards, must come from a company ANI is appointed through).
10. You must review the current guidelines on the websites for all appointed companies.
11. Record notes for all client conversations on client database system.
12. Keep all client entries up-to-date.
13. Maintain at least two contact methods for each client.
14. You have the freedom to turn down business if it makes good business sense.
15. You will be open to all types of audits, including "surprise" audits for daily operations, new business written, etc.
16. You are fully responsible for all employees training.
17. Must have in place at all times a Business Owners Policy to cover your contents and liability. All Landlords require this prior to turning over your keys. As stated in the Franchise Agreement, All Nevada Insurance, Inc. must be named on your policy as an additional insured.
18. All of your employees must sign confidentiality and non-compete agreements. Keep this form on file at all times.
19. You must install signs and other identification in and about the Office identifying the Office as an ANI System Office, which includes an electronically lit overhead sign and window decals as specified by ANI. The signs must be lighted at all times. Any repairs to the signs, decals, or other items, or any needed replacements, are your responsibility.



20. Per Section 3.8 under the category, Conduct of the Office, in the Franchise Agreement, you are entitled to close your location only for those approved Federal holidays. Whether you observe or close during those approved Federal holidays, you must notify via email or phone, all Franchisees and the Corporate location, so everyone in the organization can be informed. This is only for the sole reason of informing all of our clients and making sure everyone is on the same page. Also, if for some odd reason, you have to close your location early one day; same applies in regard to notifying all the Franchisees, including the Corporate location.

## **II. Sales Goals:**

- 1) Your monthly goal will be based on the amount of the premium written for the types of insurance as follows:

<b>TYPE OF POLICY</b>	<b>PREMIUM AMOUNT</b>
AUTO	\$15,000.00
PROPERTY	\$11,000.00
RECREATIONAL VEHICLES	\$ 1,000.00
UMBRELLA	\$ 1,000.00
COMMERCIAL	\$ 5,000.00
LIFE	\$ 2,000.00
<b>TOTAL PREMIUM WRITTEN PER MONTH</b>	<b>\$35,000.00</b>

- 2) All we ask is for your agency to grow and/or earn more policies/points than previous year.
- 3) We will be offering a finder's fee of \$1,000 to an existing Franchisee who refers us a Franchisee that actually becomes one.

## **III. Profit Sharing Bonus:**

Bonus is determined by loss ratio and total annual premium written:

Loss Ratio: 60% or lower = 100% of your production premium

60%-70% = 50%

70%-80% = 25%

\*\*\*All monies left over will be used toward advertising/marketing and Franchisees' promotional incentives. However, Corporate can use the monies in any way they deemed fit.

## **IV. Obtaining new appointments:**

- 1) Give us history of company (i.e. what is their niche(s), are they competitive, what is their rating class, what states do they write business in, what is their commission structure, etc...).
- 2) For you to sell in all other states that Corporate is licensed in, you must do the following:
  - A) Apply for a non-resident, individual license (this can take anywhere between 4-12 weeks to get) and average cost is \$90.00.
  - B) You must obtain your physical license and give Corporate a copy before you are able to write business in the state you are licensed in.
  - C) You do not have to obtain an agency license; we already have those licenses in place.



#### **V. Obtaining Out of State Licensing:**

- 1) Give us a reason(s) why we need to get our individual and agency license (i.e. getting an opportunity to quote many employees and/or owners in a large firm, dealership, mortgage, real estate, title connections, etc...).
- 2) You have a large family whom lives in that particular state for many years.

#### **VI. Professional Advisors/Vendors:**

ADVISOR/VENDOR NAME	TYPE	PHONE	WEBSITE
Ellsworth Stout	Accountant/CPA	702.871.2727	Lvcpas.com
Chase Bank	Trust Account	702.562.2218	Chase.com
Allied Electric & Sign	Overhead Sign, Vinyl, Banners	702.733.8822	www.allied-sign.com
All World Promotions	Printing, promotions	702.434.4943	www.awpusa.com
Professional Document Products	Copier services	702.851.9090	Pdplv.com
Interlynx	IT Services	801.771.5500	lynxtogether.com
Captive Audience	Music on hold	1.800.488.2550	Captive-audience.com
Assured Document Management	Document shredding	702.614.0001	Shreddingly.com
Signature Real Estate Group	Commercial Real Estate	702.373.8881	www.signatureenv.com

#### **VII. Hours of Operation:**

Your office must be open a minimum of 40 hours per work week.

We require that an actual live person answers your incoming calls.

Your phones should not exceed more than three rings before someone answers it.

You must have voicemail on your phone system.

#### **VIII. Cancelling Policies:**

Before cancelling a policy, you will need to see proof of current policy (if they have already signed up with another carrier). This way you can compare the coverage's,

Etc. If they have not signed up with another carrier, tell them you will shop around and try to obtain a better price.

If they sold their home, need a copy of their **sales transaction**.

If they sold their only auto, need a copy of their **sales transaction**.

You must get a signature from a client for cancelling a policy.

Never intentionally cancel another Franchisee's active account for the sake of earning commission(s). If a current client asks to be re-quoted/written or he/she is threatening to leave, you may re-quote/write in the original Franchisees' agency code.

#### **IX. Accounting:**

You are responsible to keep your own accounting up to par. If need be, we will be doing random spot checks to take a look at your financial statements, bookkeeping, etc.



#### **X. Customer Payments:**

- 1) You are responsible for all customer payments and should not accept cash.
- 2) By not accepting cash as a form of payment, it will significantly reduce the chances of your employees embezzling customer payments.
- 3) If you are broken in to or someone robs you, and you had cash, you are responsible.
- 4) Always balance out at the end of the business day to insure that no payments are missing, out of balance, etc...
- 5) Deposits must be made within 24 hours of binding a policy.

#### **XI. Office safety:**

- 1) Make sure your office is equipped with a first aid kit.
- 2) Make sure you have at least one fire extinguisher (required by fire code anyway).
- 3) If you provide public use to your restrooms, make sure it meets handicap codes.
- 4) When having your office cleaned or if you clean it yourself, make sure this is done after hours. You do not want one of your employees or customers getting hurt and suing you (i.e. floor is wet and slippery, etc...).

#### **XII. Networking and promoting yourself and your agency:**

- 1) ALWAYS be professional, courteous and informative.
- 2) Facial hair must be trimmed and well maintained, unnatural dyed hair, makeup causing an unnatural appearance no visible tattoos.
- 3) Attire should be nothing less than business casual. No ripped or dyed clothing, bathing suit, cut offs, bare midriffs, thongs, dresses and skirts must be no higher than fingertip length from knee.
- 4) During networking and promoting yourself and your agency, always have business cards on you, be well groomed and be up to date on your overall industry.
- 5) While marketing and advertising, never commit rebating, twisting and any other inappropriate behavior and/or activities (i.e. discarding other competitors' marketing materiel, etc...). This would result in jeopardizing your relationship and book of business with All Nevada Insurance, Inc.
- 6) Remember, you are a direct reflection of ANI. Anything you do in a negative manner will hurt not only you, but also your fellow franchisees, and also the company as a whole.

#### **XIII. Compliance and Review System.**

We will conduct inspections (which may be announced or unannounced) of your Office at random times during the year during business hours. During such inspections, we will review the operations of your Office and your compliance with our operating procedures, our operational policies, and our Brand Standards Manual. We will prepare a report of our inspection and provide it to you.

The results of your inspection will be determined on a point system. If you receive one or more points during the inspection, we will provide you with a notice of default under the procedure stated in Section 13.2 of the Franchise Agreement, offering you the opportunity to cure the default within thirty (30) days of the notice (and you will be required to pay a \$500 fine).



Our inspection point system will be determined according to the following schedule:

<b>Failure to:</b>	<b>Points per incident</b>
Comply with the overall franchise agreement	1
Comply with uniformity of office space	1
Submit completed audit within 30 calendar days	1
Attend franchise meetings	1
Have a clean working environment inside office	1
Have clean exterior appearance of office	1
Represent ANI in a professional dress standard	1
Have office sign lit during after hours	1
Have carrier signs placed correctly	1
Deposit into trust account within 24 hours	1
Upload into the management system by order of Property, Auto, Management System, Trust Account	1
Upload applications into the management system within 48 hours of policy issue	1

This Summary of Operational Policies was received by the below-named Franchisee(s) on the date written below.

**FRANCHISEE(S):** \_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## EXHIBIT F CONTINUED: Audit Requirements

This document is in effect as of February 16, 2018.

### **Property Insurance:**

If a client signs the application, all areas must be fully signed and/or initialed and completely filled out (including questionnaires). The client must sign, initial and date the property application when it is written with an automobile policy. An agent signature must also be on the application. If a client does not sign the application, then the agent signature IS required and the application must be dated. The questionnaire also does not need to be filled out. On Homeowner's applications, the garage address must be the same as the actual home address. For Homeowner's applications, you must write the Dwelling coverage for a minimum of \$135 per square foot for single family dwelling and \$135 per square foot for dwelling fire applications, and \$50,000 minimum coverage for condominiums with the Extended Replacement Cost added to it. For TypTap, you must write the policy for \$150,000 minimum coverage since they do not have replacement cost as of yet. On Dwelling Fire applications, the mailing and garage address must be different. [The following insurance companies are the exception to this rule: Travelers, First American, and Civil Service Employees.](#)

When scanning documents in the client's file, you must show proof of why we wrote one's property insurance, only if you did not speak to the client directly. Make sure you are insuring the right insured.

### **Auto Insurance:**

Make sure to always get client's signatures and initials on all applications. Make sure to check off the proper limits when an insured selects Medical and/or UIM/UM and those limits match with what is on the coverage page. You should highly recommend to the client that the liability minimum limit be increased from \$100,000 to \$300,00. Make sure they sign in the right section(s) of the waivers. Answer all questions on the questionnaires. An agent must sign all applications.

### **Trust Account:**

Always make sure the payment amount is the same as the sweep. If there is minor overage/shortage (\$5 or less), make sure to add a note in the Management System so that it is applied on the clients next payment. If it is a major overage/shortage, it should be taken care of within 30 days. If not, it will result in an adjustment to your monthly commissions, NO EXCEPTIONS. Returned checks should be resolved within 7-10 days, including NSF fee. If not resolved with 30 days, it will result in an adjustment to your monthly commissions, NO EXCEPTIONS.

Try and promote electronic checks as often as possible. If a policy must be rewritten, update the customer management system so that the down payment for the new policy reflects the new company. You also must respond to all calls and/or emails regarding the trust account variances.

I have read, understood and agree to all terms listed in this document.

### **ALL NEVADA INSURANCE, INC.**

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

### **FRANCHISEE(S): \_\_\_\_\_**

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT "G"**

**COLLATERAL ASSIGNMENT OF TELEPHONE NUMBERS AND TELEPHONE LISTINGS, INTERNET ADDRESSES AND SOCIAL MEDIA IDENTITIES**

THIS ASSIGNMENT is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_\_\_\_, in accordance with the terms of the All Nevada Insurance, Inc. ("ANI") Franchise Agreement ("Franchise Agreement") between \_\_\_\_\_ ("Franchisee") and ANI, executed concurrently with this Assignment, under which ANI granted Franchisee the right to own and operate a Office ("Franchise Business") as stated in the Agreement.

FOR VALUE RECEIVED, Franchisee hereby assigns to ANI (1) those certain telephone numbers and regular, classified or other telephone directory listings (collectively, the "Telephone Numbers and Listings"); and (2) those certain Internet website addresses ("URLs"); (3) user names, screen names, or identities on social media sites ("Social Media Identities") associated with ANI's trade and service marks and used from time to time in connection with the operation of the Office.

This Assignment is for collateral purposes only and, except as specified herein, ANI shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment, unless ANI shall notify the telephone company and/or the listing agencies with which Franchisee has placed telephone directory listings (all such entities are collectively referred to herein as "Telephone Company"), Franchisee's Internet service provider ("ISP"), or Social Media provider(s) to effectuate the assignment pursuant to the terms hereof.

Upon termination or expiration of the Franchise Agreement (without extension), ANI shall have the right and is hereby empowered to effectuate the assignment of the Telephone Numbers and Listings, URLs, and Social Media Identities, and, in such event, Franchisee shall have no further right, title or interest in the Telephone Numbers and Listings, URLs, or Social Media Identities, and shall remain liable to the Telephone Company, ISP, or Social Media provider(s) for all past due fees owing to the Telephone Company and the ISP on or before the effective date of the assignment hereunder.

Franchisee agrees and acknowledges that as between ANI and Franchisee, upon termination or expiration of the Franchise Agreement, ANI shall have the sole right to and interest in the Telephone Numbers and Listings, URLs, and the Social Media Identities and Franchisee irrevocably appoints ANI as Franchisee's true and lawful attorney-in-fact, which appointment is coupled with an interest, to direct the Telephone Company, the ISP, and the Social Media provider(s) to assign same to ANI, and execute such documents and take such actions as may be necessary to effectuate the assignment. Upon such event, Franchisee shall immediately notify the Telephone Company, the ISP, and the Social Media provider(s) to assign the Telephone Numbers and Listings, the URLs, and the Social Media Identities to ANI. If Franchisee fails to promptly direct the Telephone Company, the ISP, and the Social Media provider(s) to assign the Telephone Numbers and Listings, the URLs, and/or the Social Media Identities to ANI, ANI shall direct the Telephone Company, the ISP, and the Social Media provider(s) to effectuate the assignment contemplated hereunder to ANI. The parties agree that the Telephone Company, the ISP, and the Social Media provider(s) may accept ANI's written direction, the Franchise Agreement or this Assignment as conclusive proof of ANI's exclusive rights in and to the Telephone Numbers and Listings, the URLs, and/or the Social Media Identities upon such termination or expiration and that such assignment shall be made automatically and effective immediately upon the Telephone Company, the ISP, or the Social Media provider(s) receipt of such notice from ANI or Franchisee. The parties further agree that if the Telephone Company, the ISP, and the Social Media provider(s) requires that the parties execute the Telephone Company, the ISP, and the Social Media provider(s) assignment forms or other documentation at the time of termination or expiration of the Franchise Agreement, ANI's execution of such forms or documentation on behalf of Franchisee shall effectuate Franchisee's consent and agreement to the assignment. The parties agree that at any time after the date hereof they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination or expiration of the Franchise Agreement.

**ANI:**

ALL NEVADA INSURANCE, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Dated this \_\_\_\_ day of \_\_\_\_ 202\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date Dated this \_\_\_\_ day of \_\_\_\_ 202\_\_\_\_

State of \_\_\_\_\_ )  
 ) ss.  
County of \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_, \_\_\_\_\_ by \_\_\_\_\_

Notary Public \_\_\_\_\_  
My Commission Expires: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Dated this \_\_\_\_ day of \_\_\_\_ 202\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Dated this \_\_\_\_ day of \_\_\_\_ 202\_\_\_\_

**EXHIBIT "H"**  
**FRANCHISE RELATIONSHIP ACKNOWLEDGEMENT**

Welcome to the ANI team. Because you are becoming a part of the ANI franchise system, it is important that you understand and acknowledge who is your employer, and who is not.

You have been hired by \_\_\_\_\_ (Legal Name of Franchisee) ("Franchisee"), which is an independent franchise owner in the ANI franchise system (which we call the "System"). Although Franchisee looks the same, has the same name, and is operated the same way as other insurance offices in the System, Franchisee is not part of the same company as those other insurance offices in the System. All Nevada Insurance, Inc. is a completely separate company that owns the name and created the System. All Nevada Insurance, Inc. has devised rules, systems of operation, and policies and procedures that all of its franchisees must follow, including Franchisee, which make each of the independent franchise training companies look and operate the same way as one another. This way, All Nevada Insurance, Inc. manages a System composed of many different franchisee owners, each of whom is independently responsible for operating its own ANI office.

It is important that you understand that Franchisee is your **only** employer. Franchisee gives you your paycheck, establishes your hours, and is responsible for all decisions relating to your employment relationship. All Nevada Insurance, Inc. is **not** your employer. If All Nevada Insurance, Inc. representatives ever give you direction, training, or advice, it is intended only to ensure that the experience of all clients of ANI is the same at your place of work as it is at other insurance offices in the ANI system. The fact that you are trained, or given direction or advice, by All Nevada Insurance, Inc. representatives does not somehow mean that All Nevada Insurance, Inc. is your employer.

If you have any questions about your employment relationship or about this Franchise Relationship Acknowledgement, please direct them to your employer, Franchisee.

I have read this Franchise Relationship Acknowledgement and I understand it. I have had the opportunity to ask any questions that I have about this Franchise Relationship Acknowledgement, and those questions have been answered fully to my satisfaction.

SIGNED,

---

DATE:

---

**EXHIBIT "I"**  
**CALIFORNIA ADDENDUM**  
**(For Use Where Franchisee's Approved Location is Within the State of California)**

This California Addendum (this “**Addendum**”) is entered into by All Nevada Insurance, Inc. (“**ANI**”) and \_\_\_\_\_, a franchisee in the State of California (“**Franchisee**”) concurrently with that certain Franchise Agreement between ANI and Franchisee (the “**Agreement**”), under which ANI granted Franchisee the right to own and operate an Office (“**Franchise Business**”) as stated in the Agreement. Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of California:

1. Any condition, stipulation, or provision in the Franchise Agreement which would result in your waiver of compliance with any provision of the California Franchise Relations Act is void to the extent that such provision violates such act.
2. Question No. 7 on the Compliance Questionnaire attached as Exhibit “D” to the Franchise Agreement is deleted and ANI will disregard in their entirety any answers provided by California franchisees.
3. You must have a period of 14 days from receipt of the ANI Franchise Offering Circular to review the Offering Circular prior to executing the Agreement or any other binding agreement with ANI and prior to providing any consideration to ANI.
4. California Business and Professions Code 20000 through 20043 provide rights to a franchisee concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.
5. For the purposes of Cal. Bus. & Prof. Code Section 20022, the parties agree as follows:

The parties agree that they will use the declining-balance depreciation method to calculate the value of Franchisee’s inventory, supplies, equipment, fixtures, and furnishings (the “**Assets**”) for the purposes of a purchase by us under Section 20022. The purchase price by us for the Assets will not include the cost of removal and transportation of those assets, which will be your responsibility.

The parties agree that for the purposes of Section 20022, you are not able to provide to us “clear title and possession” to your Assets if those Assets are subject to liens or encumbrances including: a) purchase money security interest; b) blanket security interest; c) right of first refusal; d) lien by franchisee’s landlord; or e) tax lien.

The parties agree that for the purposes of Section 20022(h), our right of offset will include the following amounts owed by you to us or our Affiliates: a) royalty fee retention of Commissions; b) social media services fees; c) Transfer Fees; and d) any other type of fee owed by you to us or our Affiliates.

6. For the purposes of Cal. Bus. & Prof. Code Section 20035, the parties agree as follows:

“Fair market value of the franchise assets” means the value of your Assets, valued according to the declining-balance method of depreciation. The purchase price by us for the Assets will not include the cost of removal and transportation of those assets, which will be your responsibility.

“Fair market value of the franchised business” means the “fair market value of the franchise assets” as defined above, plus goodwill. The parties agree that the value of goodwill is the amount of Royalty Fees paid by you to us within the 12-month period immediately before our termination or failure to renew you in violation of the California Franchise Relations Act.

7. Except as otherwise provided herein, all other terms and provisions of the Agreement shall remain in full force and effect, unmodified by this Addendum. In the event of a conflict between the Agreement and this Addendum, it is understood and agreed that the provisions of this Amendment shall control.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties hereto have duly executed this California Addendum as of the Effective Date of the Franchise Agreement between the parties.

**All Nevada Insurance, Inc.**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

Franchisee: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

**ALL NEVADA INSURANCE, INC.**

**EXHIBIT 2**

**Financial Statements**

[See Attached]

**ALL NEVADA INSURANCE, INC. DBA ANI  
FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**ELLSWORTH • STOUT**  
CPAs and Consultants

**ALL NEVADA INSURANCE, INC. DBA ANI  
FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

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*Independent Auditor's Report*

To the Shareholders and Management of  
All Nevada Insurance, Inc. dba ANI

*Opinion*

We have audited the accompanying financial statements of All Nevada Insurance, Inc. dba ANI, which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of income and retained earnings, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of All Nevada Insurance, Inc. dba ANI as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Basis for Opinion*

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

*Responsibilities of Management for the Financial Statements*

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

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

*Auditor's Responsibilities for the Audit of the Financial Statements*

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



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Members of the American Institute of Certified Public Accountants & Nevada Society of Certified Public Accountants

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

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

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

*Ellsworth & Stout, LLC*

Las Vegas, Nevada  
February 6, 2023

**ALL NEVADA INSURANCE, INC. DBA ANI**  
**BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash	\$ 7,341	\$ 41,838
Cash held in trust - restricted	21,947	22,380
Prepaid expenses	-	2,398
Current maturities of deferred contract costs	5,217	6,035
Total current assets	<u>34,505</u>	<u>72,651</u>
<b>Property and Equipment, net</b>	<u>234,148</u>	<u>204,678</u>
<b>Other Assets:</b>		
Deferred contract costs, net of current	3,522	8,739
ROU asset from operating lease, net	132,179	-
Deposits	82,940	87,940
Total other assets	<u>218,641</u>	<u>96,679</u>
<b>Total Assets</b>	<u><u>\$ 487,294</u></u>	<u><u>\$ 374,008</u></u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 67,084	\$ 47,186
Trust liability	21,947	22,380
Current maturities of deferred franchise fees	35,000	29,000
Current maturities of long-term debt	36,765	31,217
Current operating lease liability	36,514	-
Total current liabilities	<u>197,310</u>	<u>129,783</u>
<b>Long-Term Liabilities:</b>		
Deferred franchise fees, net	60,000	55,000
Long-term debt, net	94,460	86,117
Liability for operating lease, net	97,613	-
<b>Total Liabilities</b>	<u>252,073</u>	<u>141,117</u>
<b>Shareholders' Equity:</b>		
Common stock, no par value, 75,000 shares authorized, 200 shares issued and outstanding	-	-
Additional paid-in capital	64,521	64,521
Treasury stock	(35,000)	(35,000)
Retained earnings (accumulated deficit)	8,390	73,587
<b>Total Shareholders' Equity</b>	<u>37,911</u>	<u>103,108</u>
<b>Total Liabilities and Shareholders' Equity</b>	<u><u>\$ 487,294</u></u>	<u><u>\$ 374,008</u></u>

*See accompanying notes to the financial statements.*

**ALL NEVADA INSURANCE, INC. DBA ANI**  
**STATEMENTS OF INCOME AND RETAINED EARNINGS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

---

	<b>2022</b>	<b>2021</b>
<b>Revenue</b>	\$ 3,827,438	\$ 3,272,553
<b>Cost of Revenue</b>	<u>2,284,835</u>	<u>1,788,511</u>
<b>Gross Profit</b>	<u>1,542,603</u>	<u>1,484,042</u>
 <b>Operating Expenses:</b>		
Advertising	127,617	110,072
Automobile	9,568	25,439
Depreciation	56,528	62,345
Employee benefits	11,010	11,734
Insurance	95,898	98,692
Office expenses and other	65,135	42,406
Professional fees	27,881	21,200
Rent	44,273	41,480
Salaries and related expenses	499,994	478,283
Taxes and licenses	2,794	3,724
Technology	89,753	69,460
Travel and entertainment	<u>30,147</u>	<u>33,715</u>
 Total operating expenses	<u>1,060,598</u>	<u>998,550</u>
 <b>Income from Operations</b>	<u>482,005</u>	<u>485,492</u>
 <b>Other Income (Expense):</b>		
PPP loan forgiveness	-	89,400
Interest expense	<u>(6,702)</u>	<u>(4,819)</u>
 Other income (expense)	<u>(6,702)</u>	<u>84,581</u>
 <b>Net Income</b>	<u>475,303</u>	<u>570,073</u>
 <b>Retained Earnings (Accumulated Deficit), Beginning of Year</b>	73,587	(12,486)
 <b>Shareholder Distributions</b>	<u>(540,500)</u>	<u>(484,000)</u>
 <b>Retained Earnings, End of Year</b>	<u>\$ 8,390</u>	<u>\$ 73,587</u>

*See accompanying notes to the financial statements.*

**ALL NEVADA INSURANCE, INC. DBA ANI  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

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	<b>2022</b>	<b>2021</b>
<b>Cash Flows from Operating Activities</b>		
Net income	\$ 475,303	\$ 570,073
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	56,528	62,345
Operating lease accretion	1,948	-
PPP loan forgiveness	-	(89,400)
Changes in operating assets and liabilities:		
(Increase) decrease in prepaid expenses	2,398	(1,153)
(Increase) decrease in deferred contract costs	6,035	10,534
(Increase) decrease in deposits	5,000	(5,000)
Increase (decrease) in accounts payable	19,898	39,278
Increase (decrease) in accrued payroll	-	(16,976)
Increase (decrease) in trust liability	(433)	(2,624)
Increase (decrease) in deferred franchise fees	11,000	1,000
Net cash provided by operating activities	<u>577,677</u>	<u>568,077</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of property and equipment	<u>(5,000)</u>	<u>-</u>
Net cash used in investing activities	<u>(5,000)</u>	<u>-</u>
<b>Cash Flows from Financing Activities</b>		
Principal payments on debt	<u>(67,107)</u>	<u>(57,786)</u>
Shareholder distributions	<u>(540,500)</u>	<u>(484,000)</u>
Net cash used in financing activities	<u>(607,607)</u>	<u>(541,786)</u>
<b>Net Change in Cash</b>	<u>(34,930)</u>	<u>26,291</u>
<b>Cash, Beginning of Year</b>	<u>64,218</u>	<u>37,927</u>
<b>Cash, End of Year</b>	<u>\$ 29,288</u>	<u>\$ 64,218</u>
<b>Supplemental Cash Flow Information:</b>		
Cash paid for interest	<u>\$ 6,702</u>	<u>\$ 4,819</u>
<b>Supplemental disclosure of non-cash investing activities:</b>		
Debt assumed for property and equipment	<u>\$ 80,998</u>	<u>\$ 77,020</u>

*See accompanying notes to the financial statements.*

**ALL NEVADA INSURANCE, INC. DBA ANI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of All Nevada Insurance, Inc. dba ANI (the “Company”) is presented to assist in understanding the Company’s financial statements. The financial statements and notes are representations of the Company’s shareholders and management, which are responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

**Nature of the Company**

The Company is an insurance broker that was established in the state of Nevada on October 31, 2002. The Company sells all types and lines of insurance under the name “ANI”, on a brokerage basis, primarily within the state of Nevada. The Company also offers franchise opportunities under the name “ANI”. Franchisees operate the same business as the Company and are primarily located in the state of Nevada.

**Basis of Accounting**

The Company maintains its records on the accrual basis of accounting, which recognizes revenues when earned and expenses when incurred.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

**Cash and Cash Equivalents**

For the purpose of the statement of cash flows, the Company considers all highly liquid investments available for current use with original maturity of three months or less to be cash equivalents.

***Restricted Cash***

As required by the laws of the state of Nevada, the Company initially deposits all funds collected on behalf of its customers into a trust account, which is separate from the operating account. A corresponding liability mirrors the trust fund account and is labeled “trust liability” on the balance sheets. The trust account always maintains sufficient funds to remit payment due to customers within 30 days of receipt.

**Accounts Receivable**

The Company’s receivables are primarily generated from ongoing business relationships with franchisees as a result of franchise agreements.

**ALL NEVADA INSURANCE, INC. DBA ANI  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Accounts Receivable (Continued)**

Accounts receivable are stated at the amount the Company expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. No allowance for doubtful accounts was deemed necessary for the years ended December 31, 2022 and 2021.

**Property and Equipment**

The Company capitalizes significant expenditures for property and equipment at cost, generally those that exceed \$1,000. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, which range from three to seven years.

**Revenue Recognition**

In accordance with ASC 606, the Company applies each of the following steps in the recognition of contract revenue:

- Identifies contracts with customers.
- Identifies performance obligations in contracts.
- Determines transaction prices.
- Allocates transaction prices to performance obligations in the contracts.
- Recognizes revenue when performance obligations are satisfied.

The Company serves as a clearinghouse for all sales generated by the Company and franchisee operated locations. By the fifth day of each month, the Company remits to each franchisee a statement of commissions, outlining the fees collected on their behalf, from policy sales made by the franchisees. The Company then issues a commission check to each franchisee, less applicable monthly recurring fees such as royalties, marketing fees, technology fees and other fees, which were retained by the Company and included in revenue on the statements of income and retained earnings.

The Company has determined that the services provided in exchange for initial franchise fees are highly interrelated with the franchise right and are not individually distinct from the ongoing services the Company provides to its franchisees. Initial franchise fees are recognized as revenue over the term of each respective franchise agreement. Revenues for these initial franchise fees are recognized on the straight-line basis, which is consistent with the franchisee's right to use and benefit from intellectual property.

The Company's contract liabilities are comprised of unamortized initial franchise fees. As of December 31, deferred franchise fees consisted of the following:

	<b>2022</b>	<b>2021</b>	<b>2020</b>
Deferred franchise fees	\$ 95,000	\$ 84,000	\$ 83,000
Less: current maturities	(35,000)	(29,000)	(35,000)
	<b>\$ 60,000</b>	<b>\$ 55,000</b>	<b>\$ 48,000</b>

**ALL NEVADA INSURANCE, INC. DBA ANI  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue Recognition (Continued)**

As of December 31, the Company expects to recognize contract liabilities as revenue over the remaining term of the associated franchise agreements as follows:

2023	\$ 35,000
2024	30,000
2025	20,000
2026	<u>10,000</u>
	<u><u>\$ 95,000</u></u>

The Company incurs incremental costs in the course of obtaining franchise agreements. The Company's incremental costs of obtaining franchise agreements are capitalized and presented on the accompanying balance sheets. These incremental costs are recognized on the straight-line basis which is consistent with the franchisee's right to use and benefit from intellectual property.

The Company's contract assets are comprised of unamortized incremental contract costs. As of December 31, deferred contract costs consisted of the following:

	2022	2021	2020
Deferred contract costs	\$ 8,739	\$ 14,774	\$ 25,308
Less: current maturities	(5,217)	(6,035)	(9,572)
	<u>\$ 3,522</u>	<u>\$ 8,739</u>	<u>\$ 15,736</u>

**Advertising**

Advertising costs are expensed as incurred. Total advertising expenses for the years ended December 31, 2022 and 2021 were \$127,617 and \$110,072, respectively.

**Leases**

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which supersedes existing guidance for accounting for leases under Topic 840, Leases. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, Land Easement Practical Expedient for Transition to Topic 842; ASU 2018-10, Codification Improvements to Topic 842, Leases; ASU 2018-11, Leases (Topic 842): Targeted Improvements; ASU 2018-20, Narrow-scope Improvements for Lessors; ASU 2019-01, Leases (Topic 842): Codification Improvements, and ASU 2019-10, Financial Instruments-Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates. The most significant change in the new leasing guidance is the requirement to recognize right-to-use (ROU) assets and lease liabilities for operating leases on the statement of financial position.

**ALL NEVADA INSURANCE, INC. DBA ANI  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Leases (Continued)**

The Company elected to adopt these ASUs effective January 1, 2022 using transition method B. The adoption had a material impact on the Company's statement of financial position but did not have a material impact on the balance sheet. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases. Adoption of the standard required the Company to restate amounts as of January 1, 2022, resulting in an increase in operating lease ROU assets of \$169,231 and an increase in operating lease liabilities of \$169,231.

The Company has elected to apply to the portfolio approach to account for ROU assets and liabilities, where applicable.

The Company has elected the practical expedient that does not require the Company to separate lease and non-lease components for its leases.

The Company has elected to use the risk-free rate as the discount rate.

The Company has elected the short-term lease recognition exemption for all applicable classes of underlying assets. Short-term disclosures include only those leases with a term greater than one month and 12 months or less, and expense is recognized on a straight-line basis over the lease term. Leases with an initial term of 12 months or less that do not include an option to purchase the underlying asset that the Company is reasonably certain to exercise, are not recorded on the balance sheet.

The Company has elected to use the package of transition practical expedients.

The Company leases office space and equipment. The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

ROU assets represent the Company's right to use an underlying asset for the lease term, and lease liabilities represent the Company's obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term using the risk-free rate. Operating lease ROU assets also include any lease payments made and exclude any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise the option.

None of the Company's leases contain provisions for variable rent payments, material residual value agreements, or ratios that must be maintained.

**ALL NEVADA INSURANCE, INC. DBA ANI  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Income Taxes**

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

As defined by Financial Accounting Standards Board Accounting Standards Codification (ASC) Topic 740, Income Taxes, no provision or liability for materially uncertain tax positions was deemed necessary by management. Therefore, no provision or liability for uncertain tax positions has been included in these financial statements.

The Company is no longer subject to potential income tax examinations by tax authorities for years in which the statute of limitations has expired.

**NOTE 2 – PROPERTY AND EQUIPMENT**

As of December 31, property and equipment consisted of the following:

	2022	2021
Furniture and fixtures	\$ 60,288	\$ 65,470
Improvements	18,578	18,578
Office equipment	11,262	11,262
Vehicles	214,331	331,318
Other	<u>28,468</u>	<u>28,468</u>
	332,927	455,096
Less: accumulated depreciation	<u>(98,779)</u>	<u>(250,418)</u>
	<u><u>\$ 234,148</u></u>	<u><u>\$ 204,678</u></u>

Depreciation expense for the years ended December 31, 2022 and 2021 was \$56,528 and \$62,245, respectively.

**ALL NEVADA INSURANCE, INC. DBA ANI  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

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**NOTE 3 – LONG-TERM DEBT**

As of December 31, long-term debt consisted of the following:

	2022	2021
Notes payable to financial institutions, due in monthly installments ranging from \$923 to \$1,250, with interest rates ranging from 1.90% to 5.19% and maturity dates through April 2028, secured by vehicles.	\$ 131,225	\$ 117,334
Less: current maturities	<u>(36,765)</u>	<u>(31,217)</u>
	<u><u>\$ 94,460</u></u>	<u><u>\$ 86,117</u></u>

As of December 31, long-term debt matures as follows:

2023	\$ 36,765
2024	38,256
2025	29,493
2026	14,299
2027	<u>12,412</u>
	<u><u>\$ 131,225</u></u>

**NOTE 4 – REVENUErecognition**

As of December 31, the timing and recognition of revenue was as follows:

	2022	2021
Services transferred at a point in time	\$ 3,788,438	\$ 3,223,553
Services transferred over time	<u>39,000</u>	<u>49,000</u>
	<u><u>\$ 3,827,438</u></u>	<u><u>\$ 3,272,553</u></u>

Various economic factors such as supply and demand, law and policies, and labor affect revenues and cash flows. The Company's revenue is derived from sources within the United States.

**NOTE 5 – PROFIT SHARING PLAN**

Employees of the Company may participate in a profit-sharing plan that covers employees who meet minimum age and service requirements. The Company determines the discretionary percentage to be contributed to the participants of the profit sharing plan each year. As of December 31, 2022 and 2021, the Company elected to make contributions of \$10,910 and \$11,734, respectively.

**ALL NEVADA INSURANCE, INC. DBA ANI  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

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**NOTE 6 – LEASING ACTIVITIES**

As of December 31, 2022, additional information about the Company's leases were as follows:

Lease Costs (included in rent expense):

Operating lease cost	\$ 38,558
Short-term lease cost	<u>5,715</u>
Total lease costs	<u><u>\$ 44,273</u></u>

Other Information:

Weighted-average remaining lease terms (years)	4.5
Weighted-average discount rate	0.89%

As of December 31, 2022, operating lease liabilities mature as follows:

2023	\$ 37,708
2024	38,839
2025	40,004
2026	<u>20,349</u>
Total lease payments	136,900
Less: interest	<u>(2,773)</u>
Present value of lease liabilities	<u><u>\$ 134,127</u></u>

**NOTE 7 – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through February 6, 2023, the date the financial statements were available to be issued.

**ALL NEVADA INSURANCE, INC. DBA ANI  
FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**ELLSWORTH • STOUT**  
CPAs and Consultants

**ALL NEVADA INSURANCE, INC. DBA ANI  
FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

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*Independent Auditor's Report*

To the Shareholders and Management of  
All Nevada Insurance, Inc. dba ANI

*Opinion*

We have audited the accompanying financial statements of All Nevada Insurance, Inc. dba ANI, which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of income and retained earnings (accumulated deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of All Nevada Insurance, Inc. dba ANI as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Basis for Opinion*

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

*Responsibilities of Management for the Financial Statements*

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

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

*Auditor's Responsibilities for the Audit of the Financial Statements*

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



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

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

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

*Ellsworth & Stout, LLC*

Las Vegas, Nevada  
February 19, 2022

**ALL NEVADA INSURANCE, INC. DBA ANI**  
**BALANCE SHEETS**  
**DECEMBER 31, 2021 AND 2020**

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash	\$ 41,838	\$ 12,923
Cash held in trust - restricted	22,380	25,004
Prepaid expenses	2,398	1,245
Current maturities of deferred contract costs	6,035	9,572
Total current assets	<u>72,651</u>	<u>48,744</u>
<b>Property and Equipment, net</b>	<u>204,678</u>	<u>190,003</u>
<b>Other Assets:</b>		
Deferred contract costs, net of current	8,739	15,736
Deposits	<u>87,940</u>	<u>82,940</u>
Total other assets	<u>96,679</u>	<u>98,676</u>
<b>Total Assets</b>	<u><u>\$ 374,008</u></u>	<u><u>\$ 337,423</u></u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 47,186	\$ 7,908
Accrued payroll	-	16,976
Trust liability	22,380	25,004
Current maturities of deferred franchise fees	29,000	35,000
Current maturities of long-term debt	31,217	91,010
Total current liabilities	<u>129,783</u>	<u>175,898</u>
<b>Long-Term Liabilities:</b>		
Deferred franchise fees, net of current	55,000	48,000
Long-term debt, net of current	<u>86,117</u>	<u>96,490</u>
<b>Total Liabilities</b>	<u>141,117</u>	<u>144,490</u>
<b>Shareholders' Equity:</b>		
Common stock, no par value, 75,000 shares authorized, 200 shares issued and outstanding	-	-
Additional paid-in capital	64,521	64,521
Treasury stock	(35,000)	(35,000)
Retained earnings (accumulated deficit)	73,587	(12,486)
<b>Total Shareholders' Equity</b>	<u>103,108</u>	<u>17,035</u>
<b>Total Liabilities and Shareholders' Equity</b>	<u><u>\$ 374,008</u></u>	<u><u>\$ 337,423</u></u>

*See accompanying notes to the financial statements.*

**ALL NEVADA INSURANCE, INC. DBA ANI**  
**STATEMENTS OF INCOME AND RETAINED EARNINGS (ACCUMULATED DEFICIT)**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

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	<b>2021</b>	<b>2020</b>
<b>Revenue</b>	\$ 3,272,553	\$ 2,824,806
<b>Cost of Revenue</b>	<u>1,788,511</u>	<u>1,315,678</u>
<b>Gross Profit</b>	<u>1,484,042</u>	<u>1,509,128</u>
 <b>Operating Expenses:</b>		
Advertising	110,072	48,160
Automobile	25,439	30,960
Depreciation	62,345	49,196
Employee benefits	11,734	7,297
Insurance	98,692	80,092
Office expenses and other	42,406	49,444
Professional fees	21,200	27,767
Rent	41,480	53,056
Salaries and related expenses	478,283	448,776
Taxes and licenses	3,724	4,707
Technology	69,460	67,083
Travel and entertainment	33,715	31,537
 Total operating expenses	<u>998,550</u>	<u>898,075</u>
 <b>Income from Operations</b>	<u>485,492</u>	<u>611,053</u>
 <b>Other Income (Expense):</b>		
PPP loan forgiveness	89,400	-
Interest expense	<u>(4,819)</u>	<u>(7,881)</u>
 Other income (expense)	<u>84,581</u>	<u>(7,881)</u>
 <b>Net Income</b>	<u>570,073</u>	<u>603,172</u>
 <b>Accumulated Deficit, Beginning of Year</b>	<u>(12,486)</u>	<u>(51,658)</u>
 <b>Shareholder Distributions</b>	<u>(484,000)</u>	<u>(564,000)</u>
 <b>Retained Earnings (Accumulated Deficit), End of Year</b>	<u>\$ 73,587</u>	<u>\$ (12,486)</u>

*See accompanying notes to the financial statements.*

**ALL NEVADA INSURANCE, INC. DBA ANI  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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	<b>2021</b>	<b>2020</b>
<b>Cash Flows from Operating Activities</b>		
Net income	\$ 570,073	\$ 603,172
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	62,345	49,196
PPP loan forgiveness	(89,400)	-
Changes in operating assets and liabilities:		
(Increase) decrease in prepaid expenses	(1,153)	3,256
(Increase) decrease in deferred contract costs	10,534	(8,037)
(Increase) decrease in deposits	(5,000)	(26,772)
Increase (decrease) in accounts payable	39,278	(39,222)
Increase (decrease) in accrued payroll	(16,976)	7,954
Increase (decrease) in trust liability	(2,624)	4,959
Increase (decrease) in deferred franchise fees	1,000	15,000
Net cash provided by operating activities	<u>568,077</u>	<u>609,506</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of property and equipment	-	(27,104)
Net cash used in investing activities	<u>-</u>	<u>(27,104)</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from debt borrowings	-	89,400
Principal payments on debt	(57,786)	(94,978)
Shareholder distributions	<u>(484,000)</u>	<u>(564,000)</u>
Net cash used in financing activities	<u>(541,786)</u>	<u>(569,578)</u>
<b>Net Change in Cash</b>	26,291	12,824
<b>Cash, Beginning of Year</b>	<u>37,927</u>	<u>25,103</u>
<b>Cash, End of Year</b>	<u>\$ 64,218</u>	<u>\$ 37,927</u>
<b>Supplemental Cash Flow Information:</b>		
Cash paid for interest	<u>\$ 4,819</u>	<u>\$ 7,881</u>
<b>Supplemental disclosure of non-cash investing activities:</b>		
Debt assumed for property and equipment	<u>\$ 77,020</u>	<u>\$ 53,312</u>

*See accompanying notes to the financial statements.*

**ALL NEVADA INSURANCE, INC. DBA ANI  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of All Nevada Insurance, Inc. dba ANI (the “Company”) is presented to assist in understanding the Company’s financial statements. The financial statements and notes are representations of the Company’s shareholders and management, which are responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

**Nature of the Company**

The Company is an insurance broker that was established in the state of Nevada on October 31, 2002. The Company sells all types and lines of insurance under the name “ANI”, on a brokerage basis, primarily within the state of Nevada. The Company also offers franchise opportunities under the name “ANI”. Franchisees operate the same business as the Company and are primarily located in the state of Nevada.

**Basis of Accounting**

The Company maintains its records on the accrual basis of accounting, which recognizes revenues when earned and expenses when incurred.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

**Cash and Cash Equivalents**

For the purpose of the statement of cash flows, the Company considers all highly liquid investments available for current use with original maturity of three months or less to be cash equivalents.

***Restricted Cash***

As required by the laws of the state of Nevada, the Company initially deposits all funds collected on behalf of its customers into a trust account, which is separate from the operating account. A corresponding liability mirrors the trust fund account and is labeled “trust liability” on the balance sheets. The trust account always maintains sufficient funds to remit payment due to customers within 30 days of receipt.

**Accounts Receivable**

The Company’s receivables are primarily generated from ongoing business relationships with franchisees as a result of franchise agreements.

**ALL NEVADA INSURANCE, INC. DBA ANI**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2021 AND 2020**

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Accounts Receivable (Continued)**

Accounts receivable are stated at the amount the Company expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. No allowance for doubtful accounts was deemed necessary for the years ended December 31, 2021 and 2020.

**Property and Equipment**

The Company capitalizes significant expenditures for property and equipment at cost, generally those that exceed \$1,000. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, which range from three to seven years.

**Revenue Recognition**

The Company serves as a clearinghouse for all sales generated by the Company and franchisee operated locations. By the fifth day of each month, the Company remits to each franchisee a statement of commissions, outlining the fees collected on their behalf, from policy sales made by the franchisees. The Company then issues a commission check to each franchisee, less applicable monthly recurring fees such as royalties, marketing fees, technology fees and other fees, which were retained by the Company and included in revenue on the statements of income and retained earnings (accumulated deficit).

The Company has determined that the services provided in exchange for initial franchise fees are highly interrelated with the franchise right and are not individually distinct from the ongoing services the Company provides to its franchisees. Initial franchise fees are recognized as revenue over the term of each respective franchise agreement. Revenues for these initial franchise fees are recognized on the straight-line basis, which is consistent with the franchisee's right to use and benefit from intellectual property.

The Company's contract liabilities are comprised of unamortized initial franchise fees. As of December 31, deferred franchise fees consisted of the following:

	2021	2020
Deferred franchise fees	\$ 84,000	\$ 83,000
Less: current maturities	(29,000)	(35,000)
	<u><u>\$ 55,000</u></u>	<u><u>\$ 48,000</u></u>

As of December 31, the Company expects to recognize contract liabilities as revenue over the remaining term of the associated franchise agreements as follows:

2022	\$ 29,000
2023	25,000
2024	20,000
2025	10,000
	<u><u>\$ 84,000</u></u>

**ALL NEVADA INSURANCE, INC. DBA ANI**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2021 AND 2020**

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue Recognition (Continued)**

The Company incurs incremental costs in the course of obtaining franchise agreements. The Company's incremental costs of obtaining franchise agreements are capitalized and presented on the accompanying balance sheets. These incremental costs are recognized on the straight-line basis which is consistent with the franchisee's right to use and benefit from intellectual property.

The Company's contract assets are comprised of unamortized incremental contract costs. As of December 31, deferred contract costs consisted of the following:

	<u>2021</u>	<u>2020</u>
Deferred contract costs	\$ 14,774	\$ 25,308
Less: current maturities	<u>(6,035)</u>	<u>(9,572)</u>
	<u><u>\$ 8,739</u></u>	<u><u>\$ 15,736</u></u>

**Advertising**

Advertising costs are expensed as incurred. Total advertising expenses for the years ended December 31, 2021 and 2020 were \$110,072 and \$48,160, respectively.

**Income Taxes**

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

As defined by Financial Accounting Standards Board Accounting Standards Codification (ASC) Topic 740, Income Taxes, no provision or liability for materially uncertain tax positions was deemed necessary by management. Therefore, no provision or liability for uncertain tax positions has been included in these financial statements.

The Company is no longer subject to potential income tax examinations by tax authorities for years before 2018.

**New Accounting Pronouncements**

In February 2016, the FASB issued ASU 2016-02 (Topic 842) pertaining to leases. This pronouncement is effective for non-public companies for fiscal years beginning after December 15, 2021, with early adoption permitted. Management has not yet evaluated the effects of this standard on the Company's financial statements.

**ALL NEVADA INSURANCE, INC. DBA ANI  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2021 AND 2020**

## **NOTE 2 – PROPERTY AND EQUIPMENT**

As of December 31, property and equipment consisted of the following:

	2021	2020
Furniture and fixtures	\$ 65,470	\$ 65,470
Improvements	18,578	18,578
Office equipment	11,262	11,262
Vehicles	331,318	254,298
Other	28,468	28,468
	<u>455,096</u>	<u>378,076</u>
Less: accumulated depreciation	(250,418)	(188,073)
	<u>\$ 204,678</u>	<u>\$ 190,003</u>

Depreciation expense for the years ended December 31, 2021 and 2020 was \$62,345 and \$49,196, respectively.

### NOTE 3 – LONG-TERM DEBT

As of December 31, long-term debt consisted of the following:

As of December 31, long-term debt matures as follows:

2022	\$ 31,217
2023	22,736
2024	23,710
2025	24,728
2026	<u>14,943</u>
	\$ 117,334

**ALL NEVADA INSURANCE, INC. DBA ANI**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2021 AND 2020**

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**NOTE 4 – REVENUE RECOGNITION**

As of December 31, the timing and recognition of revenue was as follows:

	<u>2021</u>	<u>2020</u>
Services transferred at a point in time	\$ 3,223,553	\$ 2,789,806
Services transferred over time	49,000	35,000
	<u>\$ 3,272,553</u>	<u>\$ 2,824,806</u>

Various economic factors such as supply and demand, law and policies, and labor affect revenues and cash flows. The Company's revenue is derived from sources within the United States.

**NOTE 5 – PROFIT SHARING PLAN**

Employees of the Company may participate in a profit-sharing plan that covers employees who meet minimum age and service requirements. The Company determines the discretionary percentage to be contributed to the participants of the profit sharing plan each year. As of December 31, 2021 and 2020, the Company elected to make contributions of \$11,734 and \$7,297, respectively.

**NOTE 6 – LEASE AGREEMENTS**

The Company leases office space under a non-cancelable operating lease. This lease commenced in July 2016, with monthly payments ranging from \$2,593 to \$3,476 and expires in June 2026.

The Company leases a vehicle under a non-cancelable operating lease. The lease commenced in February 2020, with monthly payments of \$366 and expires in December 2022.

As of December 31, future minimum lease payments are as follows:

2022	\$ 41,007
2023	42,105
2024	38,839
2025	40,004
2026	<u>20,349</u>
	<u>\$ 182,304</u>

Rent expense for the years ended December 31, 2021 and 2020 was \$41,480 and \$53,056, respectively.

**NOTE 7 – COMMITMENTS AND CONTINGENCIES**

In March 2020, the World Health Organization officially characterized a novel strain of the coronavirus (COVID-19) as a global pandemic. Management is currently responding to the existing effects and planning for the potential future effects that the COVID-19 pandemic may have on the Company's operations, including the overall health of the economy and consumer spending. At the current time, management is unable to quantify the potential effects of this pandemic on the Company's future financial statements.

**ALL NEVADA INSURANCE, INC. DBA ANI  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2021 AND 2020**

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**NOTE 8 – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through February 19, 2022, the date the financial statements were available to be issued.

## **ALL NEVADA INSURANCE, INC.**

### **EXHIBIT 3**

#### **List of Franchisees As of December 31, 2022**

<b>Nevada</b>	
Anthony Acevedo 9640 W Tropicana Avenue, Suite 112 Las Vegas, Nevada 89147 Office: (702) 826.2300 Fax: (702) 826.2442 Email: <a href="mailto:anthonya@aniinc.us">anthonya@aniinc.us</a>	Teodolfo Alanano Chandra Rice 3785 E. Sunset Road, Ste. A-10 Las Vegas, NV 89120 Off: (702) 473-5214 Fax: (702) 473-5210 Email: <a href="mailto:teddy@aniinc.us">teddy@aniinc.us</a> , <a href="mailto:chandrar@aniinc.us">chandrar@aniinc.us</a>
Nir Arbeli Cassidy Arbeli 2948 E Russell Road, Suite A Las Vegas, Nevada 89120 Office: (702) 750.0570 Fax: (702) 702.750.0611 Email: <a href="mailto:nira@aniinc.us">nira@aniinc.us</a>	Brian Craveiro 2525 W. Horizon Ridge Parkway, Suite 210, Henderson, Nevada 89052 Office: (702) 361.0599 Fax: (702) 361.0527 Email: <a href="mailto:brianc@aniinc.us">brianc@aniinc.us</a>
Timothy and Jeanne Cruz 1631 W. Craig Road, Suite 15 North Las Vegas, Nevada 89032 Phone: 702.916.1777 Fax: 702.916.1999 Email: <a href="mailto:jeannec@aniinc.us">jeannec@aniinc.us</a>	Destinee Winburn and Mike Chobak 2975 S. Rainbow Road, Suite D Las Vegas, NV 89146 Off: (702) 901.7777 Fax: (702) 577.1155 Email: <a href="mailto:destineew@aniinc.us">destineew@aniinc.us</a>
Marc Van Ryne 7145 W. Ann Road, Suite 120 Las Vegas, NV 89130 Off: (702) 395-8331 Fax: (702) 946-0794 Email: <a href="mailto:marcv@aniinc.us">marcv@aniinc.us</a>	Carolynn Gallardo 10501 W. Gowan Road, Suite 205 Las Vegas, NV 89129 Phone : 702-728-3588 Fax : 702-728-3589 Email: <a href="mailto:carolynng@aniinc.us">carolynng@aniinc.us</a>
Alberny Perkins 4001 S. Decatur Boulevard, Suite 4 Las Vegas, NV 89103 Off: (702) 979-2200 Fax: (702) 979-2222 Email: <a href="mailto:albernyp@aniinc.us">albernyp@aniinc.us</a>	Bayani Legaspi 400 N. Stephanie, Suite 230 Henderson, NV 89014 Phone: 702.425.2830 Fax: 702.425.2835 Email: <a href="mailto:junl@aniinc.us">junl@aniinc.us</a>
Jeremy Peltz 8560 S Eastern Avenue, Suite 130, Las Vegas, NV 89123 Phone : 702-935-5777 Fax: (702) 272-1902 Email: <a href="mailto:jeremyp@aniinc.us">jeremyp@aniinc.us</a>	Alma Hernandez 6900 Westcliff Drive, Suite 502 Las Vegas, NV 89145 Phone: 725.600.6670 Fax: 725.600.6671 Email: <a href="mailto:almar@aniinc.us">almar@aniinc.us</a>

**New York**

Nico Kloss  
111 Parce Avenue, Suite 19  
Fairport, NY 14450  
Off: (585) 633-8792  
Fax: (585) 296-8792  
Email: [nicok@aniinc.us](mailto:nicok@aniinc.us)

### **Franchisees That Left the System in 2022**

<p>Amrita Roopchand 3291 N. Buffalo Drive, Suite 110 Las Vegas, Nevada 89129 Phone: 702.586.8600 Fax: 702.586.7171 Email: <a href="mailto:amritar@aniinc.us">amritar@aniinc.us</a></p>	
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**ALL NEVADA INSURANCE, INC.**

**EXHIBIT 4**

**State-Specific Addendum**

[See Attached]

## STATE-SPECIFIC ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The following modifications are to the Franchise Disclosure Document between All Nevada Insurance, Inc., Inc. dba ANI and All Nevada Insurance ("Franchisor," "we," "us," or "our") and Franchisee ("Franchisee," "you," or "your" dated \_\_\_\_\_, 202\_\_\_.

The provisions of this State-Specific Addendum to Franchise Disclosure Document ("State Addendum") apply only to those persons residing or operating franchised business in the following state(s):

### **FOR THE STATE OF CALIFORNIA:**

Section 3119 of the California Corporation Code provides that it is unlawful to sell any franchise in California that is subject to registration under the Franchise Investment Law without first providing a prospective franchisee at least 14 days prior to the execution by the prospective franchisee of any binding franchise or other agreement, or at least 14 days prior to the receipt of any consideration, whichever occurs first, a copy of the offering circular, together with a copy of all proposed agreements relating to the sale of the franchise. All references to Franchisor's Franchise Disclosure Document shall refer to the "offering circular" for purposes of the Franchise Investment Law.

### **The Department of Financial Protection and Innovation has asked us to add the following Risk Factors to this Addendum:**

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT 14 DAYS PRIOR TO EXECUTION OF THE AGREEMENT.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT dfpi.ca.gov.

### **The Franchise Disclosure Document is hereby amended as follows:**

Item 1 of the Franchise Disclosure Document is modified to add the following language under the "Applicable Laws" heading:

Insurance providers operating in the State of California are subject to the California Insurance Code, California Insurance Regulations (Title 10, Chapter 5), Fair Claims Settlement Practices Regulations, and other state and local laws and regulations. You must investigate and comply with all applicable laws and regulations. You alone are responsible for complying with all applicable laws and regulations despite any advice or information that we may give you.

The franchisor, any person or franchise broker in Item 2 of the FDD is not subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

California Business and Professions Code 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

The Franchise Agreement contains a covenant not to compete, which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise. Additionally, Section 31119 of the California Corporations Code requires any person receiving an offering circular be provided with 14 days to review prior to executing any binding franchise or other agreement or providing any consideration, whichever occurs first.

You must sign a general release of claims 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).

Franchisees must sign a personal guarantee making you and your spouse individually liable for your financial obligations under the agreement if you are married. The guarantee will place your and your spouse's marital and personal assets at risk if your franchise fails.

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.

With regard to any Late Payment, the highest interest rate allowed by law in California is 10% annually.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**The Franchise Agreement is hereby amended as follows:**

The Compliance Questionnaire attached as Exhibit "D" to the Franchise Agreement is modified to delete Question No. 7.

The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a requirement for us to maintain a surety bond under California Corporations Code section 31113 and 10 C.C.R. section 310.113.5, which must remain in effect during our registration period. The surety bond is in the amount of \$100,000 with Great American Insurance Company and is available for you to recover your damages in the event we do not fulfill our obligations to you to open your franchised business. We will provide you with a copy of the surety bond upon request.

**FOR THE STATE OF NEW YORK**

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

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

2. The following is to be added at the end of Item 3: Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

- A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
- B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
- C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.
- D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective Rev. March 17, 2021 2 injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

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

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

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

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

6. Franchise Questionnaires and Acknowledgements--No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

[Signature Page Follows]

**ACKNOWLEDGMENT:**

It is agreed that the applicable foregoing State-Specific Addendum, if any, supersedes any inconsistent portion of the Franchise Agreement dated the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, and of the Franchise Disclosure Document, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as such state law remains in effect, and the parties further acknowledge and agree that this State-Specific Addendum is applicable only to those persons specifically subject to the protections of the state laws referenced in this State-Specific Addendum.

IN WITNESS WHEREOF, the parties hereto have duly executed this State Law Addendum as of the Effective Date of the Franchise Agreement and Area Development Agreement between the parties.

**ALL NEVADA INSURANCE, INC.**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

you: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

**ALL NEVADA INSURANCE, INC.**

**EXHIBIT 5**

**List of State Administrators and Agents for Service of Process**

[See Attached]

## **LIST OF STATE AGENTS FOR THE SERVICE OF PROCESS AND STATE ADMINISTRATORS**

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 franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

State	Agents for Service of Process	Administrators
California	California Commissioner of Financial Protection and Innovation:  Sacramento: 2101 Arena Boulevard Sacramento, CA 95834  Los Angeles: 320 West 4th Street, Suite 750 Los Angeles, CA 90012-2344  San Diego: 1350 Front Street, Suite 2034 San Diego, CA 92101-3697  San Francisco: One Sansome Street, #600 San Francisco, CA 94104 (866) 275-2677	Commissioner Department of Financial Protection and Innovation One Sansome Street, #600 San Francisco, CA 94104 (866) 275-2677
Connecticut	Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230	Banking Commissioner 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230
Florida	Division of Consumer Services Attn: Business Opportunities Florida Department of Agriculture and Consumer Affairs Mayo Building Tallahassee, FL 32399-0800	Senior Consumer Complaint Analyst Florida Department of Agriculture and Consumer Affairs Mayo Building, Second Floor Tallahassee, FL 32399-0800 (850) 922-2966 or (850) 488-2221
Georgia	Office of the Governor Office of Consumer Affairs 2 Martin Luther King Jr. Drive SE Plaza Level – East Tower Atlanta, GA 30334	Office of Consumer Affairs 2 Martin Luther King Jr. Drive SE Plaza Level – East Tower Atlanta, GA 30334
Hawaii	Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808)-586-2722	Commissioner of Securities 335 Merchant Street, Room 203 Honolulu, HI 96813 (808)-586-2722

State	Agents for Service of Process	Administrators
Illinois	Illinois Attorney General Attorney General's Office 500 South Second Street Springfield, IL 62706	Chief, Franchise Bureau Illinois Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465
Indiana	Secretary of State 200 W. Washington St., Room 201 Indianapolis, IN 46204	Chief Deputy Commissioner Securities Divisions 302 West Washington Street Room E-111 Indianapolis, Indiana 46204 (317) 232-6681
Iowa	Securities Division Lucas State Office Building Des Moines IA 50319	Director of Regulated Industries Unit Iowa Securities Bureau 340 East Maple Des Moines, IA 50319-0066 (515) 281-4441
Kentucky	Attorney General's Office Consumer Protection Division Capital Building Frankfort, KY 40601-01875	Attorney General's Office Consumer Protection Division Capital Building Frankfort, KY 40601-01875
Louisiana	[Not applicable]	Department of Justice Consumer Protection Office P.O. Box 94095 Baton Rouge, LA 70804-9095
Maine	[Not applicable]	Securities Division State House – Station 121 Augusta, ME 04333
Maryland	Maryland Securities Commissioner Securities Division 200 Saint Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 (410) 576-6360
Michigan	Michigan Department of Commerce Corporations and Securities Bureau 6546 Mercantile Way Lansing, MI 48909	Consumer Protection Division Antitrust and Franchising Unit Michigan Department of Attorney General 670 Law Building Lansing, MI 48913
Minnesota	Minnesota Commissioner of Commerce 85 7 <sup>th</sup> Place East, Suite 500 St. Paul, MN 55101-2198 (651) 296-6328	Deputy Commissioner Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 500 St. Paul, MN 55101-2198 (651) 296-6328
Nebraska	[Not applicable]	Staff Attorney Department of Banking and Finance 1200 N. Street., Suite 311 PO Box 95006 Lincoln, NE 68509-5006 (402) 471-3445

State	Agents for Service of Process	Administrators
New Hampshire	[Not applicable]	Office of the Attorney General Consumer Protection and Antitrust Bureau 25 Capitol Street State House Annex Concord, NH 03301
New York	New York Department of State One Commerce Plaza 99 Washington Ave. Albany, NY 12231	NYS Department of Law Investor Protection Bureau 28 Liberty St. 21st Fl New York, NY 10005 212-416-8222
North Carolina	Securities Division Room 302 300 North Salisbury Street Raleigh, NC 27611	
North Dakota	North Dakota Securities Commissioner 5 <sup>th</sup> Floor 600 East Boulevard Bismarck, ND 58505 (701) 328-4712	Franchise Examiner Office of Securities Commissioner 600 East Boulevard 5 <sup>th</sup> Floor Bismarck, ND 58505 (701) 328-4712
Oklahoma	[Not applicable]	Oklahoma Department of Securities The Journal Record Building 621 N. Robinson Street Suite 400 Oklahoma City, OK 73102
Oregon	Director of Oregon Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 97310 (503) 378-4387	Department of Consumer and Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, OR 97310 (503) 378-4387
Rhode Island	State of Rhode Island and Providence Plantations DEPARTMENT OF BUSINESS REGULATION 1511 Pontiac Avenue, Bldg. 69-1 Cranston, Rhode Island 02920 (401) 222-3048	State of Rhode Island and Providence Plantations DEPARTMENT OF BUSINESS REGULATION 1511 Pontiac Avenue, Bldg. 69-1 Cranston, Rhode Island 02920 (401) 222-3048
South Carolina	Secretary of State Capitol Complex Brown Building 1205 Pendleton Street Room 510 Columbia, SC 29210	[Not applicable]
South Dakota	Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Franchise Administrator Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563

State	Agents for Service of Process	Administrators
Texas	[Not applicable]	Secretary of State Statutory Document Section P.O. Box 12887 Austin, TX 78711 (512) 475-1769
Utah	[Not applicable]	Consumer Protection Division Utah Department of Commerce 160 East 300 South P.O. Box 48504 Salt Lake City, UT 84145-0804 (801) 530-6601
Virginia	Clerk of the State Corporation Commission 1300 E. Main Street, 1 <sup>st</sup> Floor Richmond, VA 23219 (804) 371-9733	State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, 9 <sup>th</sup> Floor Richmond, VA 23219 (804) 371-9051
Washington	Securities Administrator 150 Israel Rd. SW Tumwater, WA 98501 (360) 902-8760	Administrator Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760
Wisconsin	Commissioner of Securities 345 W. Washington Street, 4 <sup>th</sup> Floor Madison, WI 53703	Division of Securities Department of Financial Institutions P.O. Box 1768 Madison, WI 53701
Federal Trade Commission		Franchise Rule Coordinator Division of Marketing Practices Bureau of Consumer Protection Pennsylvania Avenue at 6 <sup>th</sup> Street NW Washington, DC 20580 (202) 326-3128

**ALL NEVADA INSURANCE, INC.**

**EXHIBIT 6**

**Franchise Disclosure Document Receipts and  
State Effective Dates**

[See Attached]

## STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This 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:

<b>State</b>	<b>Effective Date</b>
California	June 13, 2023
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

## **RECEIPT**

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 All Nevada 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. Under Iowa law, All Nevada Insurance, Inc. must provide this disclosure document to you at your 1<sup>st</sup> personal meeting to discuss the franchise. Under New York law, All Nevada Insurance, Inc. must provide this disclosure document to you at the earlier of your 1<sup>st</sup> personal meeting to discuss the franchise or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires All Nevada Insurance, Inc. to 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 All Nevada 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 appropriate state agency identified on Exhibit A.

The name, principal business address and telephone number of each franchise seller offering the franchise: Edmund Williams, Vincent Mannino II, and Charmaine Hornick, 9440 W. Sahara Avenue, Suite 210, Las Vegas, NV 89117, Phone: (702) 873-4889.

Issuance Date: April 26, 2023

I have received a disclosure document dated April 27, 2023 that included the following Exhibits:

1. Franchise Agreement	4. State-Specific Addendum
2. Financial Statements	5. List of State Administrators and Agents for Service of Process
3. List of Franchisees	6. Franchise Disclosure Document Receipt

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Date	Signature	Printed Name
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Date	Signature	Printed Name
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Please sign both copies of the receipt and date your signature. Please retain one copy for your records, and return the other copy to Charmaine Hornick, All Nevada Insurance, Inc., 9440 W. Sahara Avenue, Suite 210, Las Vegas, NV 89117, Phone: (702) 873-4889.

## **RECEIPT**

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 All Nevada 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. Under Iowa law, All Nevada Insurance, Inc. must provide this disclosure document to you at your 1<sup>st</sup> personal meeting to discuss the franchise. Under New York law, All Nevada Insurance, Inc. must provide this disclosure document to you at the earlier of your 1<sup>st</sup> personal meeting to discuss the franchise or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires All Nevada Insurance, Inc. to 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 All Nevada 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 appropriate state agency identified on Exhibit A.

The name, principal business address and telephone number of each franchise seller offering the franchise: Edmund Williams, Vincent Mannino II, and Charmaine Hornick, All Nevada Insurance, Inc., 9440 W. Sahara Avenue, Suite 210, Las Vegas, NV 89117, Phone: (702) 873-4889.

Issuance Date: April 26, 2023

I have received a disclosure document dated April 26, 2023 that included the following Exhibits:

1. Franchise Agreement	4. State-Specific Addendum
2. Financial Statements	5. List of State Administrators and Agents for Service of Process
3. List of Franchisees	6. Franchise Disclosure Document Receipt

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Date	Signature	Printed Name
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Date	Signature	Printed Name
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Please sign both copies of the receipt and date your signature. Please retain one copy for your records, and return the other copy to Charmaine Hornick, All Nevada Insurance, Inc., 9440 W. Sahara Avenue, Suite 210, Las Vegas, NV 89117, Phone: (702) 873-4889.