

FRANCHISE DISCLOSURE DOCUMENT



Legacy Franchise Company, LLC
a Texas limited liability company
5550 Granite Parkway, Suite 195
Plano, Texas 75024
205-588-7628
www.legacyclaimsservices.com

You will operate an insurance appraisal business, which includes inspections, appraisals, estimates, and investigations for personal property and real estate.

The total investment necessary to begin operation of a franchise operating under the tradename LEGACY CLAIMS SERVICES ranges from \$67,900 to \$137,900 for a territory with a minimum population of 100,000. This includes \$49,900 that must be paid to the franchisor or affiliate for a single territory.

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 governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, Mark Petty, 5184 Caldwell Mill Rd., Ste. 204-230, Birmingham, AL 35244.

The terms of your contract will govern your franchise relationship. Do not 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, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising. There may also be laws on franchising in your state. Ask your state agencies about them.

Date of Issuance: June 20, 2024

How To Use This Franchise Disclosure Document

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

What you Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This Franchise*

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

- 1. Out-of-State Resolution.** The Franchise Agreement requires you to resolve disputes with the franchisor by mediation and/or arbitration in Texas. Out-of-state mediation and arbitration may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate and arbitrate with us in Texas than in your home state
- 2. Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
- 3. 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.
- 4. Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of investment.

NOTICE REQUIRED BY THE STATE OF MICHIGAN

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 your right to join an association of Franchisees;
- (b) A requirement that you assent to a release, assignment, novation, waiver or estoppel which would deprive you of your rights and protections provided under the Michigan Franchise Investment Law. This does not preclude you, after entering into a franchise agreement, from settling any and all claims;
- (c) A provision that permits the franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause includes your failure to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure;
- (d) A provision that permits the franchisor to refuse to renew a franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures and furnishings. Personalized materials that have no value to the franchisor, and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the Franchised Business are not subject to compensation. This subsection applies only if: (a) the term of the franchise is less than five years, and (b) you are prohibited by the franchise agreement 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 if you do not receive at least six months advance notice of the franchisor's intent not to renew the franchise;
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision in the Franchise Agreement or other agreement;
- (f) A provision requiring that arbitration or litigation be conducted outside of Michigan. This does not preclude you from entering into an agreement, at the time of arbitration or litigation, to conduct arbitration at a location outside of Michigan;
- (g) A provision that permits the franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. The subdivision does not prevent the franchisor from exercising a right of first refusal to purchase the franchise. Good cause includes, but is not limited to, the following:
 - i. The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards;
 - ii. The fact that the proposed transferee is a competitor of the franchisor;
 - 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 us 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 you to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants the 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 it 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

you have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in subdivision (c), above;

(i) A provision that permits the franchisor to directly or indirectly convey, assign or otherwise transfer its obligations to fulfill contractual obligations to you unless a provision has been made for providing the required contractual services;

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

Any questions regarding this notice should be directed to: State of Michigan, Consumer Protection Division, Attention: Franchise Bureau, 670 Law Building, Lansing, MI 48913, (517) 373-7117.

TABLE OF CONTENTS

<u>ITEM</u>		<u>PAGE</u>
ITEM 1	THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES.....	1
ITEM 2	BUSINESS EXPERIENCE.....	2
ITEM 3	LITIGATION.....	2
ITEM 4	BANKRUPTCY.....	2
ITEM 5	INITIAL FEES.....	2
ITEM 6	OTHER FEES.....	2
ITEM 7	ESTIMATED INITIAL INVESTMENT.....	10
ITEM 8	RESTRICTIONS ON SOURCES OF SERVICES AND PRODUCTS.....	11
ITEM 9	FRANCHISEE’S OBLIGATIONS.....	12
ITEM 10	FINANCING.....	15
ITEM 11	FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING.....	16
ITEM 12	TERRITORY.....	22
ITEM 13	TRADEMARKS.....	23
ITEM 14	PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION.....	23
ITEM 15	OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS.....	26
ITEM 16	RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL.....	26
ITEM 17	RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION.....	27
ITEM 18	PUBLIC FIGURES.....	33
ITEM 19	FINANCIAL PERFORMANCE REPRESENTATIONS.....	33
ITEM 20	OUTLETS AND FRANCHISEE INFORMATION.....	33
ITEM 21	FINANCIAL STATEMENTS.....	36
ITEM 22	CONTRACTS.....	36
ITEM 23	RECEIPTS.....	37

EXHIBITS

Exhibit A	List of State Administrators
Exhibit B	List of Agents for Service of Process
Exhibit C	Franchise Agreement and Attachments
Exhibit D	Telephone Number and Website URL Assignment Agreement
Exhibit E	Table of Contents of Confidential Operations Manual
Exhibit F	Financial Statements
Exhibit G	List of Current Franchisees and List of Former Franchisees
Exhibit H	State Specific Addenda
Exhibit I	General Release (Sample Form)
Exhibit J	Franchise Disclosure Questionnaire
Exhibit K	State Effective Dates
Exhibit L	Receipts

ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this disclosure document, the words “LEGACY,” “we,” “our,” and/or “us” refer to Legacy Franchise Company, LLC, a Texas limited liability company, the franchisor of this business. “You” and “your” refer to the person who buys the franchise, the franchisee, whether you are a corporation, limited liability company, or other business entity. If you are a corporation, limited liability company or other business entity, certain provisions of this disclosure document also apply to your owners where noted.

The Franchisor

We were organized as a limited liability company in Texas on January 30, 2023. Our principal business address is 5550 Granite Parkway, Suite 195, Plano, Texas 75024. We do business under our company name and the name “Legacy Claims Services”. We have been offering franchises of the type described in this disclosure document since April 2023. We have never offered franchises in any other line of business. Our agent for service of process is disclosed in Exhibit B of this disclosure document.

We franchise the right to operate an insurance appraisal business which includes inspections, appraisals, estimates, and investigations for auto, personal property, and real estate (the “Franchised Business”).

Our franchisees conduct business under the trade name “LEGACY CLAIMS SERVICES” and also use our other related service marks, trademarks or logos (our “Marks”) and our standards, methods, procedures, and specifications (our “System”). You will operate the Franchised Business under our System and Mark from a home office or a stand-alone office.

Our Parents, Predecessors and Affiliates

We do not have any predecessors or parent companies. We do not have any affiliates that have offered franchises in this line of business. However, our affiliate Legacy Claims Service, LLC operates a business that offers inspections, appraisals, estimates, and investigations services for personal property and real estate since May 2021. We do not have any affiliates that provide products or services to our franchisees.

General Description of the Market and Competition

We provide services, including inspections, appraisals, estimates, and investigations for auto, real estate, and personal property. You will provide services to residential and commercial customers. You will compete with businesses offering similar services.

The market for insurance appraisal services is developing and competitive. You will compete with other businesses offering similar services, including other regional and local chains, as well as individual business owners. Typically, the need for our services is not seasonal, although you may experience peak months in which inclement weather is a factor.

Regulations Specific to the Industry

There are laws and regulations specific to insurance appraisal businesses. Educate yourself about the laws in your jurisdiction. You must comply with all federal, state, and local laws and ordinances that apply to businesses generally. These include wage and hour and other employment laws, labor laws, occupational health and safety, licensing and permits, bonding, insurance, business law. You also must comply with federal and state laws governing the advertising and marketing of your business, including the Federal Truth in Advertising Act. When applicable, you must follow local and state laws, orders, and ordinances related to essential worker or mask requirements to address pandemic concerns.

Additionally, you may need to obtain other certifications and be a licensed appraiser depending on your local or state requirements. You must investigate and comply with all applicable federal, state, county and city laws and regulations. You alone are responsible for complying with all applicable laws and regulations in your Territory.

**ITEM 2
BUSINESS EXPERIENCE**

Chief Executive Officer: Patrick Wright

Patrick Wright has served as our Chief Executive Officer since our inception in January 2023 to present in Birmingham, Alabama. From September 2021 to December 2022, Mr. Wright served as Chief Executive Officer of our affiliate Legacy Claims Service in Birmingham, Alabama. From January 2010 to August 2021, Mr. Wright owned and operated a PMA Appraisers, LLC based in Birmingham, Alabama, which operated a Property Damage Appraisers franchised business operating in Alabama.

Chief Operations Officer: Mark Petty

Mark Petty has served as our Chief Operations Officer since our inception in January 2023 to present in Birmingham, Alabama. From September 2021 to December 2022, Mr. Wright served as Chief Executive Officer of our affiliate Legacy Claims Service in Birmingham, Alabama. From January 2010 to August 2021, Mr. Petty owned and operated PMA Appraisers, LLC based in Birmingham, Alabama which was a Property Damage Appraisers franchised business operating in Alabama.

**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 will pay us an initial franchise fee of \$49,900 for a mutually agreed upon territory with no less than 100,000 in population. The Franchise Fee covers our costs associated with sale of the franchise to you (60%), training and onboarding you (20%), and providing you pre-opening services (20%).

The franchise fee is due when you sign the franchise agreement. The initial franchise fee generally is calculated uniformly for all franchisees, but has been negotiated for franchisees acquiring larger territories and for the first 10 franchises sold without the assistance of a broker. The initial franchise fee is fully earned upon execution of the franchise agreement and is non-refundable upon receipt.

Veterans Discount

We currently offer a \$10,000 discount on our initial franchise fee if you were honorably discharged from any branch of the United States military with a minimum of three years of service.

You may qualify for more than one of our discount programs, however only one will apply. You may select the discount program that provides the best value to you.

**ITEM 6
OTHER FEES**

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	The greater of: (i) The percentage	Monthly on the 5 th	You must pay your royalty fee directly to

Type of Fee	Amount	Due Date	Remarks
	<p>of Gross Revenue in accordance with the following schedule: 15% of Gross Revenue</p> <p>Or</p> <p>(ii) The minimum monthly Royalty Fee in accordance with the following schedule: Year 1 - \$0/month Year 2 - \$1,500/month Years 3 thru remainder of the Term - \$3,000/month</p>	day of the month	us. See definition of Gross Revenue ¹ .
Brand Development, Advertising, & Marketing Fee (Marketing Fee)	An amount we determine periodically, but not to exceed 3% of Gross Revenue; Currently, 2% of Gross Revenue	Monthly on the 5 th day of the month	See definition of Gross Revenue.
Local Advertising	1% of Gross Revenue up to a maximum \$15,000 quarterly; except as reduced by the Advertising Cooperative spend	Monthly	You pay directly to local suppliers, subject to our approval. We may require your expenditures to be used in cooperative advertising.
Advertising Cooperative	Up to 2% of Gross Revenue	As Cooperative specifies	

Type of Fee	Amount	Due Date	Remarks
Factoring Fee ²	Currently 3.15% of Gross Revenue; may be adjusted depending on market conditions	Upon Demand	Fee charged for providing the operating cash in advance of receipt of payment from the customer. We have the right to adjust this rate based on current market conditions, prevailing interests rates, and changes to the terms of our funding for this benefit. Franchisor reserves the right to stop offering Factoring services in its sole discretion.
Technology Fee ³	2% of Gross Revenue	Monthly on the 5 th day of the month or as designated by Franchisor	Currently we require that you pay us a technology fee for the services we provide for website and email hosting.
Xactimate License Fee	\$200 for CCC; per file fee plus \$2/auto file/\$3/heavy equipment; \$4/property for Claims Leader; \$141 for Xactimate.	Monthly on the 5 th day of the month	These fees are paid to the third-party software provider. These fees are subject to increase upon third-party provider price increases. You must execute a License Fee agreement in the form attached to the franchise agreement as Attachment 6.
AdjustRite License Fee	\$500 per user per year (approximately \$42 per month)	Monthly on the 5 th day of the month	These fees are paid to the third-party software provider. These fees are subject to increase upon third-party provider price increases. You must execute a License Fee agreement in the form attached to the franchise agreement as Attachment 6.
Marketing in Another	Liquidated damages of up to	At the time of occurrence	75% paid, when applicable, to the

Type of Fee	Amount	Due Date	Remarks
Franchisee's Territory	\$5,000 per incident		franchisee whose territory was violated
Audit Expenses ⁴	All costs and expenses associated with audit, approximately \$1,500 - \$5,000	Upon demand	Audit costs payable only if the audit shows you have not spent a minimum of 2% on local advertising; if you underreported amounts you owe us by 3% or more; if you obstruct our ability to perform the audit; or if you refuse to schedule the audit which increases the expense of the audit or causes delay.
Interest Charges ⁵	1% per month (12% annually) or the highest rate allowed by law, if less. For royalties, there is an additional late fee.	Upon demand	Applies to all overdue fees you owe us. Also applies to any understatement in amounts due revealed by an audit.
Late Fee(s) ⁵	\$25 per report; \$25 per payment	Upon demand	Applies to report or payments received from you more than 5 days after the due date.
Approval of Products or Suppliers	All reasonable costs of evaluation, approximately \$500- \$1,000	Time of evaluation	You pay us the costs we expend in our evaluation of new suppliers you wish to purchase from or products you wish to purchase.

Type of Fee	Amount	Due Date	Remarks
Insurance : General liability and Errors & Omissions	1% of Gross Collected Revenue	Monthly on the 5 th day of the month or as designated by Franchisor	Franchisor provides a portion of the coverage required by this agreement. You must still provide a liability, umbrella, automotive coverage and other required coverage. See Item 8 for additional insurance coverage requirements. Fees assessed by the insurance provider that apply to your account will be passed through to you and payable with your monthly payment amount.
Transfer Fee	\$5,000	At the time of transfer	Payable to us before transfer. We may waive this fee if the transfer is to a legal entity you control or to a member of your immediate family.
Dishonored Check, ACH draft, or other form of payment	\$50 per occurrence	Upon demand	You must pay us for each check returned or ACH draft or other form of payment is refused by your financial institution for insufficient funds in your account.
Additional Training Fee for a Substitute or New Manager or Principal	Not to exceed \$1,000 per attendee per day	When training is scheduled	Our initial training program is covered by your franchise fee. If you have to repeat initial training, or if you replace your Designated Manager or bring new principals into your franchise, we apply these additional training fees.
Independent Appraiser PATH Certification	Approximately \$2,500	When Scheduled	Although not currently required, we reserve the right to require you to completed Independent Appraiser PATH

Type of Fee	Amount	Due Date	Remarks
			Certification for new franchisees or new employees with no appraisal experience. All cost and expenses must be paid directly to such third-party provider.
On-going Training	Approximately \$600 - \$1,500 per attendee	When training is scheduled	We may also develop or require additional training during the year, and you and/or your employees will be required to attend. Attendance will not be required more than one time per year and will not exceed three days in any year, and you must also pay all wages, travel, lodging, and other expenses incurred in attending the training.
Conference Registration Fee	Up to \$1,500 per person per conference	Prior to conference	If we conduct a conference, we reserve the right to charge you a Conference Registration Fee. If you fail to attend any required conference you will still owe us a \$500 conference registration fee for the missed conference. However, if you demonstrate good cause for your inability to attend, we may waive the fee.
On-Site Training Cancellation Fee	Our then-current on-site training cancellation fee	Upon demand	May vary depending upon the type of scheduled training program and how far in advance you notify us in writing of the cancellation.
Additional Operations Assistance	Currently, \$750 per day plus expenses	Time of assistance	We provide assistance around the beginning of operations. You pay for

Type of Fee	Amount	Due Date	Remarks
			additional assistance if you request it or if we determine it is necessary.
Cost of Enforcement	All costs including reasonable attorneys' fees	Upon demand	You must reimburse us for all costs in enforcing our rights under the franchise agreement and we prevail; or if we are sued because of something you do or fail to do. (Attorney's fees may include in-house legal costs charged at rates comparable to outside attorneys.)
Indemnification	All costs including reasonable attorneys' fees which varies according to the loss	Upon demand	You must defend lawsuits at your cost and hold us and our affiliates harmless against lawsuits arising from your operation of the Franchised Business. We also provide indemnification to you for any lawsuits or claims arising from your authorized use of the Marks.
Liquidated Damages	Calculated as 20% of your average monthly Gross Revenue multiplied by the lesser of twenty-four months or the number of months remaining in your franchise term.	Upon demand	Payable only if you prematurely cease operations or if we terminate the Franchise Agreement due to your material breach.
Email Account(s)	We will provide you with one email address to be used for the Franchised Business at a cost of \$10.00 per month; additional email addresses that you elect to	When billed	You are required to obtain an email address or account from a provider we select and you must pay the required fees when due. These fees may change or increase in the future. You will not own these

Type of Fee	Amount	Due Date	Remarks
	add are \$5.00 per address per month, billed annually, with a one-time set up fee of \$25 per address.		email addresses or account; they belong to us.
Default Fee	\$1,500 per event of default, plus the cost of re-inspections and the costs of enforcing compliance	Within 3 days of our demand.	Applies if you are in default under this Agreement and deficient in any payment owed to us.

We may require that all fees payable to us be paid pursuant to the Electronic Funds Transfer Authorization attached as Attachment 5 to the Franchise Agreement, or by any other means we specify in writing.

Unless indicated otherwise, all fees are uniformly imposed by and are payable to us. All fees are non-refundable. Other than items disclosed we do not impose or collect any other fees or payment for any third party.

NOTES

Note 1. “Gross Revenue” means all collected revenues from the sale barter, or trade of any and all goods, services, products, equipment, repairs, materials, or construction derived from the Franchised Business. Gross Revenue does not include sales tax or use tax. Further, all barter and exchange transactions for which you furnish services or products in exchange for goods or services to be provided by the vendor, supplier or customer will be valued at the full retail value bartered in exchange for the good or services provided to you. Gross Revenues also includes the proceeds of any business interruption insurance paid to you. Gross revenue also includes any payments you receive from vendors. Chargebacks are not deducted from Gross Revenues.

Note 2. Factoring Fee. A factoring fee of 3.15% will be assessed to the value of the invoice should the invoice escalate past the agreed upon payment terms and becomes aged. The Fee shall increase as the invoice becomes increasingly aged. Franchisor reserves the right to adjust this rate based on current market conditions, prevailing interests rates, and changes to the terms of our funding for this benefit. Franchisor reserves the right to stop offering Factoring services in its sole discretion.

Note 3. Technology Fee. Currently we require that you pay us a technology fee for the services we provide for website and email hosting. These fees are subject to increase based on increased costs we incur. We reserve the right to enter into a master license agreement with any software or technology supplier and sublicense the software or technology to you, in which case we may charge you for all amounts that we must pay to the licensor based on your use of the software or technology plus a reasonable administrative fee. We also reserve the right to create proprietary software that must be used by LEGACY franchisees, in which case we may require that you enter into a license agreement with us and pay us reasonable initial and ongoing licensing, support and maintenance fees. We can change the software and technology that must be used by our franchisees at any time. All fees listed in this section comprise the “technology fee”.

Note 4. We assume costs vary depending on factors, including prevailing auditor’s rates in your area, the business activity being audited, and how well you keep your books and records. You pay our actual costs only. You should be able to investigate these costs by contacting auditors in your area.

Note 5. Interest and late fees begin to accrue from the date payment was due, but not received, or date of underpayment.

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
Franchise Fee ¹	\$49,900	Cash or Check	At Signing of Franchise Agreement	Us
Real Estate/Rent ²	\$0 to \$2,000	Per lease	Monthly	Lessor
Renovations and Improvements ³	\$0 to \$5,000	As invoiced	As arranged	Contractor and suppliers
Office Equipment and Supplies ⁴	\$300 to \$2,000	As invoiced	As arranged	Suppliers
Computer & Software ⁵	\$1,500 to \$3,500	As invoiced	As arranged	Approved and third party suppliers
Training ⁶	\$1,200 to \$3,500	Lump sum	During Training	Airlines, hotels and restaurants
Vehicle ⁷	\$1,000 to \$40,000	As invoiced	As arranged	Auto leasing company and Approved third-party suppliers .
Marketing Materials ⁸	\$500 to \$1,500	As invoiced	As arranged	Approved and third-party suppliers
Insurance ⁹	\$2,000 to \$3,500	As invoiced	Before Beginning Operations	Insurance company
Licenses & Permits ¹⁰	\$0 to \$1,000	As incurred	As arranged	Licensing authorities
Certifications ¹¹	\$0 to \$3,500	As incurred	Prior to training	Third party vendors
Legal & Accounting ¹²	\$1,500 to \$2,500	As incurred	As arranged	Attorney and accountant
Additional Funds ¹³ (3 months)	\$10,000 to \$20,000	As incurred	As necessary	Employees and suppliers
TOTAL¹⁴	\$67,900 to \$137,900			

This table estimates the pre-opening expenses you would incur as a franchisee through the third month of operation Franchised Business. All payments are payable to us and are nonrefundable unless otherwise stated. Whether such fees paid to third parties are refundable would depend upon the policies of the third parties.

NOTES

Note 1. The details of the initial franchise fee and available discount are described in Item 5. Other than as disclosed in Item 10, neither we nor our affiliate offer direct or indirect financing for your initial franchise fee or for any other payments you must make or costs you must incur in starting and operating your business.

Note 2. You can operate the Franchised Business from an office you set up in your or your designated manager's home. If you choose to operate your business from a commercially leased property, you will need up to 250 square feet of space. The low estimate assumes that you have adequate space in your home to convert to a home office and the high estimate assumes that you will sign a commercial office lease to operate your business. If you choose to lease commercial office space you should review your lease or purchase documents to evaluate the cost of real estate leasehold improvements. Lease situations will vary in rental amounts, lease terms, amount of space required and tenant improvements required. Size, configuration and landlord requirements will be major factors in cost.

Note 3. To adapt the office area for operation of the Franchised Business, you may need to make some minor renovations or improvements. The cost of the renovations and improvements will vary depending on factors, including the size, condition, and location of the facilities, local wage rates and the cost of materials. The low estimate assumes that fewer improvements are needed.

Note 4. You must purchase general office supplies including stationery, business cards and typical office equipment. Factors that may affect your cost of office equipment and supplies include local market conditions and competition among suppliers and other factors. We do not know if the amounts you pay for office equipment and supplies are refundable. Factors determining whether office equipment and supplies are refundable typically include the condition of the items at time of return, level of use, and length of time of possession.

Note 5. You must purchase a computer and software necessary for operating the Franchised Business.

Note 6. Up to two attendees may attend our initial training program at no charge to you. However, you are responsible for travel, local transportation, meals, wages, and lodging incurred to attend initial training. The total cost will vary depending on the number of people attending, how far you travel and the type of accommodations you choose.

Note 7. You will need a reliable transportation for the operation of your Franchised Business. The low estimate is based on an assumption that you own acceptable and reliable transportation that is less than six years old. The high estimate represents the estimated purchase price of such reliable vehicle. Both the high and low cost includes the cost to wrap the vehicle with franchisor approved advertisement or Marks.

Note 8. During your first three months of operation, we recommend you spend at least \$1,500 per month on local advertising and promotion, including online and Internet marketing and advertising, dues for business organizations, event dues or other solicitation and promotional efforts.

Note 9. You must purchase insurance as required by state law and of the type and with minimum limits as we specify. Factors that may affect your cost of insurance include the size and location of the Franchised Business, value of the renovations and improvements, equipment, inventory, number of employees, and other factors.

Note 10. State and local government agencies typically charge fees for occupancy permits, operating licenses and permits to make improvements to your office. In addition to business and operating licenses and permits, your local rules and laws may require you to become a licensed appraiser. Your actual costs may vary from the estimates based on the requirements of state and local government agencies.

Note 11. Based on your industry experience at the time of becoming a franchisee, we may require you to be I-CAR certified or Independent Appraiser PATH Certified to operate the Franchised Business. You are required to complete any certification or training we deem that may be necessary to operate this type of business for auto estimates, heavy equipment estimates, and any property damage estimates. The low estimate in this category assumes that you do not need to travel outside of your area to obtain the certifications. The high estimate in this category includes estimates of travel, local transportation, lodging, and meals in addition to tuition, course materials, and exam fees for all three certifications.

Note 12. You will need to employ an attorney, an accountant and other consultants to assist you in setting up your business. These fees may vary from location to location depending on the prevailing rates of local attorneys, accountants and consultants. This estimate does not include any ongoing needs for legal services in connection with relationships with customers or vendors.

Note 13. We set forth an estimate of your needed additional funds for a three-month period. However, we estimate that you will be required to put additional funds into the business for a three to seven month time period, and possibly longer. You should therefore consider our estimates as minimum amounts and may wish to have additional cash reserves. We cannot promise if or when you will become cash flow positive or profitable. Additional funds are needed to cover operating expenses, including rent, utilities and employees' salaries.

Note 14. In compiling this chart, we relied on our and our affiliate's industry knowledge and experience. The amounts shown are estimates only and may vary for many reasons, including the condition of your facility, the capabilities of your management team, where you locate your Franchised Business and your business experience and acumen. You should review these estimates carefully with an accountant or other business advisor before making any decision to buy a franchise. These figures are estimates only.

Note 15. We or our affiliate may offer financing on any portion of the initial investment. Please refer to Item 10 for additional details.

ITEM 8 RESTRICTIONS ON SOURCES OF SERVICES AND PRODUCTS

Purchases or Leases from Approved and Designated Suppliers

You must contract, purchase, lease, or license any services, equipment, furniture, fixtures, supplies, computer hardware and software, or other materials to be used in the operation of the Franchised Business only from suppliers that we designate or approve (which might include or be limited to us or our affiliates), if stated in the Manual or previously approved in writing by us. You also must purchase webpage design services from an approved vendor. Without limiting the foregoing, we reserve the right to require you to use a designated service provider to provide call center, call routing, and scheduling services and we may be that designated supplier. You may purchase items and services for which we have not identified approved suppliers from any source, if the items and services meet our specifications.

Currently, neither we nor any of our affiliates are designated or approved suppliers for any products or service. Neither us nor our officers owns an interest in any privately-held supplier, or a material interest in any publicly-held supplier. Occasionally, our officers may own non-material interests in publicly-held companies that may be suppliers to our franchise system.

We reserve the right to make changes to our System and these changes may require you to adapt your business to conform to the changes and incur additional expenses. Examples of these System changes include the purchase of new equipment, fixtures, software or the use of new Marks. You must update your vehicles according to our specifications on the 5th year of your franchise term. However, the cost of these updates will not exceed \$25,000 during any 5-year period. In addition to the requirement to update your vehicle on the 5th year of your franchise term, during the term of your franchise agreement, at all times the vehicle used in the operation of the franchise business must maintain reliability and meet our minimum standards.

If you would like to use any goods or services that we have not approved (for goods and services that must meet our standards, specifications or that require supplier approval), you must first send us sufficient information, specifications and samples for us to determine whether the goods or services comply with our standards and specifications or the supplier meets our approved supplier criteria. You pay us the costs we expend in our evaluation of new suppliers you wish to purchase from or products you wish to purchase. We will decide within 30 days after receiving the required information whether you may purchase or lease

the goods or services or from the supplier. Our criteria for approving or revoking approval of suppliers includes: the supplier's ability to provide sufficient quantity of goods; quality of goods or services at competitive prices; production and delivery capability; and dependability and general reputation.

Periodically, we may review our approval of any goods, services or suppliers. We will notify you if we revoke our approval of goods, services or suppliers, and you must immediately stop purchasing disapproved goods or services, or must immediately stop purchasing from a disapproved supplier.

From time to time in an effort to negotiate best uniform or group prices, we reserve the right to negotiate a contract on behalf of all of our franchisees for any product or services used in operation of your franchised business, such as Claim Leader, Xactimate, AdjustRite, and QuickBooks. If we enforce such agreements, you will be required to participate and you may be instructed to pay directly to the third-party supplier or we may make the payment to the third-party supplier on your behalf in which case we will provide you with one invoice and you must pay for these product or services directly to us based on your use of the software or technology plus a reasonable administrative expense incurred by us.

Currently we require you to execute the Factoring Agreement in the form attached to the Franchise Agreement as Attachment 7 and pay all required fees.

Purchases According to our Specifications

If we have not identified an approved or designated supplier for a particular product or service, you may purchase the product or service from any supplier so long as the product or service meets our standards and specifications, which may include brand specifications. These items currently include furniture, fixtures, most equipment, including computer hardware, and signage. We developed our standards and specifications based on our principals' and affiliate's experience in operating a similar business, and will communicate them to you in writing.

Insurance

We provide general liability and errors and omissions insurance coverage of at least \$1,000,000 per occurrence. We collect a fee equal to 1% of your Gross Revenue to reimburse us for this expense. Although we currently obtain this limited insurance coverage on your behalf, we retain the right to require you to purchase the same. Any fees assessed or price increases by the insurance provider in connection with your account will be passed through to you and payment shall be due in the timing and manner as the reimbursement listed above.

In addition to the limited coverage we provide, you must purchase insurance in minimum amounts as required by state law and as we specify. Currently, we specify the following types and amounts of insurance:

- Workers' compensation insurance as required by state law;
- Automobile liability insurance of at least \$500,000; and
- Such insurance as necessary to provide coverage under the indemnity provisions in the franchise agreement.
- We reserve the right to require you to obtain insurance policies to protect against cybersecurity threats, and accordingly, to require that we are named as additional insured on these cybersecurity insurance policies

You may purchase insurance from any vendor and you may purchase greater coverage than the amounts listed here. The policies must be written by an insurance company licensed in the state in which Franchisee operates and having at least an "A-" Rating Classification as indicated in the latest issue of A.M. Best's Key Rating Guide. You must identify Legacy Franchise Company, LLC as an additional insured grantor of franchise and loss payee on insurance policies that you purchase and furnish us proof of the endorsement

along with insurance certificates and/or other proof of coverage to us that we require.

We reserve the right to require you to obtain insurance policies to protect against cybersecurity threats, and accordingly, to require that we are named as additional insured on these cybersecurity insurance policies.

Revenue Derived from Franchisee Purchases and Leases

We may negotiate arrangements with certain suppliers for services and equipment needed for your Franchised Business, under which we receive rebates of up to 10% of the purchase price. No arrangement exists as of the date of this disclosure document.

As of December 31, 2023, we have not derived any revenue on account of franchisee purchases and leases.

Estimated Proportion of Required Purchases and Leases to all Purchases and Leases

We estimate that required purchases and leases described above will range from 70% to 90% of the cost to establish the Franchised Business, and 10% to 25% of your operating costs.

Description of Purchasing Cooperatives; Purchasing Arrangements

There are no purchasing or distribution cooperatives in existence for the franchise system. We may negotiate purchase arrangements with suppliers, including price terms, for the benefit of franchisees. We do not provide you any material benefit (such as renewal rights or additional franchise rights) based on your purchase of particular products or services or use of particular suppliers.

**ITEM 9
FRANCHISEE’S OBLIGATIONS**

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

Obligation		Section in the Franchise Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	Sections 5.1, 5.2	Items 11 and 12
b.	Pre-opening purchases/leases	Sections 5.1, 5.4	Items 7 and 8
c.	Site development and other pre-opening requirements	Sections 2.2, 5.1, 5.3, 8.2	Items 7, 8, and 11
d.	Initial and ongoing training	Sections 8.1, 8.5	Items 6, 7, and 11
e.	Opening	Sections 5.4, 5.5, 8.2	Item 11
f.	Fees	Sections 3, 8, 11, 12, 13, 15, and 18	Items 5, 6, and 7
g.	Compliance with standards and policies/Confidential Operations Manual	Sections 5, 6, 7, 9, 10, and 13	Items 8, 14, and 16
h.	Trademarks and proprietary information	Sections 6, 7.3, 7.5	Items 13 and 14
i.	Restrictions on products/services offered	Section 13.1	Items 8 and 16
j.	Warranty and customer service requirements	Section 13.8	Item 16

Obligation		Section in the Franchise Agreement	Disclosure Document Item
k.	Territorial development and sales quotas	Section 13.12	Item 12
l.	Ongoing product/service purchases	Section 13	Items 8 and 11
m.	Maintenance, appearance and remodeling requirements	Sections 10, 13.2	Item 6
n.	Insurance	Section 15	Items 6, 7, and 8
o.	Advertising	Section 11	Items 6, 7, and 11
p.	Indemnification	Section 21.3	Item 6
q.	Owner's participation/management/staffing	Section 13.3	Item 15
r.	Records and reports	Section 12	Item 11
s.	Inspections and audits	Sections 6.6 and 12	Items 6, 11, and 13
t.	Transfer	Section 18	Items 6 and 17
u.	Renewal	Section 4	Item 17
v.	Post-termination obligations	Section 17	Item 17
w.	Non-competition covenants	Sections 7 and 17	Item 17
x.	Dispute resolution	Section 23	Item 17
y.	Unlimited Guaranty and Assumption of Obligations	Section 22.5 Attachment 3	Item 15

**ITEM 10
FINANCING**

Item Financed (Source)	Amount Financed	Down Payment	Max. Term	APR	Monthly Payment	Pre-payment Penalty	Security Required	Liability upon Default	Loss of Legal Right on Default
Initial Fees and/or Initial Investment	50% of Initial Investment	Depends on credit rating	up to 24 months	10.0% to 19.0%	Principal and interest amortized over the note term	None	Personal Guaranty, Security Agreement	Call loan; Terminate franchise agreement	Waive demand, presentment for payment protest, notice of intent to accelerate, notice of acceleration

Provided you are unable to obtain a third-party financing and in our sole discretion, among other things if you meet our credit standards, we may finance up to 50% of your initial investment for a maximum period of 24 months at an interest rate ranging from 10.0% to 19.0% dependent on industry average at that time. If we agree to provide financing, you must sign the Promissory Note and Security Agreement (“Promissory Note”) attached as Attachment 9 to the Franchise Agreement. The Promissory Note is payable in up to 24 monthly installments. The first monthly installment will be equal payments of principal and accrued interest and the 24th and final installment will be for all outstanding principal and all outstanding unpaid accrued

interest. The Promissory Note can be prepaid without penalty at any time during its term. If you do not pay on time, we can call the loan and demand immediate payment of the full outstanding balance and obtain court costs and attorneys' fees if a collection action is necessary. Default of your promissory note is a default of your franchise agreement and subject to our termination rights. It is not our intent to sell, assign, or discount to a third party all or part of the financing arrangement.

We may terminate your franchise if you do not make your payments on time. You waive your rights to notice of a collection action and to assert any defenses to collection against us. We may discount these notes to a third party who may be immune under the law to any defenses to payment you may have against us. In addition to providing a security in the collateral, we may require the Promissory Note to be guaranteed by one or more of your owners and we may require them to sign the Guaranty of Promissory Note attached as Attachment 9 to the Franchise Agreement. To ensure timely payments of interest and principal, you must sign and deliver to us an automatic bank withdrawal form for automatic withdrawals on your bank account.

Other than this, we do not offer direct or indirect financing. We do not guarantee your note, lease, or obligation.

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

Except as listed below, Legacy Franchise Company, LLC is not required to provide you with any assistance.

Before you begin operating the Franchised Business, we will:

1. Make available to you our specifications for the Franchised Business location, service vehicle, and other equipment and supplies necessary for the establishment and development of the Franchised Business. (Franchise Agreement, Section 5.2.)
2. Make our initial training program available to you and your designated manager. (Franchise Agreement, Section 8.1.)
3. Make available to you one of our representatives for the purpose of familiarizing your staff with our techniques and for providing general assistance and guidance in connection with the opening of the Franchised Business. (Franchise Agreement, Section 8.2.)
4. Provide you or loan one copy of the LEGACY Confidential Operations Manual or provide you with access to an electronic copy. The approximate total number of pages in the Confidential Operations Manual as of the date of this disclosure document is 80 pages. The Table of Contents of the Confidential Operations Manual, along with number of pages devoted to each section, is included as Exhibit E to this disclosure document. (Franchise Agreement, Section 9.1.)

After you begin operating the Franchised Business, we will:

1. Be available during normal business hours to render advice, discuss problems and offer general guidance to you by telephone, email, newsletters and other methods. (Franchise Agreement, Section 14.1.)
2. Provide you with modifications to the Confidential Operations Manual as they are made available to franchisees. (Franchise Agreement, Section 9.2.)
3. Reserve the right to hold periodic national or regional conferences to discuss business and operational issues affecting LEGACY CLAIMS SERVICES franchisees, including industry changes, new services and/or merchandise, marketing strategies and the like. (Franchise Agreement, Section 8.6)

4. We generally allow franchisees to set local market rates, but we reserve the right to establish minimum or maximum pricing for advertising and promotional events and for all regional or national clients to the extent permitted by law. (Franchise Agreement, Section 8.11).

Advertising and Promotion

Local Advertising

Each month, you must spend at least 1% of your Gross Revenue on advertising, promotions and public relations in the local area surrounding the Franchised Business up to a maximum of \$15,000 quarterly. You may elect to pay for your ads and promotions directly, or we will provide you with general marketing guidelines and we will review and approve your advertisements. You must give us a quarterly report of your local advertising expenditures within 15 days following the end of each calendar quarter.

You must provide us an annual report of your local advertising expenditures within 15 days following the end of each calendar year. None of the following expenditures satisfy your local advertising expenditure requirement: (1) incentive programs for your employees or agents; (2) non-media promotional costs; (3) charitable, political or other contributions or donations; (4) in-business fixtures or equipment; or (5) grand opening expenses.

If you fail to spend the required 1% of Gross Revenues to promote the Franchised Business in your local market monthly, you will be required to pay the 1% of Gross Revenues for Advertising Cooperative or Marketing Fee at our discretion.

No Advertising Council has been established for the franchise system.

Marketing Fee

We will begin engaging in System-wide marketing, advertising, and promotion to assist in our regional and national advertising. When this marketing effort begins, you must pay a brand development advertising and marketing fee (“Marketing Fee”) in an amount we specify periodically, but never to exceed 3% of Gross Revenue.

We utilize the Marketing Fee as follows:

(a) We will control the creative concepts and the materials and media to be used, and we will determine the placement and allocation of advertisements. We may use print, television, radio, Internet or other media for advertisements and promotions. We may engage in local, regional, or national advertising, whether inside or outside of your territory for the benefit of the brand and the System. We are not required to spend any particular amount on advertising in your area or territory and we cannot promise any franchisee a prorata benefit.

(b) We may use your Marketing Fee to meet or reimburse us for any cost of conducting market research, producing, maintaining, administering and directing consumer advertising (including the cost of preparing and conducting television, radio, Internet, magazine, direct mail and newspaper advertising campaigns and other public relations activities; hosting an Internet web page of similar activities; employing advertising agencies to assist therein; providing promotional brochures and other marketing materials to franchisees;). We will not use Marketing Fee monies for creating or placing any advertisement that is principally a solicitation for new franchisees, but may include in all advertising prepared using marketing fund monies (including Internet advertising) information concerning franchise opportunities, and a portion of Marketing Fee monies may be used to create and maintain one or more pages on our web site devoted to advertising franchise opportunities and identifying and screening inquiries and applications submitted by franchise candidates.

(c) We expect to use all Marketing Fee contributions in the fiscal year they are made. We intend for the accounting of the Marketing Fee contributions to remain separate from our general funds for the duration of the franchise, but we have the right to terminate the separate account, in our sole discretion.

We will not terminate the separate account until all Marketing Fee contributions have been used for advertising and promotional purposes or we have returned your pro rata share.

(d) Although not contractually required, we anticipate that all LEGACY Businesses owned by us or an affiliate will make similar contributions to the Marketing Fee as required of franchisees.

(e) There is no requirement that the Marketing Fee monies be audited. We will account for the Marketing Fee monies each year and we will provide you with a copy if you request it in writing. We may, in our sole discretion, require that the annual accounting be reviewed or audited and reported on by an independent certified public accountant at the expense of the Marketing Fee monies.

(f) Currently there is no franchisee advertising council that provides us with guidance or suggestions regarding advertising and marketing matters.

(g) The Marketing Fee account is not a trust or escrow and neither we nor our affiliates assume any fiduciary obligation for administering the Marketing Fee monies or for any other reason. We do not guaranty the value or quality of the services, goods, or products we buy using the Marketing Fee monies and we have no obligation to provide you or Territory a pro rata benefit.

Advertising Cooperative

Although not currently, implemented, when we do, you must spend up to 2% of Gross Revenue on local or regional advertising cooperatives. We also have the right to create advertising cooperatives for the benefit of all LEGACY franchises located in a particular region. We will determine the geographic territory and market areas for each cooperative advertising program. We have the right to administer the cooperative. We also have the right to collect and designate all or a portion of the local advertising contributions for the funding of cooperative advertising. You must participate in any cooperative advertising program established in your region. LEGACY businesses owned by us or our affiliates, if any, located within the cooperative market area are not contractually required to participate. Each cooperative will be required to adopt governing bylaws that meet our approval, and will be available for review. There are no limits on our right to change, dissolve or merge advertising cooperatives.

Any cooperative formed is not a trust fund. We have no fiduciary duty to your or any franchisee in connection with the collection or use of the cooperative monies or any aspect of the operation of the Cooperative. If cooperative advertising is implemented in a particular region, we have the discretion to establish an advertising council for franchisees in that region, and we may agree that the advertising council will self-administer the cooperative advertising program for that region, as well as act in an advisory capacity concerning the implementation, but not the content, of the advertising program. We will initially select the members of the advertising council, but once established the franchisees in the cooperative will select subsequent or replacement members by vote. Each franchisee is entitled to one vote per each franchise business he or she operates. There is no advertising council within the franchise System at this time.

You are permitted to market your Franchised Business through approved social media channels in accordance with our social media policy. We may require that you utilize our designated supplier for social media marketing services. At all times you must comply with any social media policy that we develop.

You may not establish a presence on, or market on the Internet without our consent. We maintain a website, currently at www.legacyclaimsservices.com/, that provides information about the System and the products and services that Franchisor and its franchisees provide. We retain the sole right to market on the Internet, including the use of websites, domain names, uniform resource locators, keywords, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, social media, auction sites, e-commerce and co-branding arrangements. You may be requested to provide content for our Internet marketing and you must follow our intranet and Internet usage rules, policies and requirements. We retain the sole right to use the Marks on the Internet, including on websites, as domain names, directory addresses, search terms and meta-tags, and in connection with linking, marketing, co-branding and other arrangements.

Technology Fee

Currently, we charge a Technology Fee equal to 2% of your Gross Revenue to each franchisee to help support the cost of technology necessary for you to maintain your franchise, including cost of the company website and e-mail hosting, and for use of our business software. The fee does not cover all of the technology needs of the business and you will be obligated to buy or license all required software necessary for the business.

Computer/Point-of-Sale System

You must purchase and use any hardware and software programs we designate. Presently, we require you to purchase a computer using the Windows operating system, an all-in-one printer/scanner/copier and at least one Apple iPad. You also must use QuickBooks as your accounting program. The approximate cost of the hardware and software ranges from \$1,500 to \$3,500. We reserve the right to require you to use a business management software providing customer relationship management, scheduling, inventory, estimates, and data management services. We require you to have Xactimate Software for property appraisals, as well as Claims Leader, Adjustrite and CCC software. Currently the Xactimate Software Fee is paid directly to a third-party software provider in the amount of \$200 for CCC per user, plus \$2 per auto file, \$3 per heavy equipment; \$4 per property for Claims Leader and \$141 for Xactimate. These fees are collected Monthly on the 5th day of the month or as designated by us from time to time. Although currently these fees are collected by the third-party provider, we may require you to pay such fees directly to us. These fees are subject to increase upon the third-party provider fee increases. You must execute the Xactimate License Fee agreement in the form attached to the Franchise Agreement as Attachment 6. Other software systems may become a requirement in the future.

You do not have to enter into any ongoing maintenance or support agreements for the maintenance of your computer or the various software programs, but you may find it advantageous to do so. The annual costs of entering into maintenance, update, upgrading or support contracts will range from \$200 to \$350 per year. You may periodically be required to update or upgrade computer hardware and software, if we believe it is necessary. We may introduce new requirements or modify our specifications and requirements for computer and point-of-sale systems. There are no limits on our rights to do so, except as disclosed in Item 16. We have the right to independently access and use all information you collect or compile at any time without first notifying you and there are no contractual limitations on our right to do so. All data, both business and financial, created by you in the operation of the Franchised Business belongs to us.

The computer system and/or POS for your Franchised Business will be dedicated for the operation of your Legacy Claims business and used for no other purpose. All sales must be processed through the approved POS systems and reported as gross revenue and no other supplemental or secondary POS system may be used.

Factoring Fee

A factoring fee of 3.15% will be assessed to the value of the invoice should the invoice escalate past the agreed upon payment terms and becomes aged. The Fee shall increase as the invoice becomes increasingly aged. We reserve the right to adjust this rate based on current market conditions, prevailing interests' rates, and changes to the terms of our funding for this benefit. Simultaneously with the execution of the Franchise agreement, we may require you to execute a Factoring Agreement in a form attached as Attachment 7 of the Franchise agreement. We reserve the right to stop offering Factoring services in our sole discretion.

Site Selection

You can operate the Franchised Business from an office you set up in your or your designated manager's home. If you choose to operate your business from a commercially leased property, you will also need up to 250 square feet of space. You must operate the Franchised Business from an approved location within your licensed territory, whether home based or leased.

If local zoning laws and/or the covenants and restrictions of your housing development or neighborhood do not allow you to operate from a home office, you will be required to do business from leased space. You should be thoroughly familiar with the zoning laws and regulations, along with the restrictive covenants in your neighborhood.

The factors we will evaluate in considering approval of a leased facility include: the general location and ease of access, traffic patterns, parking; terms of the proposed lease, utilities and zoning issues. We can assist you in your search by suggesting some things to look for and we may assist with your negotiations in this process upon request.

If you elect to lease an office, we will use reasonable efforts to approve or disapprove the proposed site within 30 days after your request for our approval. Our decision will be provided to you in writing. (Franchise Agreement, Section 5.2 and 5.3)

If you and we are unable to come to an agreement on a particular site, a different site will need to be found. If we cannot agree upon a location, we may in our sole discretion allow more time for site selection or terminate the Franchise Agreement. If your Franchise Agreement is terminated, you are not entitled to any refund of your initial franchise fees or other deposits paid to us.

We do not plan to own any of the sites where your Franchised Businesses will be located and do not lease office space to franchisees.

Other than our list of approved vendors, we do not provide assistance with providing equipment, signs, fixtures, opening inventory or supplies.

Typical Length of Time Before Operation

We estimate that the typical length of time between the signing of the Franchise Agreement and the opening of the franchise is 60 to 90 days, but not more than 150 days. Factors that may affect or delay your beginning operations include ability to schedule and attend training, secure permits, buy equipment, locate and lease an office space after signing the Franchise Agreement. If you fail to meet this 150-day opening deadline we may terminate your franchise at our sole discretion.

Training

After signing the franchise agreement, we provide a checklist to you of steps to take to begin your training process and then provide you an initial training program that covers material aspects of the operation of the Franchised Business. The topics covered are listed in the chart below. This training is offered on an as needed basis at our training location in Birmingham, Alabama, or another location we designate.

You and/or a designated a manager must satisfactorily complete the initial training to our satisfaction approximately three to four weeks before the opening of the Franchised Business. We expect that your attendees will advance through the training program at different rates depending on a variety of factors, including background and experience. The time frames provided in the chart are an estimate of the time it will take to complete training.

We do not charge for initial training for up to two individuals. You must pay for all travel, local transportation, food, lodging costs, and wages for yourself and any of your attendees. If you replace your designated manager, or bring new principals into your franchise, your new designated manager and principals must attend our training program within 30 days. We charge an additional training fee of \$1,000 per day for this additional training. You are responsible for training your own employees and other management personnel. This initial training is in addition to the on-site opening assistance we provide to you.

In addition to our initial training, although not currently required, we reserve the right to require you to completed Independent Appraiser PATH Certification for new franchisees or new employees with no appraisal experience. The cost of this training is approximately \$2,500 and is provided by a third-party provider. All cost and expenses must be paid directly to such third-party provider.

Your Franchised Business must at all times be under the day-to-day supervision of a designated manager who has satisfactorily completed our training program. After a replacement of the designated manager, he or she has 30 days to complete initial training.

On the final day of training, before leaving the training location, you must sign a certificate (the “Certificate of Performance of Pre-Opening Obligations”) confirming our performance. The form of Certificate of Performance of Pre-Opening Obligations is included in the Operations Manual. You agree that we are not obligated to provide any training or assistance to your particular level of satisfaction, but as a function of our experience, knowledge and judgment. You also acknowledge that we are not obligated to provide any services to you that are not set forth in this agreement. If you believe we have failed to adequately provide any pre-opening services to you or to your employees, whether with respect to site selection, selection and purchase of equipment and supplies, training or any other matter affecting the establishment of your Franchised Business, you must notify us in writing within 30 days following the opening of your Franchised Business or you will be deemed to conclusively acknowledge that all pre-opening and opening services required to be provided by us were sufficient and satisfactory in your judgment and complied with all representations made to you.

TRAINING PROGRAM

Subject	Hours of Classroom Training*	Location*
Introductions	.5	Birmingham, Alabama or another location we designate
Intro to history of Legacy Franchise Company	.5	Birmingham, Alabama or another location we designate
Sales and Marketing Training	2	Birmingham, Alabama or another location we designate
On-The-Job-Training	8	Birmingham, Alabama or another location we designate
Software Training ¹	4	Birmingham, Alabama or another location we designate
Billing, collections and paperwork	2	Birmingham, Alabama or another location we designate
Contract Review and Presentations	2	Birmingham, Alabama or another location we designate
Recap, Final Exam, and Graduation	2	Birmingham, Alabama or another location we designate
TOTAL	21	

*These times and topics are estimates only. We will send you on actual jobs. We cannot predict precisely the types and volumes of jobs that the Birmingham, Alabama, or other training area will have while you are in training. Classroom training occurs in between jobs and so those times are estimates as well.

Note 1. Additional training may be provided by the software provider or designated supplier.

You and your designated manager (if not you) must complete initial training to our satisfaction, including the passing of tests at the end of initial training. (Franchise Agreement, Section 8.1)

Our initial training program is conducted by Mark Petty and Patrick Wright who has been with us since our inception in January 2023, and who have approximately 20 years of experience in the industry.

The training will include the following instructional materials: our Confidential Operations Manual and other supplementary material. The dates and location of the training will be communicated to you by e-mail or telephone.

Certain segments of the training may vary from the chart shown above based on schedule changes due to business requirements and other factors. We will attempt to give you advance notice when this occurs.

Periodically, you, your managers, or employees must attend refresher-training programs to be conducted at our headquarters or another location we designate. Attendance at these programs will be at your expense. We may charge a fee of up to \$600 - \$1,500 per person per program for this training. You do not have to attend more than one of these programs in any calendar year, and these programs will not exceed three days during any calendar year. We may charge a fee for this additional training. You will be responsible for all travel costs, meals, and lodging for you and your employees who attend.

We may hold periodic national or regional conferences and attendance at these conferences is mandatory. However, we do not require attendance at more than one conference during any calendar year. You must pay the conference registration fee, which currently does not exceed \$1,500 per person per conference. You are also responsible for all of your related costs for you and/or your staff to attend the conference. If you fail to attend any required conference you will still owe us a \$500 conference registration fee for the missed conference. However, if you demonstrate good cause for your inability to attend, we may waive the fee.

Additional Operations Assistance

If we deem appropriate or at your request we may provide assistance around the beginning of operation of your Franchised Business. While we do not typically charge for this service, we reserve the right to charge our then-current additional operations assistance fee which is currently \$750 per day plus all our travel, lodging, food and other related expenses.

ITEM 12 TERRITORY

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.

When you sign the Franchise Agreement, or shortly thereafter, we will mutually agree on a defined territory ("Territory"), which you will concentrate your marketing efforts. The Territory will be defined by ZIP codes, political boundaries, geographic boundaries, roads, or MSA (Metropolitan Statistical Area), and will have a minimum population of 100,000 people. During the franchise term, you will concentrate your marketing efforts inside your Territory. This is not an exclusive territory. More specifically, you agree that during a catastrophe we may supplement your resources and operate in your Territory providing the same services in order to timely provide services to clients. You also agree that if you fail to timely and properly provide services to our national clients then we have the right to provide services to that client either through corporate staffing or other franchisees.

At your request, we may approve your relocation to a different Territory. Relocation may also be necessary if we both agree that the local market evolves into a poor market for the Franchised Business services.

We also reserve the right, to enter into agreements with specific regional or national customers in order to establish a National Account, in any area, including in your Territory. If we establish a National Account in your Territory you agree to service the National Account under the same terms, pricing, and provisions negotiated for the National Account. Under certain circumstances if we determine in our sole discretion that you are not capable of servicing the National Account, or if the volume of services exceed demand at the time, or if you choose not to provide services to such National Account customers, we may ourselves, or authorize other LEGACY franchisees or other qualified third-parties to provide the services in your Territory. You will not be compensated for such services provided by us, LEGACY franchisee, or any third parties in your

Territory

You may not solicit directly or indirectly with the use of other channels of distribution such as the Internet, catalog sales, telemarketing, or other direct marketing, orders from consumers outside your Territory. However, you may accept orders outside your Territory only with our prior written approval. Nothing herein provides you the right to perform services outside of your Territory without our express consent, which will be limited in time and scope, and such permission will be given on a case by case basis, in our sole discretion.

Except for regional or national marketing effort, other franchisees are restricted from soliciting business and directly marketing their services within your Territory. We reserve the right to use other channels of distribution, including the Internet, to solicit and accept orders from consumers inside your Territory using our principal trademarks and we are not required to pay you any compensation relating to these sales.

There are no minimum performance criteria during your first year of operations. However, beginning with the second year of operations, if you have not paid us the minimum monthly Royalty Fee, as shown in the chart below, you must pay us the difference between the total Royalty Fee paid to us and the applicable minimum monthly Royalty Fee. Failure to pay the minimum monthly Royalty Fee is a material breach of the Franchise Agreement, for which we may terminate the Franchise Agreement.

Monthly Operations	Minimum Monthly Royalty Fee
Year 1	\$0
Year 2	\$1,500
Years 3 thru 10	\$3,000

We currently do not grant any options, rights of first refusal, or similar rights to acquire additional franchises or to expand your Territory into contiguous areas.

Neither we, nor an affiliate, operates, franchises, or has plans to operate or franchise a business under a different trademark that will sell similar goods or services to those that you will offer.


ITEM 13 TRADEMARKS

We own and have applied to register the following trademark (“Marks”) on the Principal Register of the United States Patent and Trademark Office. All required affidavits have been filed.

Mark	Serial Number	Application Date	International Class
LEGACY CLAIMS SERVICE (Standard Character)	97772754	January 30, 2023	036

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

We claim common law rights to the following mark:

Mark	Registration Number	Registration Date	Register
			Common Law

We have the right to use the Marks and to sublicense use of these Marks to our franchisees.

There are no currently effective material determinations of the USPTO, Trademark Trial and Appeal Board, or the trademark administrator of any state or any court. There are no pending infringement, opposition or cancellation proceedings, and no pending litigation involving any of the Marks that may significantly affect the ownership or use of any Mark listed above. We know of no infringing or prior superior uses that could materially affect the use of the Marks.

You do not receive any rights to the Marks other than the exclusive right to use them in the operation of your Franchised Business. You must follow our rules when you use the Marks. You must use the Marks as the sole trade identification of the Franchised Business. You cannot use a name or Mark 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 any Mark in connection with the sale of any unauthorized services or products, or in any other manner that we do not authorize in writing. You must obtain a fictitious or assumed name registration if required by your state or local law. Any unauthorized use of the Marks by you is a breach of the Franchise Agreement and an infringement of our rights in the Marks. You must not contest the validity or ownership of the Marks, including any Marks that we license to you after you sign the Franchise Agreement. You must not assist any other person in contesting the validity or ownership of the Marks.

You must immediately notify us when you learn about an infringement of, or challenge to your use of, any Mark, or any claim by any person of any rights in any Marks, and you must not communicate with any person other than us and our counsel regarding any infringements, challenges, or claims unless you are legally required to do so, however, you may communicate with your own counsel at your own expense. We will take the action we think appropriate in these situations; we have exclusive control over any settlement or proceeding concerning any Mark. You must take any actions that, in the opinion of our counsel, may be advisable to protect and maintain our interests in any proceeding or to otherwise protect and maintain our interests in the Marks.

While we are not required to defend you against a claim arising from your use of our Marks, we will reimburse you for all of your expenses reasonably incurred in any legal proceeding disputing your authorized use of any Mark, but only if you notify us of the proceeding in a timely manner and you have complied with our directions with regard to the proceeding. We have the right to control the defense and settlement of any proceeding. We will not reimburse you for your expenses and legal fees for separate, independent legal counsel and for expenses in removing signage or discontinuing your use of any Mark. We will not reimburse you for disputes where we challenge your use of a Mark.

If we require, you must modify or discontinue the use of any Mark and use other trademarks or service marks we designate. You agree to comply with our directions within ten business days after receiving our notice to you. We do not have to reimburse you for any costs or expenses associated with making such changes, for any loss of revenue due to any modified or discontinued Mark, or for your expenses in promotion a modified or substituted trademark or service mark. If we adopt and use new or modified Marks, you must add or replace equipment, supplies and fixtures, and you must make other modifications we designate as necessary to adapt your Franchised Business for the new or modified Marks. You do not have to spend an amount unreasonably disproportionate to your initial investment during the initial term of the Franchise Agreement

to conform your Franchised Business to changes to the Marks and other System modifications. We do not reimburse you for any loss of goodwill associated with a modified or discontinued Mark.

You must notify us if you apply for your own trademark or service mark registrations. You must not register or seek to register as a trademark or service mark, either with the USPTO or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any of our Marks.

You may not advertise on the Internet using, or establish, create or operate an Internet site or website using any domain name containing, the words or any variation of “LEGACY CLAIMS SERVICES” without our prior written consent.

ITEM 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

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

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

We have developed certain trade secrets and other confidential information, including, but not limited to, methods of business management, accounting, sales and promotion techniques, customer lists, and know-how, knowledge of, and experience in, operating a LEGACY CLAIMS SERVICES Franchised Business. We will provide our trade secrets and other confidential information to you during training, in the Confidential Operations Manual and as a result of the assistance we furnish you during the term of the franchise. You may only use the trade secrets and other confidential information for the purpose of operating your Franchised Business. You may only divulge trade secrets and other confidential information to employees who must have access to it to operate the Franchised Business. You are responsible for enforcing the confidentiality provisions as to your employees.

Certain individuals with access to trade secrets or other confidential information (including your shareholders (and members of their immediate families and households), officers, directors, partners, members, if you are a corporation, limited liability company, or other business entity, and your managers, executives, employees, and staff may be required to sign nondisclosure and non-competition agreements in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached to the Franchise Agreement. We will be a third-party beneficiary with the right to enforce those agreements.

All ideas, concepts, techniques, or materials concerning the Franchised Business and/or the System, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed our sole and exclusive property and a part of the System that we may choose to adopt and/or disclose to other franchisees, and you agree to assign to us all right, title and interest in any intellectual property so developed. Likewise, we will disclose to you concepts and developments of other franchisees that we make part of the System. You must also assist us in obtaining intellectual property rights in any concept or development if requested.

Your use of the Confidential Operations Manual, trade secrets or other confidential information in an unauthorized manner is a default of the Franchise Agreement that may result in automatic termination of the Franchise Agreement.

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

You acknowledge and agree that the Franchised Business is not a "passive" investment. You will use your full-time best efforts to promote and increase the sales and recognition of the services offered through the Franchised Business. You must attend and satisfactorily complete our initial training program before you open the Franchised Business. The Franchised Business must always be under the direct, full-time, day-to-day supervision of you or your designated manager (if not you). In the event you appoint a designated manager, he or she must also be an owner of the franchisee with no less than 5% equity interest. You and your Designated Manager are liable and responsible for the operation of your Franchised Business in accordance with the terms of the Franchise Agreement and the Manual.

If you appoint a designated manager, before assuming the role, he or she must attend and satisfactorily complete our initial training program and you must keep us informed at all times of the identity of your designated manager. If you must replace the designated manager, your replacement designated manager has thirty days to attend and satisfactorily complete our initial training program.

We may require certain individuals associated with your Franchised Business, including your owners (and members of their immediate families and households), officers, directors, partners, and your managers, executives, employees, and staff may be required to sign nondisclosure and non-competition agreements the same as or similar to the Nondisclosure and Non-Competition Agreement attached to the Franchise Agreement. We will be a third-party beneficiary with the independent right to enforce the agreements. If you are a corporation or other business entity, anyone who owns a 5% or greater interest in the entity and their spouses are required to sign nondisclosure and non-competition agreements the same as or similar to the Nondisclosure and Non-Competition Agreement attached to the Franchise Agreement.

If you are a corporation or other business entity, anyone who owns a 5% or greater interest in the entity must personally guarantee the performance of all of your obligations under the Franchise Agreement and agree to be personally liable for your breach of the Franchise Agreement by signing the Unlimited Guaranty and Assumption of Obligations attached to the Franchise Agreement.

We do not impose any anti-poaching restrictions that prohibits you, or any other franchisee, from soliciting or hiring any person currently employed or previously employed within the Franchise System. However, if you hire another franchisee's employees within one year of the employee attending our training program, you are required to reimburse the other franchisee the then-current training fee and its costs associated with sending that employee to training.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer the services and products we specify. You may not sell any services or products that we have not authorized and you must discontinue offering any services or products that we may disapprove. We may take action, including terminating your franchise if you purchase or sell unapproved products or make purchases from unapproved suppliers. We may periodically change required or authorized services or products. There are no limits on our right to do so, except that your investment required to change required or authorized products or services will not be unreasonably disproportionate to your initial investment.

Periodically, we may allow certain services or products that are not otherwise authorized for general use as a part of the System to be offered locally or regionally based on factors, including test marketing, your qualifications, and regional or local differences.

We do not place restrictions on you with respect to who may be a customer of your Franchised Business, except National Accounts customer as described in Item 12 above. .

Pricing

We generally allow franchisees to set local market rates, but we reserve the right to establish minimum or maximum pricing for advertising and promotional events and for all regional or national clients. If we establish a National Account in your Territory you agree to service the National Account under the same terms, pricing, and provisions negotiated for the National Account.

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 agreement attached to this disclosure document.

Provision	Section in Franchise or Other Agreement	Summary
a. Length of franchise term	Section 4.1	The initial term is 5 years.
b. Renewal or extension of the term	Section 4.2	You have the right to renew for two additional consecutive 5-year terms.
c. Requirements for franchisee to renew or extend	Section 4.2	You must have substantially complied with the Franchise Agreement; must have updated and refurbished your service vehicle and equipment; have satisfied all monetary obligations owed to us or our affiliates; are not in default of any provision of the Franchise Agreement or any other agreement between you and us; have timely notified us of your intent to renew; sign our then-current Franchise Agreement, which may have materially different terms and conditions (including higher royalty fees and higher marketing fee); comply with current qualifications, comply with any training requirements; and sign a general release.
d. Termination by Franchisee	Section 16.3	You can terminate by selling your franchise, or if you are in full compliance with all of the terms of this Agreement and we materially breach this Agreement and fail to commence reasonable efforts to cure such breach within 30 days after receiving written notice.
e. Termination by franchisor without cause	No provision	We may not terminate the Franchise Agreement without cause.
f. Termination by franchisor with cause	Sections 16.1, 16.2	We may terminate the Franchise Agreement only if you default.
g. "Cause" defined – curable defaults	Section 16.2	The Franchise Agreement will terminate automatically without notice upon the

Provision	Section in Franchise or Other Agreement	Summary
		<p>happening of certain bankruptcy or insolvency-related events.</p> <p>We can terminate the Franchise Agreement, after allowing you a five-day cure period, if you fail to pay any monies due under the Franchise Agreement. We can terminate the Franchise Agreement, after allowing you a 10-day cure period, if you fail to comply with applicable laws or any other provision of the Franchise Agreement or Confidential Operations Manual.</p>
<p>h. "Cause" defined – non-curable defaults</p>	<p>Section 16.1</p>	<p>We can terminate the Franchise Agreement without giving you an opportunity to cure if you: fail to timely establish, equip and begin operations of the Franchised Business; fail to have your designated manager satisfactorily complete training; fail to maintain all required professional licenses, permits and certifications for more than five business days; made a material misrepresentation or omission in the application for the franchise; are convicted of or plead no contest to a felony or other crime or offense likely to affect the reputation of either party or the Franchised Business; after notice to cure, fail to refrain from activities, behavior or conduct likely to adversely affect either party or the Franchised Business; use the Confidential Operations Manual, trade secrets or other confidential information in an unauthorized manner; if required, fail to have your owners (and members of their immediate families and households), officers, directors, managers, executives, employees and professional staff, and other individuals having access to trade secrets or other confidential information sign nondisclosure and non-competition agreements or, if requested, fail to provide us with copies of all signed nondisclosure and non-competition agreements; abandon the Franchised Business for five or more consecutive days; surrender or transfer control of the Franchised Business in an</p>

Provision	Section in Franchise or Other Agreement	Summary
		<p>unauthorized manner; fail to maintain the Franchised Business under the supervision of a designated manager following your death or disability; submit reports on two or more separate occasions understating any amounts due by more than 3%; are insolvent or make a general assignment for the benefit of creditors; misuse or make unauthorized use of the Marks; fail on two or more occasions within any 12 months to submit reports or records or to pay any fees due us or any affiliate; violate on two or more occasions any health, safety or other laws or operate the Franchised Business in a manner creating a health or safety hazard to customers, employees or the public; take any action reserved to us; repeatedly breach the franchise agreement or comply with specifications; default of your promissory note with us or our affiliate; or default under any other agreement with us (or an affiliate) so that we (or the affiliate) have the right to terminate the agreement.</p>

Provision	Section in Franchise or Other Agreement	Summary
i. Franchisee's obligations on termination/non-renewal	Sections 16.4 and 17	Stop operating the Franchised Business; stop using any trade secrets, confidential information, the System and the Marks; cancel or assign to us any assumed names; pay all sums owed to us including damages and costs incurred in enforcing the Franchise Agreement; return the Confidential Operations Manual, trade secrets and all other confidential information including records, files, instructions, brochures, agreements, referral contact list, disclosure statements, and all other materials that we provided to you; assign your email addresses, any websites, and telephone numbers to us; comply with the covenants not to compete and any other surviving provisions of the Franchise Agreement. If the Franchise Agreement terminates because you have closed or abandoned the Franchised Business or expires, you must pay us liquidated damages calculated as 9% of your average monthly Gross Revenue multiplied by the lesser of twelve months or the number of months remaining in your franchise term.
j. Assignment of contract by franchisor	Section 18.1	There are no restrictions on our right to assign our interest in the Franchise Agreement.
k. "Transfer" by franchisee-definition	Section 18.2	"Transfer" includes transfer of an interest in the franchise, the Franchise Agreement or the Franchised Business's assets.
l. Franchisor's approval of transfer by franchisee	Section 18.2	You may not transfer your interest in any of the items listed in (k) above without our prior written consent.

Provision	Section in Franchise or Other Agreement	Summary
m. Conditions for franchisor approval of transfer	Section 18.2	We will consent to a transfer if: we have not exercised our right of first refusal; all obligations owed to us are paid; you and the transferee have signed a general release in a form that we prescribe; the prospective transferee meets our business and financial standards; the transferee and all persons owning any interest in the transferee sign the then current Franchise Agreement for the existing Territory; you provide us with a copy of all contracts and agreements related to the transfer; you or the transferee pay a of \$5,000; if requested by us; the transferee has obtained all necessary consents and approvals of third parties; you or all of your equity owners have signed a non-competition agreement in a form the same as or similar to the Nondisclosure and Non-Competition attached to the Franchise Agreement; and the transferee has agreed that its designated manager will complete the initial training program before assuming management of the Franchised Business.
n. Franchisor's right of first refusal to acquire franchisee's Franchised Business	Section 19	We may match an offer for your Franchised Business or an ownership interest you propose to sell.
o. Franchisor's option to purchase franchisee's Franchised Business	N/A	N/A
p. Death or disability of franchisee	Section 18.6	After the death or incapacity of an owner of the franchise, his or her representative must transfer, subject to the terms of the Franchise Agreement, the individual's interest in the franchise within 180 days of death or incapacity or we may terminate the Franchise Agreement.

Provision	Section in Franchise or Other Agreement	Summary
q. Non-competition covenants during the term of the franchise	Section 7.3, 7.4	You, your owners (and members of their families and households) and your officers, directors, executives, managers and professional staff are prohibited from: attempting to divert any business or customer of the Franchised Business to a competitive business or causing injury or prejudice to the Marks or the System; owning or working for a competitive business.
r. Non-competition covenants after the franchise is terminated or expires	Section 17.3	For two years after the termination or expiration of the Franchise Agreement, you, your owners (and members of their families and households) and your officers, directors, executives, managers and professional staff are prohibited from: owning or working for a competitive business within the Territory, within 25 miles from the perimeter of the Territory, or within the territory of any other LEGACY CLAIMS SERVICES business; or soliciting or influencing any of our customers or business associates to compete with us or terminate their relationship with us. (Subject to state law)
s. Modification of the agreement	Sections 9.2, 22.7, and 22.8	The Franchise Agreement can be modified only by written agreement between you and us. We may modify the Confidential Operations Manual without your consent if the modification does not materially alter your fundamental rights.
t. Integration/merger clause	Section 22.7	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable. Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in the franchise disclosure document, its exhibits and amendments.

Provision	Section in Franchise or Other Agreement	Summary
u. Dispute resolution by arbitration or mediation	Sections 23.7 and 23.8	Claims, controversies, or disputes from or relating to the Franchise Agreement must be mediated, and if mediation is unsuccessful, submitted to arbitration, except for actions seeking injunctive relief and actions we bring which are related to or based on our Marks or confidential information. There is no requirement to mediate after termination of the Franchise Agreement.
v. Choice of forum	Section 23.2	Mediation at the AAA office in the city in which we maintain our principal business address, currently Plano, Texas (subject to applicable state law). Venue for any other proceeding is exclusively the courts located in Collin County, Texas (subject to applicable state law). See the State Specific Addenda attached to this disclosure document.
w. Choice of law	Section 23.1	Texas law applies (subject to applicable state law). See the State Specific Addenda attached to this disclosure document.

**ITEM 18
PUBLIC FIGURES**

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

**ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS**

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

We do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Mark Petty, Chief Operations Officer, Legacy Franchise Company, LLC, 5184 Caldwell Mill Rd., Ste. 204-230, Birmingham, AL 35244, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20
OUTLETS AND FRANCHISEE INFORMATION**

Table No. 1

**SYSTEMWIDE OUTLET SUMMARY
FOR YEARS 2021 TO 2023**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	0	0	0
	2022	0	0	0
	2023	0	29	+29
Company-Owned	2021	0	1	+1
	2022	1	1	0
	2023	1	0	0
Total Outlets	2021	0	1	+1
	2022	1	1	0
	2023	1	31	+30

Table No. 2

**TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN FRANCHISOR)
FOR YEARS 2021 TO 2023**

State	Year	Number of Transfers
All States	2021	0
	2022	0
	2023	0
Total	2021	0
	2022	0
	2023	0

Table No. 3

**STATUS OF FRANCHISE OUTLETS
FOR YEARS 2021 TO 2023**

State	Year	Outlets at Start of Year	Outlets Opened	Termination	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Alabama	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Florida	2021	0	0	0	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Termination	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
	2022	0	0	0	0	0	0	0
	2023	0	5	0	0	0	0	5
Mississippi	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	3	0	0	0	0	3
New York	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	5	0	0	0	0	5
North Carolina	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	4	0	0	0	0	4
Ohio	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2
Pennsylvania	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	5	0	0	0	0	5
South Carolina	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	4	0	0	0	0	4
Total	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	29	0	0	0	0	29

Table No. 4

**STATUS OF COMPANY-OWNED OUTLETS
FOR YEARS 2021 TO 2023**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Alabama	2021	0	1	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Totals	2021	0	1	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1

Table No. 5
PROJECTED OPENINGS AS OF DECEMBER 31, 2023

State	Franchise Agreements Signed But Outlet Not Open	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Alabama	0	1	0
TOTALS	0	1	0

A list of the names and current addresses of our franchisees is located in Exhibit G. A list of names and current addresses of franchisees who have been terminated, canceled, not renewed, voluntarily or involuntarily ceased to do business under their franchise agreement during our fiscal year ending December 31, 2023, or who have not communicated with us within 10 weeks of the issuance date of this disclosure document are listed in Exhibit G.

During the last three years, no franchisee has signed a confidentiality clause with us that would restrict the franchisee’s ability to openly communicate with you regarding the franchisee’s experience with the Franchise System.

We are not aware of: (i) any trademark-specific franchisee organizations associated with the franchise system being offered; or (ii) independent franchisee organizations that have asked to be included in this disclosure document.

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

ITEM 21
FINANCIAL STATEMENTS

Exhibit F contains our

- (a) unaudited balance sheet as of April 30, 2024 and related unaudited P&L for the period January 1 through April 30, 2024; and
- (b) audited financial statements and the related statements of operations, changes in members’ equity and cash flows for the period of inception (January 30, 2023) through December 31, 2023.

Our fiscal year ends December 31. We have not been in business for three years or more and, therefore, cannot include all the financial statements required by this Item.

ITEM 22
CONTRACTS

Exhibit C – Franchise Agreement

- Attachment 1 – Key Terms
- Attachment 2 – Nondisclosure and Non-Competition Agreement
- Attachment 3 – Unlimited Guaranty and Assumption of Obligations
- Attachment 4 – Holders of Legal or Beneficial Interest in Franchisee; Governing Persons
- Attachment 5 – Electronic Funds Transfer Authorization

Exhibit D – Telephone Number and Website URL Assignment Agreement

Exhibit I – General Release (Sample Form)

Exhibit J – Franchise Disclosure Questionnaire

**ITEM 23
RECEIPTS**

Our copy and your copy of the disclosure document Receipts are located on the last two pages of this disclosure document (Exhibit L).

**EXHIBIT A TO THE DISCLOSURE DOCUMENT
LIST OF STATE ADMINISTRATORS**

California

Department of Financial Protection and Innovation
320 W. 4th Street, Suite 750
Los Angeles, California 90013
866-275-2677

Hawaii

Department of Commerce & Consumer Affairs
Business Registration Division
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
808-586-2722

Illinois

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

Indiana

Indiana Secretary of State
Securities Division
302 West Washington Street, Room E-111
Indianapolis, Indiana 46204
317-232-6681

Maryland

Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202
410-576-7042

Michigan

Department of the Attorney General
Consumer Protection Division, Franchise Section
525 Ottawa Street
G. Mennen Williams Building, 6th Floor
Lansing, Michigan 48909
517—373-7117

Minnesota

Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
651-539-1500

New York

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Fl
New York, New York 10005
212-416-8222

North Dakota

Securities Commissioner
North Dakota Securities Department
600 East Boulevard Avenue
State Capitol, Fifth Floor, Dept. 414
Bismarck, ND 58505-0510
(701) 328-4712

Rhode Island

Department of Business Regulation
John O. Pastore Complex
1511 Pontiac Avenue , Bldg. 69-1
Cranston, Rhode Island 02920
401-462-9500

South Dakota

Division of Insurance
Securities Regulation
124 South Euclid, Suite 104
Pierre, South Dakota 57501
605-773-3563

Virginia

State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
804-371-9051

Washington

Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, Washington 98507
360-902-8760

Wisconsin

Division of Securities
Department of Financial Institutions
345 West Washington Avenue
Madison, Wisconsin 53703
608-261-9555

**EXHIBIT B TO THE DISCLOSURE DOCUMENT
LIST OF AGENTS FOR SERVICE OF PROCESS**

Alabama

Mark Petty
5184 Caldwell Mill Rd., Ste. 204-230,
Birmingham, AL 35244

Michigan

Michigan Department of Labor & Economic
Growth
Commercial Services & Corporations Bureau
611 West Ottawa Street
Lansing, Michigan 48909

Texas

Canada Lewis & Associates
Attn: Laura Canada Lewis
5550 Granite Pkwy, Suite 195
Plano, Texas 75024

Wisconsin

Administrator, Division of Securities
Department of Financial Institutions
201 W. Washington Avenue, Suite 300
Madison, Wisconsin 53703

EXHIBIT C TO THE DISCLOSURE DOCUMENT
LEGACY FRANCHISE COMPANY, LLC
FRANCHISE AGREEMENT



LEGACY
CLAIMS SERVICES

FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

SUMMARY PAGE

EFFECTIVE DATE: _____

EXPIRATION DATE: 10th anniversary of the Effective Date

FRANCHISEE(S): _____

TYPE OF BUSINESS ENTITY: _____

FRANCHISEE’S AUTHORIZED BUSINESS TRADE NAME: LEGACY CLAIMS SERVICES of _____

FRANCHISED BUSINESS OFFICE: _____

TELEPHONE NUMBER: _____

E-MAIL ADDRESS: _____

FRANCHISE FEE: \$49,900 or _____

ROYALTY FEE: **Greater of:** (i) **15%** of Gross Revenue for the previous month; or (ii) the minimum monthly royalty fee. The “minimum monthly royalty fee” is: (i) \$0 for the first year of operations; (ii) \$3,500 per month for the second year of operations; and (iii) \$5,000 per month beginning the third year of operations through the remainder of the Term of this Agreement. (refer to Section 3.2.)

MARKETING FEE CONTRIBUTION: An amount specified by Franchisor, from time to time, but not to exceed 3% of Gross Revenue (refer to Section 11.2.)

TRANSFER FEE: \$5,000 (refer to Section 18.2.8.)

Franchisor Initial

Franchisee Initial

TABLE OF CONTENTS

SECTION	PAGE
1. DEFINITIONS.....	1
2. GRANT OF FRANCHISE; APPROVED LOCATION.....	3
2.1. Grant	3
2.2. Franchised Business Office.....	4
2.3. Sub-franchising/Agents.....	4
2.4. Non-Exclusive License.....	4
3. FEES	4
3.1. Franchise Fee.....	4
3.2. Royalty Fee.....	5
3.3. Intentionally Deleted.....	5
3.4. Taxes	5
3.5. Electronic Transfer.....	5
3.6. Late Fees/ Interest Charges.....	5
3.7. Application of Payments.....	6
3.8. Liquidated Damages for Marketing in Another Franchisee’ Territory.....	6
3.9. Default Fee.....	6
3.10. Factoring Fee.....	6
3.11. Technology Fee.....	6
3.12. Xactimate License Fee.....	7
3.13. Dishonored Check, ACH draft or other form of payment.....	7
3.14. No Set-off Rights.....	7
4. TERM AND RENEWAL.....	8
4.1. Initial Term.....	8
4.2. Successor Term.....	8
5. FRANCHISED BUSINESS OFFICE.....	8
5.1. Franchised Business Office.....	8
5.2. Development of Franchised Business Office.....	9
5.3. Failure to Develop Franchised Business Office.....	9
5.4. Opening	9
5.5. Failure to Open.....	10
5.6. Relocation.....	10
6. PROPRIETARY MARKS.....	10
6.1. Ownership.....	10
6.2. Limitations on Use.....	11
6.3. Notification of Infringements and Claims.....	11
6.4. Indemnification for Use of Marks.....	11
6.5. Discontinuance of Use.....	11
6.6. Right to Inspect.....	12
6.7. Business and Customer Data.....	12
6.8. Franchisor’s Sole Right to Domain Name.....	12
7. TRADE SECRETS AND OTHER CONFIDENTIAL INFORMATION.....	12
7.1. Confidentiality of Trade Secrets and Other Confidential Information.....	12
7.2. Additional Developments.....	13
7.3. Exclusive Relationship.....	13
7.4. Nondisclosure and Non-Competition Agreements with Certain Individuals.....	14
7.5. Reasonableness of Restrictions.....	14
8. TRAINING AND ASSISTANCE.....	14

8.1.	Initial Training	14
8.2.	Opening Assistance	14
8.3.	Additional Training	14
8.4.	Intentionally Blank	15
8.5.	On-going Training	15
8.6.	Conferences	15
8.7	On-Site Training Cancellation Fees.....	15
8.8	Nature and Assistance of Training.....	15
8.9	Delegation of Performance	16
8.10	Additional Operations Assistance.....	16
9.	CONFIDENTIAL OPERATIONS MANUAL	16
9.1.	Loan by Franchisor	16
9.2.	Revisions	16
9.3.	Confidentiality	16
10.	FRANCHISE SYSTEM.....	17
10.1.	Compliance with Standards	17
10.2.	Modification of the System	17
10.3.	Refurbishment of the Equipment and Vehicles	17
10.4.	Variance.....	17
11.	ADVERTISING AND PROMOTIONAL ACTIVITIES	18
11.1.	Local Advertising	18
11.2.	Marketing Fee.....	18
11.3.	Cooperative Advertising.....	19
11.4.	Internet Advertising Program	19
11.5.	Telephone/Internet Directory Advertising.....	20
11.6.	Public Relations and Association with Causes	20
12.	ACCOUNTING, RECORDS AND REPORTING OBLIGATIONS	20
12.1.	Records 20	
12.2.	Gross Revenue Reports	20
12.3.	Financial Statements.....	21
12.4.	Other Reports.....	21
12.5.	Software and Technology	21
12.6.	Right to Inspect.....	21
12.7.	Release of Records	22
13.	STANDARDS OF OPERATION	22
13.1.	Authorized Products, Services and Suppliers	22
13.2.	Appearance and Condition of the Franchised Business.....	23
13.3.	Ownership and Management	23
13.4.	Days of Operation.....	24
13.5.	Certifications	24
13.5.1	Independent Appraiser PATH Certifications.....	24
13.6.	Licenses and Permits	24
13.7.	Notification of Proceedings	24
13.8.	Compliance with Good Business Practices.....	24
13.9.	Uniforms	25
13.10.	Credit Cards.....	25
13.11.	E-Mail 25	
13.12.	Best Efforts and Minimum Performance Criteria.....	25
13.13	Other Franchisee’s Employees	25
13.14	ADA Certification	26
13.15	Legal Compliance.....	26

13.16	Data Security and Privacy	26
13.17	Customer List	26
13.18.	Compliance with Brand Standards.....	27
13.19	Customer Complaints	27
13.20	National Accounts	27
14.	FRANCHISOR’S ADDITIONAL OPERATIONS ASSISTANCE.....	28
14.1.	General Advice and Guidance	28
14.2.	Periodic Visits	28
15.	INSURANCE.....	28
15.1.	Types and Amounts of Coverage	28
15.2.	Future Increases	29
15.3.	Carrier Standards	29
15.4.	Evidence of Coverage.....	29
15.5.	Failure to Maintain Coverage	29
16.	DEFAULT AND TERMINATION.....	29
16.1.	Automatic Termination.....	29
16.2.	Termination by Franchisor	30
16.3.	Termination by Franchisee	32
16.4.	Alternate Remedies.....	32
17.	RIGHTS AND DUTIES UPON EXPIRATION OR TERMINATION	32
17.1.	Actions to be Taken.....	32
17.2.	Security 33	
17.3.	Post-Termination Covenant Not to Compete.....	33
17.4.	Unfair Competition.....	34
17.5.	Survival of Certain Provisions.....	34
17.6.	Enforcement of Covenants	34
17.7.	Disputed Enforceability	35
17.8.	Franchisee’s Acknowledgment.....	35
18.	TRANSFERABILITY OF INTEREST	35
18.1.	Transfer by Franchisor.....	35
18.2.	Transfer by Franchisee to a Third Party	35
18.3.	Transfer to a Controlled Entity	37
18.4.	Franchisor’s Disclosure to Transferee	37
18.5.	For-Sale Advertising.....	38
18.6.	Transfer by Death or Incapacity	38
19.	RIGHT OF FIRST REFUSAL.....	38
19.1.	Submission of Offer.....	38
19.2.	Franchisor’s Right to Purchase	38
19.3.	Non-Exercise of Right of First Refusal	38
19.4.	Sales or Transfers to Family Excepted	38
20.	BENEFICIAL OWNERS OF FRANCHISEE.....	39
21.	RELATIONSHIP AND INDEMNIFICATION	39
21.1.	Relationship.....	39
21.2.	Standard of Care	39
21.3.	Indemnification.....	39
21.4.	Right to Retain Counsel.....	40
22.	GENERAL CONDITIONS AND PROVISIONS	40
22.1.	No Waiver	40
22.2.	Injunctive Relief	40
22.3.	Notices 40	
22.4.	Cost of Enforcement or Defense.....	41

22.5.	Unlimited Guaranty and Assumption of Obligations	41
22.6.	Approvals	41
22.7.	Entire Agreement.....	41
22.8.	Severability.....	41
22.9.	Construction	42
22.10.	Force Majeure.....	42
22.11.	Timing	42
22.12.	Withholding Payments	42
22.13.	Further Assurances	42
22.14.	Third-Party Beneficiaries.....	42
22.15.	Counterparts	42
22.16.	No Affiliate Liability	43
22.19.	Business Judgement.....	43
23.	DISPUTE RESOLUTION	43
23.1.	Choice of Law	43
23.2.	Consent to Jurisdiction	43
23.3.	Cumulative Rights and Remedies.....	44
23.4.	Limitations of Claims	44
23.5.	Limitation of Damages	44
23.6.	Waiver of Jury Trial and Punitive Damages.....	44
23.7.	Mediation.....	44
23.8.	Arbitration	45
23.9.	CLASS ACTION WAIVER.....	46
24.	ACKNOWLEDGMENTS	47
24.1.	Receipt of this Agreement and the Franchise Disclosure Document.....	47
24.2.	Consultation by Franchisee.....	47
24.3.	True and Accurate Information	47
24.4.	Risk	47
24.5.	No Guarantee of Success.....	47
24.6.	No Violation of Other Agreements.....	47

ATTACHMENTS:

1. KEY TERMS
2. NONDISCLOSURE AND NON-COMPETITION AGREEMENT
3. UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS
4. HOLDERS OF LEGAL OR BENEFICIAL INTEREST IN FRANCHISEE; GOVERNING PERSONS
5. ELECTRONIC FUNDS TRANSFER AUTHORIZATION
6. LICENSING FEES
7. FACTORING AGREEMENT
8. STATE SPECIFIC AMENDMENTS

**LEGACY FRANCHISE COMPANY, LLC
FRANCHISE AGREEMENT**

This Franchise Agreement entered into on the Effective Date by and between Legacy Franchise Company, LLC, a Texas limited liability company, having its principal place of business at 5550 Granite Parkway, Suite 195, Plano, Texas 75024 (“**LEGACY**”, “**Franchisor**”, or “**we**”), and the Franchisee identified in the Summary Page (“**Franchisee**” or “**you**”).

WITNESSETH:

WHEREAS, Franchisor and its Affiliate have developed, and are in the process of further developing, a System identified by the service mark “LEGACY CLAIMS SERVICES” and relating to the establishment and operation of a business referred to as LEGACY CLAIMS SERVICES; and

WHEREAS, in addition to the service mark “LEGACY CLAIMS SERVICES” and certain other Marks, the distinguishing characteristics of the System include: uniform standards and procedures for efficient business operations; procedures and strategies for marketing, advertising and promotion; customer service and development techniques; other strategies and techniques; and Trade Secrets and other Confidential Information; and the Confidential Operations Manual; and

WHEREAS, Franchisor grants to qualified persons and business entities the right to own and operate a LEGACY CLAIMS SERVICES Business using the System and the Marks; and

WHEREAS, Franchisee desires to operate a LEGACY CLAIMS SERVICES Business, has applied for the Franchise and such application has been approved by Franchisor in reliance upon all of the representations made herein and therein; and

WHEREAS, Franchisee understands and acknowledges the importance of Franchisor’s high and uniform standards of quality, operations and service and the necessity of operating the Franchised Business in strict conformity with Franchisor’s System.

NOW, THEREFORE, Franchisor and Franchisee, intending to be legally bound, agree as follows:

1. DEFINITIONS

Whenever used in this Agreement, the following words and terms have the following meanings:

“**Affiliate**” means any business entity that controls, is controlled by, or is under common control with Franchisor;

“**Agreement**” means this agreement entitled “Legacy Franchise Company, LLC Franchise Agreement” and all instruments supplemental hereto or in amendment or confirmation hereof;

“**Approved Supplier(s)**” has the meaning given to such term in Section 13.1;

“**Gross Revenue**” means the aggregate of all revenue from the sale of services and products from all sources in connection with the Franchised Business, whether for check, cash, credit or otherwise including, without limitation, all proceeds from any business interruption insurance, but excluding (a) all refunds made in good faith, (b) any sales and equivalent taxes that are collected by Franchisee for or on behalf of any governmental taxing authority and paid thereto, (c) the value of any allowance issued or granted to any customer of the Franchised Business that is credited by Franchisee in full or partial satisfaction of the price of any products and services offered in connection with the Franchised Business, and (d) any rebate received by Franchisee from a manufacturer or supplier; (e) All barter and exchange transactions for which you furnish services or products in exchange for goods or services to be provided by the vendor, supplier or customer will be valued at the full retail value bartered in exchange for the good or services provided to you. Gross Revenues also includes the proceeds of any business interruption insurance paid to you. Gross revenue also includes any payments you receive from vendors. Chargebacks are not deducted from Gross Revenues;

“Gross Revenue Reports” has the meaning give to such term in Section 12.2;

“Competitive Business” means any business that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) Competitive Services; provided, however, that the term “Competitive Business” shall not apply to (a) any business operated by Franchisee under a Franchise Agreement with Franchisor, or (b) any business operated by a publicly-held entity in which Franchisee owns less than a five percent (5%) legal or beneficial interest;

“Competitive Services” property appraisals services, any other product or services the same as or similar to those provided by LEGACY CLAIMS SERVICES or in which Trade Secrets or other Confidential Information could be used to the disadvantage of Franchisor, any Affiliate or its other franchisees; or any business franchising property appraisal services. The Franchised Business services include, but are not limited to, means inspections, appraisals, estimates, and investigations for personal property, auto, and real estate.

“Confidential Information” means technical and non-technical information used in or related to LEGACY CLAIMS SERVICES Businesses and not commonly known by or available to the public, including, without limitation, the Customer List, Trade Secrets, construction, cleaning and repair methods and products, customer services techniques and other techniques and methodologies not generally known to the industry or public, and any other information identified or labeled as confidential when delivered by Franchisor. Confidential Information shall not include, however, any information that: (a) is now or subsequently becomes generally available to the public through no fault of Franchisee; (b) Franchisee can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (c) is independently developed without the use of any Confidential Information; or (d) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information;

“Confidential Operations Manual” means the LEGACY CLAIMS SERVICES Confidential Operations Manual, whether in paper or electronic form, and any other items as may be provided, added to, changed, modified or otherwise revised by Franchisor from time to time that contain or describe the standards, methods, procedures, and specifications of the System, including other operations, administration and managers’ manuals and all books, computer programs, password-protected portions of an Internet site, pamphlets, memoranda, and other publications prepared by, or on behalf of, Franchisor;

“Cooperative Advertising” means the combined advertising program of two (2) or more franchisees established within a common market that Franchisor may require for LEGACY CLAIMS SERVICES Businesses within a particular region;

“Designated Manager” means the individual designated by Franchisee as having primary responsibility for managing the day-to-day affairs of the Franchised Business;

“Effective Date” means the date on which Franchisor and Franchisee fully execute this Agreement, thereby commencing its effectiveness and term, OR the date in which your Business begins operating, whichever is sooner;

“Electronic Depository Transfer Account” means an account established at a national banking institution approved by Franchisor and providing Franchisor with access to electronically withdraw any funds due Franchisor;

“Franchise” means the right granted to Franchisee by Franchisor to use the System and the Marks;

“Franchise Fee” has the meaning given to such term in Section 3.1;

“Franchised Business” means the LEGACY CLAIMS SERVICES Business to be established and operated by Franchisee pursuant to this Agreement;

“Franchised Business Office” means the site for the operation of the Franchised Business;

“Franchisee” means the individual or entity defined as “Franchisee” in the introductory paragraph of this Agreement;

“Franchisor” means Legacy Franchise Company, LLC;

“Franchisor Indemnities” has the meaning given to such term in Section 21.3;

“GAAP” means the generally accepted accounting principles, standards, conventions and rules accountants follow in recording and summarizing transactions, and in the preparation of financial statements;

“Incapacity” means the inability of Franchisee, or any holder of a legal or beneficial interest in Franchisee, to operate or oversee the operation of the Franchised Business on a regular basis by reason of any continuing physical, mental or emotional condition, chemical dependency or other limitation;

“Internet” means any one or more local or global interactive communications media that is now available, or that may become available, including sites and domain names on the World Wide Web;

“Internet Advertising Program” has the meaning given to such term in Section 11.4;

“Local Advertising” has the meaning given to such term in Section 11.1;

“Marketing Fee” has the meaning given to such term in Section 11.2;

“Marks” means the service marks “LEGACY CLAIMS SERVICES” and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings, and other commercial symbols as Franchisor may designate to be used in connection with LEGACY CLAIMS SERVICES Businesses;

“Owner(s)” means Franchisee’s principals with at least 5% equity interest in Franchisee;

“Royalty Fee” has the meaning given to such term in Section 3.2;

“System” means the uniform standards, methods, procedures and specifications developed by Franchisor and as may be added to, changed, modified, withdrawn, or otherwise revised by Franchisor for the operation of LEGACY CLAIMS SERVICES Businesses; and

“Trade Secrets” means information in any form (including, but not limited to, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, marketing plans, client information, product plans, passwords, lists of actual or potential customers or suppliers) related to or used in LEGACY CLAIMS SERVICES Businesses that is not commonly known by or available to the public and that information: **(a)** derives economic value, actual or potential, from not being generally known to, and not being readily ascertained by proper means by, other persons who can obtain economic value from its disclosure or use; and **(b)** is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

“Transfer” as a verb means to sell, assign, give away, transfer, pledge, mortgage, or encumber either voluntarily or by operation of law (such as through divorce or bankruptcy proceedings) any interest in this Agreement, the License, the Store, substantially all the assets of the Store, or in the ownership of the franchisee (if you are an Entity). “Transfer” as a noun means any such sale, assignment, gift, transfer, pledge, mortgage or encumbrance.

2. GRANT OF FRANCHISE; APPROVED LOCATION

2.1. Grant

Franchisor hereby grants to Franchisee, and Franchisee undertakes and accepts, upon the terms and conditions herein contained, a revocable, limited and non-exclusive license to operate one (1) LEGACY CLAIMS SERVICES Business using the System and Marks within the territory.

2.2. Franchised Business Office

2.2.1. Franchisee's authorized non-exclusive Territory ("Territory") is described, or if not yet identified as of the Effective Date, will be described on Attachment 1 ("Key Terms"). If not yet identified, Franchisee's Territory shall include a minimum population of 100,000.

Boundary and boundary line references refer to the center point of such boundary lines unless otherwise stated above. When a boundary line continues until it reaches another boundary line, this means that the center point of the first boundary line continues to the center point of the next boundary line.

2.2.2. The street address (or detailed description of the premises) of the location for the Franchised Business Office is described, or if not yet identified as of the Effective Date, will be described on Attachment 1.

2.2.3. The Franchised Business Office shall be located at commercially leased property with minimum of 250 square feet of space or Franchisee's or its Designated Manager's principal residence.

2.2.4. The service tools and equipment for the Franchised Business shall be stored at the place described on Attachment 1.

2.3. Sub-franchising/Agents

Franchisee shall not sublicense or attempt to sublicense the use of the System or Marks to any person or entity. Except as permitted in Section 18, Franchisee shall not grant any person or entity the right to perform any part of Franchisee's rights or obligations licensed hereunder.

2.4. Non-Exclusive License

You are not permitted to locate in or market in another territory, except as to group, regional, or other marketing which we approve. However, we and our franchisees are allowed to service customers anywhere.

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

We reserve the right to use other channels of distribution, including the internet, to solicit and accept orders from consumers inside your Territory using our principal trademarks. We reserve the right to provide services in your Territory through a company office or another franchise in order to service a national account client or to provide services during a catastrophe or other significant claim event where your office cannot meet current client demands.

You may not solicit orders from consumers outside your Territory but you may accept orders from consumers outside your Territory to be performed inside your Territory.

Nothing herein provides you the right to perform services outside of your Territory without the express consent of the Franchisor, which will be limited in time and scope, and such permission must be given on a case by case basis.

3. FEES

3.1. Franchise Fee

Upon execution of this Agreement, Franchisee shall pay a fee ("Franchise Fee") to Franchisor in the amount stated on the Summary Page, or if not known as of the Effective Date, to be stated on Attachment 1.

If the amount of the Franchise Fee is not known as of the Effective Date, it shall be calculated as follows: \$49,900 for a territory of at least 100,000 in population.

The Franchise Fee shall be deemed fully earned upon execution of this Agreement and is non-

refundable. The Franchise Fee covers Franchisor's costs associated with sale of the franchise to Franchisee (60%), training and onboarding the Franchisee (20%), and providing Franchisee pre-opening services (20%).

3.2. Royalty Fee

During the Term of this Agreement, Franchisee shall pay to Franchisor a nonrefundable and continuing Royalty Fee in the amount specified in the Summary Pages for the right to use the System and the Marks. Royalties may be collected by franchisor from all payments received directly by Franchisor and then after Royalty Fees and other amounts due to Franchisor are subtracted, then the balance will be paid to Franchisee. For revenue not received first by Franchisor, then Royalties are due on or before 5:00 PM CST on the 5th day of each month (unless this day is a weekend or holiday, then on the business day before), Franchisee shall pay to Franchisor without offset, credit or deduction of any nature, a fee ("Royalty Fee") in the amount stated on the Summary Page. Each Royalty Fee payment shall accompany a Gross Revenue Report, as required by Section 12.2, for the same period. The Franchisor requires Franchisee to pay Royalty Fees through electronic transfer as set forth in Section 3.5, which shall be submitted to Franchisor via e-mail, or intranet system. Franchisor reserves the right to change the timing, frequency or manner of payment by providing Franchisee at least ten (10) days' notice.

3.3. Intentionally Deleted

3.4. Taxes

Franchisee shall pay to Franchisor an amount equal to all sales taxes, excise taxes, use taxes, withholding taxes and similar taxes imposed on the fees payable by Franchisee to Franchisor hereunder and on services or goods furnished to Franchisee by Franchisor at the same time as Franchisee remits such fees to Franchisor, whether such services or goods are furnished by sale, lease or otherwise, unless the tax is an income tax assessed on Franchisor for doing business in the state where the Franchised Business is located.

3.5. Electronic Transfer

Franchisor currently requires all Royalty Fees, Marketing Fees, amounts due for purchases by Franchisee from Franchisor, and other amounts due to Franchisor to be paid through an Electronic Funds Transfer Authorization (see Attachment 5). Franchisee shall open and maintain a single bank account for all its Franchised Business, and none other without Franchisor's written consent, and shall provide Franchisor with continuous access via electronic transfer to such account for the purpose of receiving any payments due to Franchisor. Franchisee shall make deposits to the account sufficient to cover amounts owed to Franchisor prior to the date such amounts are due. Franchisee shall execute any documents Franchisor's or Franchisee's bank requires to establish and implement the Electronic Depository Transfer Account. Once established, Franchisee shall not close the Electronic Depository Transfer Account without Franchisor's written consent. Franchisor reserves the right to designate another method of payment by provide 30-days' written notice to Franchisee.

3.6. Late Fees/ Interest Charges

All Royalty Fees, Marketing Fees, and any other amounts not received by Franchisor on the due date, will be subject to a 1% interest charges per month, (or the maximum rate permitted by law, if less), from the date payment is due to the date payment is received by Franchisor. Franchisee shall pay Franchisor for all costs incurred by Franchisor in the collection of any unpaid and past due amounts, including reasonable collection or attorney fees. In addition to the interest charges, a \$25 per report or \$25 per late payment fee must be paid to the Franchisor per report or payment received by the Franchisor from you more than 5 days after the due date of such report or payment. Franchisee shall also be subject to the Default Fee in the amount of \$1,500 per event of default, plus the cost of re-inspections and cost of enforcing compliance.

3.7. Application of Payments

Notwithstanding any designation by Franchisee, Franchisor shall have the right to apply any payments by Franchisee to any past due indebtedness of Franchisee for Royalty Fees, Marketing Fees, purchases from Franchisor, or any other amount owed to Franchisor in any proportion or priority.

3.8. Liquidated Damages for Marketing in Another Franchisee' Territory

The parties acknowledge and agree that it is integral to the franchise system that Franchisee respect the territorial restrictions contained in this Agreement, and that Franchisee's failure to respect such boundaries affects not only other franchisees but also Franchisor's relationship with its other franchisees and the integrity of the franchise system itself. The parties further acknowledge and agree that the harm caused by such failure is incapable or difficult of estimation. Therefore, the parties agree that other than as authorized by the Franchisor pursuant to the National Accounts program, if Franchisee markets, advertises, or solicits in another franchisee's territory, without Franchisor's permission, in violation of this Agreement, Franchisee shall pay to Franchisor \$5,000 per incident, as liquidated damages and not as a penalty. In addition to the \$5,000 the Franchisee shall also pay 75% of proceeds from the marketing and services provided to the franchisee whose territory was violated and whose territory the services were performed in. The parties further acknowledge and agree that the foregoing amount represents a reasonable forecast of just compensation for the breach to the Franchisor and the franchisee whose' s territory was violated.

3.9 Default Fee

If you are in default under this Agreement, at our direction and without waiver of any of our rights under this Agreement, in lieu of termination of this Agreement, we may impose a fee ("Default Fee") in an amount of \$1,500 plus the cost of reinspection and the cost of enforcing compliance. You must pay the default fee within 3 days of our demand.

3.10 Factoring Fee

Simultaneously with the execution of this Agreement, the Franchisee shall execute the Factoring Agreement in the form attached hereto and incorporated herein as Attachment 7 of this Agreement ("Factoring Fee Agreement"). Franchisee shall comply with all provisions of the Factoring Agreement pay factoring fee assessed to the value of the invoice pursuant to the Factoring Fee Agreement. Should the invoice escalates past the agreed upon payment terms and becomes aged, such fee shall be increased as the invoice becomes increasingly aged. Franchisor reserves the right to adjust this rate based on current market conditions, prevailing interests rates, and changes to the terms of our funding for this benefit. Franchisor reserves the right to stop offering Factoring services in its sole discretion. Upon changes to any fees or terms, the Franchisor has the right to require you to execute a new Factoring Agreement.

3.11 Technology Fee

We require that you pay 2% of collected Gross Reviews as a Technology Fee before you begin operations. This fee is for the technology you will need to operate your Franchised Business, including the services we provide for website and email hosting, and for the use of our business management software. This is uniformly imposed and not refundable. Additionally, these fees are subject to increase based on increased costs we incur over time, and each such increase is uniformly imposed and not refundable.

3.11.1 Consistent with the foregoing, among other things, we reserve the right periodically to undertake technology initiatives, the purpose of which would be enhance the technology associated with the franchise system including, without limitation, enhanced internet capability, use of proprietary digital applications and enhanced support services. Although we cannot estimate the future costs of the Computer System or required service or support, and although these costs might not be fully amortizable over the remaining term of this Agreement, you agree to incur the costs of obtaining the computer hardware and software comprising the Computer System (or additions or modifications) and required service or support. We have no obligation to reimburse you for any Computer System

costs. As otherwise permitted in this Agreement, we may access the Computer System and retrieve all pertinent information relating to the operation of your Legacy Claims Business in areas that we have the ability to control and/or remedy.

3.11.2 Notwithstanding the fact that you must purchase, use, and maintain the Computer System consistent with our standards and specifications, you will have sole and complete responsibility for: (1) the acquisition, operation, maintenance, updates and upgrading of the Computer System, including compliance with the standards that we periodically require; (2) the manner in which your Computer System interfaces with our computer system and those of other third parties; (3) the installation, maintenance and support of the Computer System, although we may from time to time require or recommend third parties to provide these functions; and (4) any and all consequences that may arise if the Computer System is not properly operated, maintained and upgraded, including but not limited to virus and spyware issues.

3.11.3 All of your Computer Systems must be compliant with all applicable laws, regulations, and commonly accepted industry standards, including without limitation those laws, regulations, and commonly accepted industry standards relating to privacy, data security, and the processing and protection of confidential personal information, including without limitation the Payment Card Industry Data Security Standards and all other standards applicable to electronic payments that may be published from time to time by payment card companies.

3.12 Xactimate License Fee

These fees are paid directly to the third-party software provider. Currently the Xactimate License Fee is the amount specified on the Xactimate License Fee agreement attached hereto and incorporated herein as Attachment 6. These fees are subject to increase upon third-party provider price increases. Amounts due pursuant to the Xactimate License Fee agreement must be paid in the same form and manner as the royalty fees or in any other manner specified by the Franchisor. Franchisor reserves all rights with the respect to the Xactimate License Fee amount, including but not limited to Late Fees, Interest Charges, Default Fees, termination of this Agreement, Dishonored Check, ACH draft, or other form of payment fees that Franchisor has under this Agreement.

3.13 AdjustRite License Fee

Currently, these fees are paid directly to the third-party software provider. Currently the AdjustRite License Fee is the amount specified on the AdjustRite License Fee agreement attached hereto and incorporated herein as Attachment 6. These fees are subject to increase upon third-party provider price increases. Amounts due pursuant to the AdjustRite License Fee agreement must be paid in the same form and manner as the royalty fees or in any other manner specified by the Franchisor. Franchisor reserves all rights with the respect to the AdjustRite License Fee amount, including but not limited to Late Fees, Interest Charges, Default Fees, termination of this Agreement, Dishonored Check, ACH draft, or other such payment of fees that Franchisor has under this Agreement.

3.14 Dishonored Check, ACH draft or other form of payment

If any check, draft, electronic or otherwise, is returned for insufficient funds, you shall pay to Franchisor a nonsufficient funds charge in the amount of \$50 per occurrence and reimburse Franchisor for all expenses that it incurs on account of such nonsufficient funds. Such overdue payment shall also be subject to other fees as identified in this Agreement.

3.15 No Set-off Rights.

You may not set-off, deduct, or otherwise withhold any fees or other amounts due Franchisor under this Agreement on grounds of alleged nonperformance by Franchisor of any of its obligations or for any other reason. Withholding payment of Royalty Fees or any other amounts due to Franchisor is a material breach of this Agreement.

4. TERM AND RENEWAL

4.1. Initial Term

The initial term of this Agreement shall commence upon the Effective Date and shall expire at midnight on the day preceding the fifth (5th) anniversary date of the Effective Date (the “Term” or the “Initial Term”), unless this Agreement has been sooner terminated in accordance with the terms and conditions herein.

4.2. Successor Term

Subject to the conditions below, Franchisee has the right to obtain a successor franchise at the expiration of the term of this Agreement by entering into a new franchise agreement with Franchisor. Franchisee’s right to a successor franchise is limited to two (2) consecutive terms of five years each. Your failure to exercise the first renewal right, will serve as a waiver of all other renewal rights. To qualify for a successor franchise, each of the following pre-conditions shall have been fulfilled and remain true as of the last day of the term of this Agreement:

4.2.1. Franchisee has, during the entire term of this Agreement, substantially complied with all material provisions of this Agreement;

4.2.2. Franchisee has updated and refurbished the Franchised Business Office, service vehicle, and equipment, to reflect Franchisor’s then-current standards and specifications applicable to new franchisees;

4.2.3. Franchisee has satisfied all monetary obligations owed by Franchisee to Franchisor (or any Affiliate), and has timely met these obligations throughout the term of this Agreement;

4.2.4. Franchisee is not in default of any provision of this Agreement or any other agreement between Franchisee and Franchisor;

4.2.5. Franchisee has given written notice of its intent to operate a successor franchise to Franchisor not less than nine months nor more than twelve months prior to the end of the term of this Agreement;

4.2.6. Franchisee has executed Franchisor’s then-current form of franchise agreement (or has executed other documents at Franchisor’s election that modify this Agreement to reflect the fact that the Franchise Agreement relates to the grant of a successor franchise), which franchise agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement by requiring, among other things, a different percentage Royalty Fee, or Marketing Fee; provided, however, that Franchisee shall not be required to pay the then-current Franchise Fee;

4.2.7. Franchisee has complied with Franchisor’s then-current qualifications for a new franchisee and has agreed to comply with any training requirements; and

4.2.8. Franchisee has executed a general release, in a form prescribed by Franchisor, of any and all claims against Franchisor, any Affiliate and against their officers, directors, shareholders, managers, members, partners, owners, employees, and agents (in their corporate and individual capacities), except to the extent prohibited by the laws of the state where the Franchised Business is located.

5. FRANCHISED BUSINESS OFFICE

5.1. Franchised Business Office

Franchisee shall operate the Franchised Business Office from an office you set up in your principal residence or your Designated Manager’s principal residence. If you choose to operate your Franchised Business from a commercially leased property than the leased space shall be minimum of 250 square feet

of space. If Franchisee chooses to lease commercial office space, Franchisee should review the lease or purchase documents to evaluate the cost of real estate leasehold improvements. Lease situations will vary in rental amounts, lease terms, amount of space required and tenant improvements required. Size, configuration and landlord requirements will be major factors in cost. Franchisee shall manage and administer the Franchised Business from the Franchised Business Office (and no other business), and shall maintain the books and records of the Franchised Business at the Franchised Business Office.

5.2. Development of Franchised Business Office

Franchisor shall make available to Franchisee, at no charge to Franchisee, information or specifications for the Franchised Business Office, service vehicle, service tools and equipment and other equipment and supplies necessary for the establishment and development of a LEGACY CLAIMS Business. Franchisee is responsible for obtaining an approved site within 90 days of signing the Franchise Agreement. Franchisor will use reasonable efforts to approve or disapprove the proposed site within 30 days after receipt of Franchisee's request. Franchisor will provide its decision in writing. As set forth in Section 5.1, Franchisee may operate the Franchised Business Office from within Franchisee's or its Designated Manager's principal residence. Within ninety (90) days after the Effective Date, Franchisee shall have (a) established the Franchised Business Office, (b) acquired and set-up all required office equipment including broadband or high-speed Internet service, (c) acquired and set up at least one telephone number dedicated to the Franchised Business, (d) acquired a service vehicle meeting Franchisor's specifications, and have it wrapped and lettered in accordance with Franchisor's specifications, (e) acquired the service tools and equipment required for the operation of the Franchised Business. If Franchisee is diligently attempting to meet these requirements within the 90-day period, but circumstances outside of Franchisee's control prevent Franchisee from meeting the deadline, Franchisor will give Franchisee extra time (not to exceed an additional 90 days) to meet these requirements.

5.3. Failure to Develop Franchised Business Office

If Franchisee fails meet its development obligations as described in Section 5.2., above, Franchisor has the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section 5.3, Franchisor shall retain the entire Franchise Fee paid by Franchisee. The Franchise Fee retained shall be specifically understood and agreed by the parties to be in consideration of the services provided, time expended, work performed, and other efforts of Franchisor up to the date of Franchisee's failure to timely commence operations of the Franchised Business and shall not nor should it be construed as a penalty.

5.4. Opening

5.4.1. Within one hundred fifty (150) days after the Effective Date, but before commencing business, Franchisee must:

5.4.1.1. Fulfill all of the obligations of Franchisee pursuant to the other provisions of this Section 5;

5.4.1.2. Furnish Franchisor with copies of all insurance policies required by this Agreement, or by the lease, or such other evidence of insurance coverage and payment of premiums as Franchisor may request;

5.4.1.3. Complete initial training to the satisfaction of Franchisor;

5.4.1.4. Hire and train the personnel necessary or required for the operation of the Franchised Business;

5.4.1.5. Research and obtain all necessary permits and licenses, including any zoning permits needed to operate the Franchised Business Office from the principal residence of either Franchisee or the Designated Manager;

5.4.1.6. Each share certificate (or other certificate reflecting an ownership interest) shall have conspicuously endorsed on it a statement, in a form satisfactory to Franchisor, that the certificate is held subject to the transfer restrictions contained in the Franchise Agreement;

5.4.1.7. Pay in full all amounts due to Franchisor.

5.4.2. Franchisee shall comply with these conditions and be prepared to open and continuously operate the Franchised Business within one hundred fifty (150) days after the Effective Date. Time is of the essence. Franchisee shall not commence operations, however, until Franchisor has delivered written permission; Franchisor shall not unreasonably withhold permission to begin operations. Permission to open shall be based on Franchisor's determination that Franchisee is ready to open and satisfactorily prepared to operate the Franchised Business.

5.5. Failure to Open

If Franchisee fails to commence operation of the Franchised Business within one hundred fifty (150) days after the Effective Date, Franchisor has the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section 5.5, Franchisor shall retain the entire Franchise Fee paid by Franchisee. The Franchise Fee retained shall be specifically understood and agreed by the parties to be in consideration of the services provided, time expended, work performed, and other efforts of Franchisor up to the date of Franchisee's failure to timely commence operations of the Franchised Business and shall not be construed as nor considered to be a penalty.

5.6. Relocation

Franchisee shall not relocate the Franchised Business Office without the prior written consent of Franchisor. Any such relocation shall be at Franchisee's sole expense, and shall proceed in accordance with the requirements set forth in Sections 5.1 through 5.6. If Franchisee loses the right to possess the Franchised Business Office and the parties do not agree upon a substitute site within ninety (90) days after such event, this Agreement shall terminate as provided in Section 16.2.

5.7 BY VIRTUE OF COMMENCING OPERATIONS OF FRANCHISEE'S BUSINESS, FRANCHISEE ACKNOWLEDGES THAT FRANCHISOR HAS FULFILLED ALL OF FRANCHISOR'S OBLIGATIONS TO FRANCHISEE THAT WE ARE REQUIRED TO FULFILL PRIOR TO THE OPENING OF YOUR LEGACY CLAIMS BUSINESS.

6. PROPRIETARY MARKS

6.1. Ownership

6.1.1. Franchisor represents that applications for registration of certain of the Marks have been filed with the appropriate authorities. Franchisee acknowledges that Franchisor has not made any representation or warranty to the effect that the Marks which have not been registered shall be registered or are able to be registered therein, and the failure to obtain registrations of any of the Marks shall not be deemed to be a breach of the terms of this Agreement by Franchisor. Moreover, Franchisee shall cooperate with Franchisor and its representatives, at Franchisor's expense, in the prosecution of any applications or registrations of any Marks which have been filed with the appropriate authorities. Franchisor undertakes to keep Franchisee informed of the progress in obtaining registration of the Marks, and any delay or inability to register any Mark shall not constitute a breach of this Agreement.

6.1.2. Franchisee is permitted and required to use the Marks to conduct the business granted pursuant to, and in compliance with, this Agreement and all applicable standards, specifications and operating procedures prescribed from time to time by Franchisor. Any unauthorized use of the Marks by Franchisee is a breach of this Agreement and an infringement of the rights of Franchisor in and to the Marks. Franchisee's use of the Marks, and any goodwill created thereby, shall inure to the benefit of Franchisor. Franchisee shall not at any time acquire an ownership interest in the Marks by virtue of any use it may make of the Marks. This Agreement does not confer any goodwill, title or interest in the Marks to Franchisee.

Franchisee shall not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Marks or assist any other person in contesting the validity or ownership of any of the Marks.

6.2. Limitations on Use

Franchisee shall not use any Mark or portion of any Mark as part of any business entity name. Franchisee shall not use any Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by Franchisor. Franchisee shall give such notices of trademark and service mark registrations as Franchisor specifies and obtain such fictitious or assumed name registrations as may be required under applicable law to do business as a Franchised Business.

Franchisee shall not register or seek to register as a trademark or service mark, either with the United States Patent and Trademark Office or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any Mark licensed to Franchisee. Franchisee shall include on its letterhead, forms, cards and other such identification, a prominent notice stating that the Franchised Business is an “Independently Owned and Operated LEGACY CLAIMS SERVICES Franchise” of Franchisee.

6.3. Notification of Infringements and Claims

Franchisee shall immediately notify Franchisor of any infringement of the Marks or challenge to its use of any of the Marks or claim by any person of any rights in any of the Marks. Franchisee shall not communicate with any person other than Franchisor and Franchisor’s counsel in connection with any such infringement, challenge or claim; provided, however, Franchisee may communicate with Franchisee’s counsel at Franchisee’s expense. Franchisor has the right to take such action as it deems appropriate and the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge, or claim or otherwise relating to any of the Marks. Franchisee shall execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of Franchisor’s counsel, be necessary or advisable to protect and maintain Franchisor’s interests in any such litigation or other proceeding or to otherwise protect and maintain Franchisor’s interest in the Marks.

6.4. Indemnification for Use of Marks

Franchisor shall reimburse Franchisee for all expenses reasonably incurred by Franchisee in any trademark or similar proceeding disputing Franchisee’s authorized use of any Mark, provided that Franchisee has complied with the provisions of Section 6.3 and has complied with this Agreement and Franchisor’s directions in responding to such proceeding. At Franchisor’s option, Franchisor or its designee may defend and control the defense of any proceeding arising directly from Franchisee’s use of any Mark. This indemnification shall not include the expense to Franchisee of removing signage or discontinuance of the use of the Marks. This indemnification shall not apply to litigation between Franchisor and Franchisee wherein Franchisee’s use of the Marks is disputed or challenged by Franchisor. This indemnification shall not apply to any separate legal fees or costs incurred by Franchisee in seeking independent counsel separate from the counsel representing Franchisor and Franchisee in the event of litigation disputing Franchisor and Franchisee’s use of the Marks.

6.5. Discontinuance of Use

If Franchisor deems it necessary for Franchisee to modify or discontinue use of any of the Marks, and/or use one or more additional or substitute trade names, trademarks, service marks or other commercial symbols, Franchisee shall comply with Franchisor’s directions within ten (10) business days after notice to Franchisee by Franchisor and subject to the limitations in Section 10.2. Franchisor shall not be required to reimburse Franchisee for any costs or expenses associated with making such changes, for any loss of revenue due to any modified or discontinued Mark, or for Franchisee’s expenses in the promotion of a modified or substitute trademark or service mark, or any loss of goodwill associated with any modified or discontinued

Mark.

6.6. Right to Inspect

To preserve the validity and integrity of the Marks and any copyrighted materials licensed hereunder, and to ensure that Franchisee is properly employing the Marks in the operation of the Franchised Business and operating in compliance with our system and standards, Franchisor reserves the right to inspect the Franchised Business Office, to visit and inspect any place where services were provided, review appraisals, meet with your appraisers and other employees or contractors.

6.7. Business and Customer Data.

In this Section “Customer Data” means Personal Information (as defined below), sales and payment history, and all other information about any person or entity the Franchised Business has serviced, wherever stored, including data regarding customers of businesses converted as a Franchised Business, and any other information that, by itself or in conjunction with other information, may be used to specifically identify an individual, such as name, physical address, telephone number, e-mail address, social media account, billing and payment history, customer service requests, and any other Information as defined in applicable law, and “Business Data” means all financial reports, vendor and supplier pricing data, and all other data about the Franchised Business other than Customer Data. Franchisee acknowledges and agrees that:

We have the right to independently access all Business Data, wherever maintained. Franchisor also has the right to require Franchisees to deliver Business Data to Franchisor. Franchisor has the right to use (and to authorize others to access and use) Business Data to, among other uses: (i) verify sales, (ii) monitor progress of its franchisee, including compliance with Minimum Performance Requirements; (iii) prepare a financial performance representation for Franchisor’s Franchise Disclosure Document; and (iv) share vendor and supplier pricing data with its affiliates.

Franchisor owns and has the right to access all Customer Data, in whatever form existing, and wherever stores. Because we own the Customer Data, including Personal information, we can share it with our affiliates, service providers, contracted third parties, or any other person, for any purpose, without notifying or compensating Franchisee, both during and after this Agreement, including for the performance of services the Franchisor or its parents or affiliates, as well as for marketing and cross-selling products and services of any of the foregoing parties. Whenever we request, and without request upon termination or expiration of this Agreement, Franchisee are required to promptly deliver to Franchisor all Customer data in your possession or control, without retaining any of Customer Data in any media. Franchisee may not sell or disclose to anyone else any Personal Information or aggregated or non-aggregated Customer Data without first obtaining our written consent. In the event of an approved sale of the Franchised Business to a new owner who will continue to operate the Franchised Business under an agreement with Franchisor, Franchisee may not transfer the Customer Data to the new owner. Franchisee agrees to install and maintain the security measures and devices necessary to protect Customer Data from unauthorized access or disclosure, including (but not limited to) the minimum measures in Section.

6.8. Franchisor’s Sole Right to Domain Name

Franchisee shall not advertise on the Internet using, or establish, create or operate an Internet site or website using a domain name or uniform resource locator containing, the Marks or the words “LEGACY CLAIMS SERVICES”, or any variation thereof without Franchisor’s written approval. Franchisor is the sole owner of a right, title and interest in and to such domain names as Franchisor shall designate in the Confidential Operations Manual.

7. TRADE SECRETS AND OTHER CONFIDENTIAL INFORMATION

7.1. Confidentiality of Trade Secrets and Other Confidential Information

Franchisee acknowledges that Franchisor will disclose Trade Secrets and other Confidential Information to Franchisee during the training program, through the Confidential Operations Manual, and

as a result of guidance furnished to Franchisee during the term of this Agreement. Franchisee shall not acquire any interest in the Trade Secrets or other Confidential Information or Franchisor's goodwill, other than the right to use it in the development and operation of the Franchised Business and in performing its duties during the term of this Agreement. Franchisee acknowledges that the use or duplication of the Trade Secrets or other Confidential Information in any other business venture would constitute an unfair method of competition. Franchisee acknowledges that the Trade Secrets and other Confidential Information are proprietary and are disclosed to Franchisee solely on the condition that Franchisee (and all holders of a legal or beneficial interest in Franchisee and all officers, directors, executives, managers and members of the professional staff of Franchisee): **(a)** shall not, directly or indirectly, use the Trade Secrets or other Confidential Information in any other business or capacity or for the benefit of any other party; **(b)** shall maintain the absolute confidentiality of the Trade Secrets and other Confidential Information during and after the term of this Agreement; **(c)** shall not make any unauthorized copies of any portion of the Trade Secrets or other Confidential Information disclosed in written or other tangible form; and **(d)** shall adopt and implement all reasonable procedures prescribed from time to time by Franchisor to prevent unauthorized use or disclosure of the Trade Secrets and other Confidential Information. Franchisee shall enforce this Section 7.1 as to its employees, agents and representatives and shall be liable to Franchisor for any unauthorized disclosure or use of Trade Secrets or other Confidential Information by any of them.

7.2. Additional Developments

All ideas, concepts, techniques or materials concerning the System or developed, in whole or in part, using Trade Secrets or other Confidential Information, whether or not protectable intellectual property and whether created by or for Franchisee or its owners or employees, shall be promptly disclosed to Franchisor and shall be deemed the sole and exclusive property of Franchisor and works made-for-hire for Franchisor, and no compensation shall be due to Franchisee or its owners or employees therefore, and Franchisee hereby agrees to assign to Franchisor all right, title and interest in any intellectual property so developed. Franchisor has the right to incorporate such items into the System. To the extent any item does not qualify as a "work made-for-hire" for Franchisor, Franchisee shall assign, and by this Agreement, does assign, ownership of that item, and all related rights to that item, to Franchisor and shall sign any assignment or other document as Franchisor requests to assist Franchisor in obtaining or preserving intellectual property rights in the item. Franchisor shall disclose to Franchisee concepts and developments of other franchisees that are made part of the System. As Franchisor may reasonably request, Franchisee shall take all actions to assist Franchisor's efforts to obtain or maintain intellectual property rights in any item or process related to the System, whether developed by Franchisee or not.

7.3. Exclusive Relationship

Franchisee acknowledges that Franchisor would be unable to protect the Trade Secrets and other Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among LEGACY CLAIMS SERVICES franchisees if owners of the Franchised Business and members of their immediate families or households were permitted to hold an interest in or perform services for any Competitive Business. Therefore, during the term of this Agreement, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee (or any member of their immediate families or households), nor any officer, director, executive, manager or member of the professional staff of Franchisee, either directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person, partnership, corporation, limited liability company or other business entity, shall:

7.3.1. Divert or attempt to divert any business or customer of the Franchised Business to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System; or

7.3.2. Own an interest in, invest in, manage, operate, or perform services, or be employed by or for any Competitive Business wherever located.

7.4. Nondisclosure and Non-Competition Agreements with Certain Individuals

Franchisor has the right to require any holder of a legal or beneficial interest in Franchisee (and any member of their immediate families or households), and any officer, director, executive, manager, or member of the professional staff and all employees of Franchisee to execute a nondisclosure and non-competition agreement, in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Attachment 2, upon execution of this Agreement or prior to each such person's affiliation with Franchisee. Upon Franchisor's request, Franchisee shall provide Franchisor with copies of all nondisclosure and non-competition agreements signed pursuant to this Section 7.4. Such agreements shall remain on file at the offices of Franchisee and are subject to audit or review as otherwise set forth herein. Franchisor shall be a third-party beneficiary with the right to enforce covenants contained in such agreements.

7.5. Reasonableness of Restrictions

Franchisee acknowledges that the restrictive covenants contained in this Section 7 are essential elements of this Agreement and that without their inclusion; Franchisor would not have entered into this Agreement. Franchisee acknowledges that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of Franchisor, the System, the Marks, Franchisor's goodwill, and Franchisor's franchise system; and Franchisee expressly waives any right to challenge these restrictions as being overly broad, unreasonable, overly burdensome or otherwise unenforceable. Franchisee affirms that it has other means of earning living from its employment experience prior to becoming a franchisee.

8. TRAINING AND ASSISTANCE

8.1. Initial Training

Franchisor shall make an initial training program available to you and your Designated Manager. Approximately three to four weeks prior to the opening of the Franchised Business, the Designated Manager must attend and successfully complete initial training to Franchisor's satisfaction, including the passing of tests at the end of initial training. Franchisor shall conduct the initial training program at its headquarters, designated regional office, or at another designated location. Franchisor shall not charge tuition or similar fees for initial training, however, all expenses incurred by Franchisee in attending such program including, but not limited to, travel costs, room and board expenses and employees' salaries or wages, shall be the sole responsibility of Franchisee. Franchisee shall be responsible for training its management and other employees. You must complete initial training to our satisfaction, including the passing of tests at the end of initial training. We do not charge for initial training for up to two individuals. If you replace your Designated Manager, or bring new principals into your franchise, your new Designated Manager and principals must attend our training program within 30 days. We reserve the right to charge an additional then-current training fee per Section 8.3 below.

8.2. Opening Assistance

In conjunction with the beginning of operation of the Franchised Business, Franchisor shall make available to Franchisee, at Franchisor's expense, one of Franchisor's representatives, experienced in the System, for the purpose of familiarizing Franchisee's staff with the LEGACY CLAIMS SERVICES techniques and for the purpose of providing general assistance and guidance in connection with the opening of the Franchised Business. If Franchisee requests additional assistance with respect to the opening or continued operation of the Franchised Business, and should Franchisor deem it necessary and appropriate to comply with such request, Franchisee shall pay Franchisor's then-current standard rates, plus expenses, for such additional assistance.

8.3. Additional Training

If Franchisor determines that the Designated Manager is unable to satisfactorily complete the

training program described above, Franchisor has the right to terminate this Agreement. If Franchisee is a business entity and the Designated Manager fails to complete the initial training program to Franchisor's reasonable satisfaction, Franchisee may be permitted to select a substitute manager and such substitute manager must complete the initial training to Franchisor's satisfaction. Additionally, if Franchisee replaces its Designated Manager, or brings new principals into the franchise, the new Designated Manager and principals must attend Franchisor's initial training program, or train with a franchisee who agrees to provide such training. Franchisee will be required to pay Franchisor's then-current rates for additional training, presently \$1,000 per day per attendee. You shall be responsible for all expenses including, but not limited to, travel costs, room and board expenses and salaries or wages, for all such individuals attending the training. You are responsible for training your own employees and other management personnel. This initial training is in addition to the on-site opening assistance we provide to you.

8.4. Intentionally Blank

8.5. On-going Training

From time to time, Franchisor may provide and if it does, has the right to require that the Franchisee or Designated Manager attend ongoing training programs or seminars during the term of this Agreement. Franchisor may charge a fee for mandatory or voluntary ongoing training. Franchisee will be required to pay Franchisor's then-current rates for such ongoing training, currently \$600-\$1,500 per person per program. Franchisor shall not require the Owners or Designated Manager to attend more than one session in any calendar year and not more than three (3) days in any calendar year. Franchisee shall be responsible for all travel costs, room and board and employees' salaries and wages incurred in connection with the Designated Manager's attendance at such training.

We reserve the right to delegate some portion of the initial and ongoing training duties, and operational support duties, to a representative approved by us.

8.6. Conferences

We may hold periodic national or regional conferences to discuss various business issues and operational and general business concerns affecting a LEGACY CLAIMS SERVICES franchisees. If we hold a national or regional conference, attendance at these conferences is mandatory, unless we specifically provide an exception to you in writing. We will not require attendance at more than one (1) conference during any calendar year. You must pay us a conference registration fee for each person that attends, or is required to attend (despite failure to attend), a mandatory conference. The amount of the conference registration fee will not exceed \$1500 per person per conference. If you demonstrate good cause for your inability to attend a mandatory conference, we may in our discretion waive the conference registration fee. In addition to the conference fee, you will be responsible for all travel costs, meals, and lodging for you and your employees who attend the conference. If you fail to attend any required conference you will still owe us a \$500 conference registration fee for the missed conference. However, if you demonstrate good cause for your inability to attend, we may waive the fee.

8.7. On-Site Training Cancellation Fees

If Franchisor or its representative is scheduled to conduct an on-site training program, or scheduled for a visit at the Franchisee's location for training or other reasons, or if the Franchisee registers for a training program and Franchisee subsequently cancels, fails to attend, fails to have the appropriate parties attend, or fail to stay for the entire training program, Franchisee shall pay the Franchisor, their then-current on-site training cancellation fee (the "On-Site Training Cancellation Fee"). The On-Site Training Cancellation Fee may vary depending upon the type of schedule training program and how far in advance you notify the Franchisor in writing of the cancellation and the cost and expense incurred in rescheduling our travel arrangements.

8.8. Nature and Assistance of Training

Franchisee agrees that Franchisor is not obligated to provide any training or assistance to Franchisee's particular level of satisfaction, but as a function of Franchisor's experience, knowledge, and judgment. Franchisee also acknowledges that Franchisor is not obligated to provide any services to Franchisee that are not set forth in this Agreement. If Franchisee believes the Franchisor has failed to adequately provide any pre-opening services to the Franchisee or to its employees, whether with respect to site selection, selection and purchase of equipment and supplies, training, or any other matter affecting the establishment of Franchisee's business, Franchisee must immediately notify the Franchisor in writing within thirty (30) days following the opening of Franchisee's business or the Franchisee will be deemed to conclusively acknowledge that all pre-opening and opening services required to be provided by the Franchisor were sufficient and satisfactory in Franchisee's judgment, and complied with all representations made to the Franchisee.

8.9 Delegation of Performance

Franchisee agrees that Franchisor has the right to delegate the performance of any portion or all of Franchisor's obligations under this Agreement to third party designees, whether these designees are our agents or independent contractors with whom we contract to perform these obligations.

8.10 Additional Operations Assistance

If we deem appropriate or at your request we may provide assistance around the beginning of operation of your Franchised Business. While we do not typically charge for this service, we reserve the right to charge our then-current additional operations assistance fee which is currently \$750 per day plus all our travel, lodging, food and other related expenses.

8.11 Pricing

We generally allow franchisees to set local market rates, but we reserve the right to establish minimum or maximum pricing for advertising and promotional events and for all regional or national clients to the extent permitted by law.

9. CONFIDENTIAL OPERATIONS MANUAL

9.1. Loan by Franchisor

While this Agreement is in effect, Franchisor shall lend to Franchisee one digital or paper copy of the Confidential Operations Manual. Franchisee shall conduct the Franchised Business in strict accordance with the provisions set forth in the Confidential Operations Manual. The Confidential Operations Manual may consist of one or more separate manuals and other materials as designated by Franchisor and may be in written or electronic form. The Confidential Operations Manual shall, at all times, remain the sole property of Franchisor and shall promptly be returned to Franchisor upon expiration or termination of this Agreement.

9.2. Revisions

Franchisor has the right to add to or otherwise modify the Confidential Operations Manual from time to time to reflect changes in the specifications, standards, operating procedures and rules prescribed by Franchisor. Franchisor shall make such additions or modifications available to you on the same basis that they are made available to other franchisees. Franchisee shall immediately, upon notice, adopt any such changes and shall ensure that its copy of the Confidential Operations Manual is up-to-date at all times. If a dispute as to the contents of the Confidential Operations Manual arises, the terms of the master copy of the Confidential Operations Manual maintained by Franchisor at Franchisor's headquarters shall be controlling.

9.3. Confidentiality

The Confidential Operations Manual contains Trade Secrets and other Confidential Information of Franchisor and its contents shall be kept confidential by Franchisee both during the term of the Franchise

and subsequent to the expiration and non-renewal or termination of this Agreement. Franchisee shall at all times ensure that its copy of the Confidential Operations Manual is available at the Franchised Business Office in a current and up-to-date manner. If the Confidential Operations Manual is in paper form or stored on computer-readable media, Franchisee shall maintain the Confidential Operations Manual in a secure manner at the Franchised Business Office; if the Confidential Operations Manual is in electronic form, Franchisee shall maintain the Confidential Operations Manual in a password-protected file. Franchisee shall only grant authorized personnel, as defined in the Confidential Operations Manual, access to the Confidential Operations Manual or any key, combination or passwords needed for access to the Confidential Operations Manual. Franchisee shall not disclose, duplicate or otherwise use any portion of the Confidential Operations Manual in an unauthorized manner. Franchisee's obligation to maintain the confidentiality of Franchisor's Trade Secrets and Confidential Information shall survive expiration or termination of this Agreement.

10. FRANCHISE SYSTEM

10.1. Compliance with Standards

Franchisee shall strictly comply, and shall cause the Franchised Business and its employees to strictly comply, with all requirements, specifications, standards, operating procedures and rules set forth in this Agreement, the Confidential Operations Manual or other communications supplied to Franchisee by Franchisor.

10.2. Modification of the System

Franchisee recognizes that from time to time, Franchisor may introduce, as part of the System, other methods or technology which require certain System modifications including, without limitation, the adoption and use of modified or substitute Marks, new computer hardware and software, equipment, vehicle, or signs. Franchisee agrees to make all required upgrades and modifications at its expense as may be required by Franchisor; provided, however, that Franchisee shall not be required to make any expenditures during the first year of the initial term or any expenditures which are unreasonably disproportionate to Franchisee's initial investment to establish the Franchised Business during the initial term. If such additional investment is required to be made in the last year of the initial term, Franchisee may avoid making the investment by providing notice of intent not to renew the Franchise unless the investment is in connection with a modification to the System required by law or court order. Franchisee acknowledges that any required expenditures for changes or upgrades to the System shall be in addition to expenditures for repairs and maintenance as required in Section 13.2 of this Agreement. Notwithstanding the foregoing, Franchisee shall be required to make any and all improvements or modifications whenever such are required by law, regulation, agency decision or court order.

10.3. Refurbishment of the Equipment and Vehicles

Franchisee may be required, at Franchisor's request, to refurbish and update its equipment and vehicles during the fifth (5th) year of the franchise term, but will not be required to spend more than TWENTY FIVE THOUSAND DOLLARS (\$25,000.00) for such purpose. However, the acquisition or lease of a vehicle is not included in this cap. Franchisor shall provide Franchisee with specifications and assistance in such refurbishment. The obligations described herein are exclusive of the obligations described in Section 10.2. In addition to the requirement to update your vehicle on the 5th year of your franchise term, during the Term of your Franchise Agreement, at all times the vehicle used in the operation of the franchise business must maintain reliability and continue to meet our minimum standards.

10.4. Variance

Franchisor has the right to vary standards or specifications for any franchisee based upon that particular franchisee's qualifications, the peculiarities of the particular site or circumstances, the demographics of the trade area, business potential, existing business practices or any other condition which

Franchisor deems to be of importance to the successful operation of any particular LEGACY CLAIMS SERVICES Business. Franchisor shall not be required to disclose or grant to Franchisee a like or similar variance hereunder.

11. ADVERTISING AND PROMOTIONAL ACTIVITIES

11.1. Local Advertising

11.1.1. Franchisee shall continuously promote the Franchised Business. Every month, Franchisee shall spend a minimum of one percent (1%) of Gross Revenue up to \$15,000 quarterly on advertising, promotions and public relations within the immediate locality surrounding the Franchised Business (“Local Advertising”). Such expenditures shall be made directly by Franchisee, subject to the prior approval and direction of Franchisor. Franchisor shall provide general guidelines to Franchisee for conducting Local Advertising. Within thirty (30) days after the end of each year, Franchisee shall furnish to Franchisor an accurate accounting of the expenditures on Local Advertising for the preceding year.

11.1.2. Franchisee shall submit to Franchisor, for its prior approval, all advertising and promotional materials to be used by Franchisee including, but not limited to, television ads, radio ads, ad copy, coupons, flyers, scripts and direct mail. Franchisor shall use reasonable efforts to provide notice of approval or disapproval within twenty (20) days from the date all requested material is received by Franchisor. If Franchisor does not approve submitted materials by the end of such twenty (20) day period, such materials shall be deemed to have not received the required approval. Franchisee shall not use any marketing or promotional material prior to written approval by Franchisor. The submission of advertising materials to Franchisor for approval shall not affect Franchisee’s right to determine the prices at which Franchisee sells products or provides services.

11.1.3 Franchisee shall give quarterly report of Local Advertising spend within 15 days following the end of each calendar quarter and in addition also provide an annual report of the Local Advertising expenditures within 15 days following the end of each calendar year. None of the following expenditures satisfy your Local Advertising expenditure requirement: (1) incentive programs for your employees or agents; (2) non- media promotional costs; (3) charitable, political or other contributions or donations; (4) in-business fixtures or equipment; or (5) grand opening expenses. If the Franchisee fails to spend monthly required 1% of Gross Revenues to promote the Franchised Business in the local market, Franchisee shall contribute 1% of Gross Revenues for Advertising Cooperative or Marketing Fee at Franchisor’s sole discretion.

11.2. Marketing Fee

Franchisor has established and administers a System-wide marketing, advertising and promotion fund to facilitate regional and national advertising and marketing effort to which Franchisee shall contribute a monthly fee. On or before 5:00 PM CST on the 5th day of each month (unless this day is a weekend or holiday, then on the business day before), Franchisee shall contribute to the Marketing Fee an amount specified by Franchisor from time to time, but not to exceed 3% of Gross Revenue for the applicable period (“Marketing Fee”). The Marketing Fee shall be due at the same time and in the same manner as the Royalty Fee. Presently the Marketing Fee is 2% of Gross Revenues. Franchisor shall notify Franchisee at least thirty (30) days prior to changing the Marketing Fee requirements.

The Marketing Fee shall be maintained and administered by Franchisor or its designee as follows:

11.2.1. Franchisor shall oversee all marketing programs, with sole control over creative concepts, materials and media used in such programs, and the placement and allocation thereof. Franchisor does not warrant that any particular franchisee will benefit directly or *pro rata* from expenditures by the Marketing Fee. The program(s) may be local, regional or System-wide. Franchisor does not warrant the success or effectiveness of any particular marketing program.

11.2.2. Franchisee's Marketing Fee may be used to meet the costs of, or to reimburse Franchisor for its costs of, any cost of conducting market research, producing, maintaining, administering and directing consumer advertising (including, without limitation, the cost of preparing and conducting television, radio, Internet, intranet, magazine, newspaper, and direct mail advertising campaigns and other public relations activities; developing and/or hosting an Internet and/or intranet web page or site and similar activities; employing advertising agencies to assist therein; and providing promotional brochures and other marketing materials to franchisees). Marketing Fee shall not be used for creating or placing any advertisement that is principally a solicitation for new franchisees, but may include in all advertising prepared using marketing fee monies (including Internet advertising) information concerning franchise opportunities, and a portion of marketing fee monies may be used to create and maintain one or more pages on Franchisor's web site devoted to advertising franchise opportunities and identifying and screening inquiries and applications submitted by franchise candidates.

11.2.3. Franchisee acknowledges that the Marketing Fee is not a trust or escrow, not a marketing fund, and is not maintained separately nor audited. Neither Franchisor nor its affiliates, assume any fiduciary obligation for administering the Marketing Fee or for any other reason.

11.3. Cooperative Advertising

Franchisor has the right, but not the obligation, to create a Cooperative Advertising program for the benefit of LEGACY CLAIMS SERVICES Businesses located within a particular region. Franchisor has the right to collect and designate all or a portion of the Local Advertising to payments or contributions to Franchisor for the funding of a Cooperative Advertising program. Franchisor has the right to determine the composition of all geographic territories and market areas for the implementation of each Cooperative Advertising program and to require that Franchisee participate in such Cooperative Advertising programs when established within Franchisee's region and require minimum spend from the Franchisee to such Cooperative Advertising program. If a Cooperative Advertising program is implemented in a particular region, Franchisor has the right to establish an advertising council to self-administer the Cooperative Advertising program. Franchisee shall participate in the council according to the council's rules and procedures and Franchisee shall abide by the council's decisions. Should Franchisor establish a Cooperative Advertising program or programs with or without an advertising council, Franchisor has the right, but not the obligation, to change, dissolve or merge such program(s) and/or council(s) at any time. Any cooperative formed is not a trust fund. We have no fiduciary duty to your or any franchisee in connection with the collection or use of the cooperative monies or any aspect of the operation of the Cooperative.

11.4. Internet Advertising Program

Franchisee may market its Franchised Business through approved social media channels in accordance with Franchisor's social media policy. Franchisor may require that Franchisee utilize Franchisor's designated supplier for social media marketing services. Franchisee may not otherwise establish a presence on, or market using, the Internet in connection with the Franchised Business without Franchisor's prior written consent. Franchisor has established and maintains an Internet website, presently at the uniform resource locator www.legacyclaimsservices.com, that provides information about the System and the products and services that Franchisor and its franchisees provide. We have an Internet Advertising Program which we use to design a webpage for your Franchised Business, link it to the

LEGACY CLAIMS SERVICES website, and promote your webpage on the Internet. Franchisee acknowledges that Franchisor has the right to market regionally and nationally inside or outside of Franchisee's territory for the benefit of the brand and the System. We reserve the right to modify or discontinue this program. During the term of this Agreement, you agree to pay us the then-current technology fee to help support the cost of the website, e-mail set up, e-mail hosting, and for use of our business management and accounting software. The technology fee is due on 5:00 PM CST on the 5th day of each month (unless this day is a weekend or holiday, then on the next business day).

11.5. Telephone/Internet Directory Advertising

If we so require, Franchisee must list the telephone number(s) for the Franchised Business in a local telephone or internet directory in its trade area. We may require the franchisee to place the listing(s) together with other LEGACY CLAIMS SERVICES Businesses operating within the distribution area of the directories. If a joint listing is obtained, all LEGACY CLAIMS SERVICES Businesses listed together shall pay a *pro rata* share of the cost of the listings. Directory advertising expenditures are part of Franchisee's Local Advertising obligations.

11.6. Public Relations and Association with Causes

Franchisee shall not make any public statements (including giving interviews or issuing press releases) regarding the Franchised Business or any particular incident or occurrence related to the Franchised Business, without the Franchisor's prior written approval. Franchisee shall not in the name of the Franchised Business or the LEGACY CLAIMS SERVICES System (a) donate money, products, or services to any charitable, political, religious, or other organization, or (b) act in support of any such organization, without the Franchisor's prior written approval.

12. ACCOUNTING, RECORDS AND REPORTING OBLIGATIONS

12.1. Records

During the term of this Agreement, Franchisee shall maintain full, complete and accurate books, records and accounts in accordance with the standard accounting system prescribed by Franchisor in the Confidential Operations Manual or otherwise in writing. Franchisee shall retain during the term of this Agreement, and for three years thereafter, all books and records related to the Franchised Business including, without limitation, purchase orders, invoices, payroll records, sales tax records, state and federal tax returns, bank statements, cancelled checks, deposit receipts, cash receipts and disbursement journals, general ledgers, and any other financial records designated by Franchisor or required by law.

12.2. Gross Revenue Reports

Franchisee shall maintain an accurate record of Gross Revenue for any sums paid directly to Franchisee. You shall deliver to Franchisor via email a signed and verified statement of Gross Revenue ("Gross Revenue Report") for the month ending each month on the 5th day of the following month in a form that Franchisor approves or provides in the Confidential Operations Manual. The Gross Revenue Report for the preceding month must be provided to Franchisor by the close of business on the fifth of each month as provided in Section 3.2.

12.3. Financial Statements

Franchisee shall supply to Franchisor on or before the fifteenth day of each month, in a form approved by Franchisor, a balance sheet as of the end of the last day of the preceding month and an income statement for the preceding month and the fiscal year-to-date. Franchisee shall, at its expense, submit to Franchisor within ninety (90) days after the end of each calendar year, an income statement for the calendar year just ended and a balance sheet as of the last day of the calendar year. Such financial statements shall be prepared in accordance with GAAP, applied on a consistent basis. If required by Franchisor, such financial statements shall be reviewed or audited by a certified public accountant. Franchisee shall submit to Franchisor such other periodic reports in the manner and at the time specified in the Confidential Operations Manual or otherwise in writing.

By April 30 of each year, Franchisee shall provide to Franchisor all tax returns which contain income and expenses of Franchisee's Franchised Business.

12.4. Other Reports

Franchisee shall submit to Franchisor copies of all state sales tax returns that are required to be filed with the appropriate governmental agency and such other records as Franchisor may reasonably request from time to time or as specified in the Confidential Operations Manual. Franchisor shall have the right to release financial and operational information relating to the Franchised Business to Franchisor's lenders or prospective lenders. Franchisee shall certify as true and correct all reports to be submitted pursuant to this Agreement.

12.5. Software and Technology

During the term of this Agreement, Franchisor reserves the right to require Franchisee to purchase, install and use computer equipment consisting of hardware and software in accordance with Franchisor's then-current specifications. This may include a business management and accounting software providing customer relationship management, Claim Leader, Xactimate, QuickBooks, scheduling, inventory, and data management services. Franchisor may change the software or technology that Franchisee must use at any time. Franchisor may also develop proprietary software or technology that must be used by LEGACY CLAIMS SERVICES franchisees. If this occurs, Franchisee agrees to enter into a license agreement with Franchisor (or an affiliate of Franchisor) and pay Franchisor (or Franchisor's affiliate) commercially reasonable licensing, support and maintenance fees. The terms of the license agreement will govern the terms pursuant to which Franchisee may utilize this software or technology. Franchisor also reserves the right to enter into a master software or technology license agreement with a third-party licensor and then sublicense the software or technology to Franchisee, in which case Franchisor may charge Franchisee for all amounts that we must pay to the licensor based on Franchisee's use of the software or technology plus a reasonable administrative fee. All fees referenced in this Section 12.5 are due on or before 5:00 PM CST on the day of each month that we specify from time to time. Franchisor shall have full access to all of Franchisee's computer, data and systems and all related information by means of direct access, either in person or by telephone, modem or Internet to permit Franchisor to verify Franchisee's compliance with its obligations under this Agreement. The computer system and/or POS for your Franchised Business will be dedicated for the operation of your Legacy Claims business and used for no other purpose. All sales must be processed through the approved POS systems and reported as Gross Revenue and no other supplemental or secondary POS system may be used.

12.6. Right to Inspect

Franchisor or its designee has the right, during normal business hours, to examine, copy and audit the books, financial data, business records, and tax returns of Franchisee. If the audit or any other inspection should reveal that any payments to Franchisor have been underpaid, then Franchisee shall immediately pay to Franchisor the amount of the underpayment plus interest from the date such amount was due until paid at the rate of one and one-half percent (1.5%) per month (or the highest rate allowed by the law of the state

where Franchisee is located, whichever is lower). If the audit or any other inspection should reveal that Franchisee has not spent a monthly minimum of one percent (1%) on Local Advertising, or if the inspection discloses an underpayment of three percent (3%) or more of the amount due for any period covered by the audit, Franchisee shall, in addition, reimburse Franchisor for any and all costs and expenses connected with the inspection (including, without limitation, travel expenses and reasonable accounting and attorneys' fees). The foregoing remedies shall be in addition to any other remedies Franchisor may have.

12.7. Release of Records

At Franchisor's request, Franchisee shall authorize and direct any third parties, including accounting and legal professionals, to release to Franchisor all accounting and financial records arising from or relating to the operation of the Franchised Business including, but not limited to, records evidencing Gross Revenue, profits, losses, income, tax liabilities, tax payments, revenues, expenses, and any correspondence, notes, memoranda, audits, business records, or internal accounts within said third parties' possession, custody or control, and to continue to release such records to Franchisor on a monthly basis for the length of the unexpired term of this Agreement or until such time as Franchisor withdraws its request. Franchisee shall execute all documents necessary to facilitate the release of records referenced herein to Franchisor.

13. STANDARDS OF OPERATION

13.1. Authorized Products, Services and Suppliers

13.1.1. Franchisee shall provide or offer for sale or use at the Franchised Business only those services, approved by Franchisor which currently include insurance appraisal services (the "Services") for both commercial and residential consumers. The Services must be provided with the greatest diligence and care by Franchisee, using only products, supplies, equipment and other items that Franchisor from time to time approves (and which are not thereafter disapproved) and that comply with Franchisor's specifications and quality standards. Additionally, Franchisee shall permit qualified engineers and inspectors to inspect all work Franchisee performs at any time such engineers and inspectors may so request. Franchisee shall not offer, sell, or use in the operation of the Franchised Business any products or services that Franchisor has not approved.

13.1.2. If required by Franchisor, any such items or services shall be purchased only from "Approved Suppliers" that Franchisor designates or approves (which might include, or be limited to, Franchisor or an Affiliate). These items or services may include, without limitation, service tools, equipment, vehicle wraps, business cards, stationery and pre-printed forms, and collateral merchandise such as T-shirts and branded clothing.

13.1.3. Franchisor shall provide Franchisee, in the Confidential Operations Manual or other written or electronic form, with a list of specifications and, if applicable, a list of Approved Suppliers for some or all of the supplies, furniture, fixtures, inventory, equipment and other approved or specified items and services, and Franchisor may from time to time revise such list. If Franchisor or an Affiliate is an Approved Supplier, Franchisee shall execute a standard form purchase or supply agreement for the items to be supplied by Franchisor or its Affiliate. If Franchisee desires to utilize any products, services or new technology that Franchisor has not approved (for products and services that require supplier approval), Franchisee shall first send Franchisor sufficient information, specifications and samples for Franchisor to determine whether the service or product complies with its standards and specifications or whether the supplier meets its Approved Supplier criteria. Franchisee shall bear all expenses incurred by Franchisor in connection with determining whether it shall approve an item, service or supplier. Franchisor will decide within a reasonable time (usually thirty (30) days) after receiving the required information whether Franchisee may purchase or lease such items or services or from such supplier. Approval of a supplier may be conditioned on the supplier's ability to provide sufficient quantity of product; quality of products or services at competitive prices; production and delivery capability; and dependability and general reputation.

Nothing in this Section 13 shall be construed to require Franchisor to approve any particular supplier, or to require Franchisor to make available to prospective suppliers, standards and specifications that Franchisor deems confidential.

13.1.4. Notwithstanding anything contrary in this Agreement, Franchisor has the right to review from time to time its approval of any items or suppliers. Franchisor may revoke its approval of any item, service or supplier at any time by notifying Franchisee and/or the supplier. Franchisee shall, at its own expense, promptly cease using, selling or providing any items or services disapproved by Franchisor.

13.1.5. Franchisor has the right to designate certain products and services, not otherwise authorized for general use as part of the System, to be offered locally or regionally based upon such factors as Franchisor determines including, but not limited to, franchisee qualifications, test marketing and regional or local differences. Franchisor has the right to give its consent to one or more franchisees to provide certain products or services not authorized for general use as part of the System. Such consent will be based upon the factors set forth in Section 10 and shall not create any rights in Franchisee to provide the same products or services.

13.1.6. Franchisee acknowledges and agrees that Franchisor and/or its affiliate may derive compensation or other benefits based on Franchisee's purchases or leases from designated or approved suppliers, and that Franchisor has the right to retain such compensation or benefits in consideration of the valuable services provided by Franchisor and/or its affiliate. Franchisee shall have no interest in or claim to such compensation or benefit.

13.2. Appearance and Condition of the Franchised Business

Franchisee shall maintain the service tools and equipment, vehicle and signage of the Franchised Business in "like new" condition, and shall repair or replace service tools and equipment, vehicle and signage as necessary to comply with the health and safety standards and specifications of Franchisor and any applicable laws or regulations. The vehicle used in the operation of Franchisee's LEGACY CLAIMS SERVICES Business must maintain reliability throughout the Term of this Agreement and meet Franchisor's minimum standards. The expense of such maintenance shall be borne by Franchisee and shall be in addition to any required System modifications, as described in Section 10.2.

13.3. Ownership and Management

The Franchised Business shall, at all times, be under the direct supervision of Franchisee or its Designated Manager. The Designated Manager shall devote best efforts to the management of the day-to-day operation of the Franchised Business, but not less than 35 hours per week, excluding vacation, sick leave and similar absences. Franchisee shall keep Franchisor informed, in writing, at all times of the identity of its Designated Manager. Franchisee must not engage in any business or other activities that will conflict with its obligations under this Agreement.

Franchisee shall maintain a competent, conscientious, and trained staff (who shall have been adequately trained by Franchisee) in numbers sufficient to service customers promptly and properly, including at least a manager or shift leader on duty at all times at which the Franchised Business is open (including daily Franchised Business opening and closing procedures), and shall take such steps as are necessary to ensure that its employees preserve good customer relations and comply with such dress code as Franchisor may prescribe. In addition, Franchisee and its employees shall handle all customer complaints, refunds, returns or other adjustments in accordance with Franchisor's policies as set forth in the Confidential Operations Manual or otherwise in writing. The parties acknowledge and agree that these requirements are necessary to preserve the goodwill identified by the Marks.

Franchisee acknowledges and agrees that Franchisee is solely responsible for all decisions relating to employees, agents, and independent contractors that Franchisee may hire to assist in the operation of the Franchised Business. Franchisee agrees that any employee, agent, or independent contractor that Franchisee

hires will be Franchisee's employee, agent, or independent contractor, and not Franchisor's employee, agent, or independent contractor. Franchisee also agrees that Franchisee is exclusively responsible for the terms and conditions of employment of Franchisee's employees, including recruiting, hiring, firing, training, compensation, work hours and schedules, work assignments, safety and security, discipline, and supervision. Franchisee's agrees to manage the employment functions of the Franchised Business in compliance with federal, state, and local employment laws. Star there

13.4. Days of Operation

Franchisee shall keep the Franchised Business open for business at least eight (8) hours per day, five (5) days per week as specified in the Confidential Operations Manual, and must be open extended hours and additional days when working a storm or other event that significantly increases claims.

13.5. Certifications

You may be required to obtain certifications as we may specify, which you shall obtain within the time period we specify, this includes I-CAR and Independent Appraiser PATH certifications.

13.5.1 Independent Appraiser PATH Certifications. We reserve the right to require you to completed Independent Appraiser PATH Certification for new franchisees or new employees with no appraisal experience. The cost of this training is approximately \$2,500 and is provided by a third-party source. All cost and expenses must be paid directly to such third-party provider.

13.6. Licenses and Permits

Franchisee shall secure and maintain in force all required operational and professional licenses, permits and certificates necessary for the operation of the Franchised Business, including all zoning and local permits necessary to operate the Franchised Business from the principal residence of Franchisee or its Designated Manager, and shall operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations. Franchisor makes no representation to Franchisee with regard to any legal requirements that Franchisee must satisfy or comply with in connection with the operation of the Franchised Business. Franchisee shall be solely responsible for investigating and complying with all such laws, ordinances and regulations with regard to the operation of the Franchised Business.

13.7. Notification of Proceedings

Franchisee shall notify Franchisor in writing of the commencement of any action, suit or proceeding involving Franchisee or the Franchised Business, and of the issuance of any order, writ, injunction, judgment, award or decree which may affect the operation or financial condition of the Franchised Business not more than five (5) days after notice of such commencement or issuance. Franchisee shall deliver to Franchisor not more than five (5) days after Franchisee's receipt thereof, a copy of any inspection report, warning, certificate or rating by any governmental agency relating to any health or safety law, rule, or regulation that reflects Franchisee's failure to meet and maintain the highest applicable rating or Franchisee's noncompliance or less than full compliance with any applicable law, rule or regulation.

13.8. Compliance with Good Business Practices

Franchisee acknowledges that the quality of customer service, and every detail of appearance and demeanor of Franchisee and its employees, is material to this Agreement and the relationship created and licenses granted hereby. Therefore, Franchisee shall endeavor to maintain high standards of quality and service in the operation of the Franchised Business, including operating in strict compliance with all applicable rules and regulations. Franchisee shall at all times give prompt, courteous and efficient service to customers of the Franchised Business. The Franchised Business shall in all dealings with its customers, vendors, Franchisor staff members, and the general public, adhere to the highest standards of honesty, fair dealing and ethical conduct. If Franchisor deems that Franchisee did not fairly handle a customer complaint or has operated outside of applicable rules and regulations, Franchisor has the right to intervene and satisfy the customer or resolve conflicts with vendors or others affected by Franchisee's conduct. Franchisor has

the right to terminate this Agreement for violation of this Section 13.

13.9. Uniforms

Franchisee shall abide by all uniform and dress code requirements stated in the Confidential Operations Manual or otherwise. Uniforms must be purchased from an Approved Supplier, if such is designated, or if none, then a supplier who meets Franchisor's specifications and quality standards for uniforms.

13.10. Credit Cards

Franchisee shall, at its expense, lease or purchase the necessary equipment and/or software and shall have arrangements in place with Visa, MasterCard, American Express and such other credit card issuers as Franchisor may designate, from time to time, to enable the Franchised Business to accept such methods of payment from its customers.

Franchisee shall accept debit cards, credit cards, stored value cards, and other non-cash systems (including, for example, APPLE PAY and/or GOOGLE WALLET) that Franchisor specifies periodically to enable customers to purchase authorized products, and to acquire and install all necessary hardware and/or software used in connection with these non-cash systems. The parties acknowledge and agree that protection of customer privacy and credit card information is necessary to protect the goodwill of businesses operating under the Marks and System. Accordingly, Franchisee shall cause the Franchised Business to meet or exceed, at all times, all applicable security standards developed by the Payment Card Industry Standards Council or its successor and other regulations and industry standards applicable to the protection of customer privacy and credit card information. Franchisee is solely responsible for its own education concerning these regulations and standards and for achieving and maintaining applicable compliance certifications. Franchisee shall defend, indemnify, and hold Franchisor harmless from and against all claims arising out of or related to Franchisee's violation of the provisions of this Section 13.10. We reserve the right to accept/receive your payments into a certified account and distribute those payments back to you.

13.11. E-Mail

Franchisee shall, at all times and at Franchisee's expense, maintain an e-mail address and account for communicating with Franchisor, per Franchisor's specifications. To the extent Franchisor provides franchisee emails, then Franchisee shall use the assigned email for all business purposes and shall respond to all emails within 1 business day.

13.12. Best Efforts and Minimum Performance Criteria

Franchisee shall use its best efforts to promote and increase the sales and recognition of services offered through the Franchised Business. Franchisee shall require all of Franchisee's employees, managers, officers, agents and representatives to make a good faith effort to enhance and improve the System and the sales of all products and services provided as part of the System.

There are no minimum performance criteria during Franchisee's first year of operations. Beginning with the second year of operations, Franchisee must pay Franchisor the difference between the total Royalty Fee paid to Franchisor and the applicable minimum monthly Royalty Fee in the amount and in the time frame described in the Summary Page. Failure to pay the minimum monthly Royalty Fee is a material breach of this Agreement, for which Franchisor may terminate this Agreement.

13.13 Other Franchisee's Employees

Franchisee is not prohibited from soliciting or hiring other LEGACY CLAIMS SERVICES franchisee's employees. If Franchisee employs another LEGACY CLAIMS SERVICES franchisee's employee who has attended Franchisor's training within 12 months of the hire date with Franchisee, Franchisee shall pay to the other franchisee the then-current training fee of Franchisor plus the other franchisee's actual costs for sending its employee to training, including but not limited to travel costs,

lodging, wages, and food, not to exceed \$1,500 for expenses.

13.14 ADA Certification

At its sole expense, Franchisee shall furnish evidence satisfactory to Franchisor that the Franchised Business Office (if not the Franchisee's home office) is designed, constructed, and altered in compliance, at all times, with the requirements of the Americans With Disabilities Act of 1990, the regulations now or hereafter adopted pursuant thereto, and any and all applicable state or local laws, statutes, ordinances, rules and regulations concerning public accommodations for disabled persons now or hereafter in effect. Franchisee shall indemnify, defend, and hold harmless the Franchisor from and against any and all claims, judgments, damages, penalties, fines, costs, liabilities and losses (including, without limitation, reasonable attorney's fees and disbursements) arising from Franchisee's failure to comply with this obligation.

13.15 Legal Compliance

In addition to complying with its obligations under this Agreement, Franchisee shall comply with all applicable federal, state, and local laws, rules, regulations, ordinances, and orders. Such laws, rules, regulations, ordinances, and orders vary from jurisdiction to jurisdiction and may be amended or implemented or interpreted in a different manner from time to time. It is Franchisee's sole responsibility to apprise itself of the existence and requirements of all such laws, rules, regulations, ordinances, and orders and to adhere to them at all times during the term of this Agreement. Failure to comply with applicable federal, state, and local laws, rules, regulations, ordinances, and orders is a material breach of this Agreement and Franchisor reserves the right to terminate this Agreement immediately for cause and without an opportunity to cure.

13.16 Data Security and Privacy

13.16.1. Franchisee must comply with all applicable federal, state and local laws, rules, and regulations regarding data security, protection, and privacy, including, without limitation and if applicable, the California Consumer Privacy Act ("CCPA"), Cal. Civ. Code § 1798.100, et seq. Franchisee must comply with any privacy policies, data protection policies, and breach response policies that Franchisor periodically may establish. Franchisee must notify Franchisor immediately regarding any actual or suspected data breach at or in connection with the Franchised Business. Further, whenever and to the extent Franchisee operates as a "Service Provider" under the CCPA or in a similar capacity under any other applicable federal, state, or local privacy law, Franchisee represents, warrants, and covenants that:

- a) Franchisee will not sell, make available or otherwise disclose any customer's "Personal Information" (as defined in the CCPA) to any third party for valuable consideration;
- b) Franchisee will retain, use, or disclose Personal Information only for the specific purpose of performing the services specified in this Agreement, and not any commercial or noncommercial purpose other than providing the services specified in this Agreement;
- c) Franchisee will not retain, use, or disclose Personal Information outside of the direct business relationship between Franchisee and Franchisor;
- d) Franchisee will delete any Personal Information upon Franchisor's request unless Franchisee can prove that such request is subject to an exception under applicable law; and
- e) Franchisee certifies that it understands and will fully comply with the restrictions of this section. Franchisee also acknowledges and agrees that Franchisor may modify the restrictions by written notice to Franchisee, including adding other similar privacy restrictions that may be required under other federal, state, or local privacy laws.

13.17 Customer List

Franchisee agrees that the list of the names, addresses and other information regarding current

clients or former clients of the Franchised Business, and those who have inquired about the services provided by Franchisee (the “Customer List”) are included in the Confidential Information, and shall constitute a trade secret of Franchisor. Franchisee agrees that Franchisee may not disclose the Customer List, or any portion thereof, to any person other than the Franchisor, either during the term of this Agreement or thereafter as required by Section 17.3.

13.18. Compliance with Brand Standards

In order to protect the reputation and goodwill of the System, Marks and to maintain high standards of operation under the System (“Brand Standard”), Franchisee agree to comply strictly with all of our required Brand Standards. Franchisee acknowledge that the Brand Standards may relate to any aspect of the appearance, operation, and marketing of the Franchised Business. Any material failure to comply with the required Brand Standards or to pass our inspection will constitute a material breach of this Agreement. However, Franchisee acknowledge that Franchisor has the right to vary their standards and specifications to accommodate the individual circumstances of different franchisees. Franchisor’s specifications do not constitute a warranty or representation, express or implied, as to quality, safety, suitability, fitness for a particular purpose or any manner. Franchisor will not be liable to Franchisee or others on account of the designation of Brand Standards for the operation of the Franchised Business under the System.

13.19 Customer Complaints

Franchisee agrees to promptly address all complaints in accordance with the procedures contained in the Confidential Operations Manual or as otherwise provided by the Franchisor. If Franchisee is unable or unwilling to resolve a customer complaint within forty-eight (48) hours, and it becomes necessary for the Franchisor to reimburse a customer in settlement of his or her complaint about work performed at or by your Business, you agree to promptly reimburse us for amounts expended on account of any such complaint. Your obligations and liabilities under this Section shall survive any termination or expiration of this Agreement.

13.20 National Accounts

We also reserve the right, to enter into agreements with specific regional or national customers in order to establish a National Account, in any area, including in your Territory. If we establish a National Account in your Territory you agree to service the National Account under the same terms, pricing, and provisions negotiated for the National Account. Under certain circumstances if we determine in our sole discretion that you are not capable of servicing the National Account, or if the volume of services exceed demand at the time, or if you choose not to provide services to such National Account customers, we may ourselves, or authorize other LEGACY franchisees or other qualified third-parties to provide the services in your Territory. You will not be compensated for such services provided by us, LEGACY franchisee, or any third parties in your Territory

13.21 Call Center

We do not currently have a call center; however, we reserve the right to establish and maintain a centralized call center for the purpose of accepting telephone, internet and other inquiries from potential customers and forwarding such customer information to the appropriate franchisee as set forth in Item 12 of this Disclosure Document. You must comply with our procedures for using the Call Center as we specify in the Confidential Operations Manual or otherwise in writing, including all fees due in connection with the Call Center. We will have the absolute right to receive all customer calls and subsequently service, route and/or assign work order or inquires resulting from such calls as we deem appropriate in our sole discretion. All Franchised Business related phone numbers and internet lead sources are required to be posted to or directed to the Call Center.

14. FRANCHISOR'S ADDITIONAL OPERATIONS ASSISTANCE

14.1. General Advice and Guidance

Franchisor will be available to render advice, discuss problems and offer general guidance to Franchisee during normal business hours by telephone, e-mail, newsletters, and other methods chosen by Franchisor in its sole discretion. Franchisor shall not charge for this service; however, Franchisor retains the right to refuse or charge a fee of \$750 per day for this service should Franchisee be deemed by Franchisor to be utilizing this service too frequently or in an unintended manner. Franchisor's advice or guidance to Franchisee relative to prices for products and services that, in Franchisor's judgment, constitutes good business practice is based upon the experience of Franchisor and its franchisees in operating LEGACY CLAIMS SERVICES Businesses and an analysis of costs and prices charged for competitive products and services. Franchisee shall have the sole right to determine the prices to be charged by the Franchised Business; provided, however, that Franchisor shall have the sole right to determine the prices to be charged for products sold through the LEGACY CLAIMS SERVICES Internet site, as negotiated by the Franchisor pursuant to the National Accounts customers, including products sold to persons identified as customers of the Franchised Business in the Franchisee's Territory. If Franchisor establishes a National Account in Franchisee's Territory, Franchisee agrees to service the National Account under the same terms, pricing, and provisions negotiated for the National Account.

14.2. Periodic Visits

Franchisor or Franchisor's representative may make periodic visits, which may be announced or unannounced, to the Franchised Business for the purposes of consultation, assistance, and guidance with respect to various aspects of the operation and management of the Franchised Business. Franchisor may also accompany Franchisee and/or Franchisee's employees along any job site visits, in order to monitor all business practices and better render any advice or opinions. Franchisor and Franchisor's representatives who visit the Franchised Business or accompany Franchisee and/or Franchisee's employees along job site visits may prepare, for the benefit of both Franchisor and Franchisee, written reports detailing any problems or concerns discovered during any such visit and outlining any required or suggested changes or improvements in the operations of the Franchised Business. Franchisor shall be given full access to the business operations for inspections and audit purposes. A copy of any such written report may be provided to Franchisee. Franchisee shall implement any required changes or improvements as required by Franchisor with time being of the essence.

15. INSURANCE

15.1. Types and Amounts of Coverage

Franchisor provides general liability and errors and omissions insurance coverage of at least \$1,000,000 per occurrence. Franchisee shall be obligated to participate and the Franchisee shall pay a fee of 1% of Gross Revenue to reimburse Franchisor for the expense incurred. Although Franchisor currently obtain this limited insurance on behalf of the Franchisee, the Franchisor retains the right to require the Franchisee to purchase the same. Any fees assessed or price increases by the insurance provider in connection with Franchisee's account will be passed through to the Franchisee and payment shall be due in the same timing and manner as requested above.

In addition to the general liability and errors and omissions insurance coverage as defined above, at its sole expense, Franchisee shall procure within sixty days of the Effective Date, and maintain in full force and effect during the term of this Agreement, insurance as required by state law and as we specify below. All policies (except any workers' compensation insurance) shall expressly name Franchisor as an additional insured – grantor of franchise and loss payee and all shall contain a waiver of all subrogation rights against Franchisor and its successors and assigns. In addition to any other insurance that may be required by applicable law, or by lender or lessor, Franchisee shall procure:

15.1.1. Workers' compensation insurance as required by state law;

15.1.2. Automobile liability insurance for owned or hired vehicles, with a combined single limit of at least \$500,000;

15.1.6. Such insurance as necessary to provide coverage under the indemnity provisions set forth herein.

Although not currently required, Franchisor reserves the right to require Franchisee to obtain insurance policies to protect against cybersecurity threats, and accordingly, to require that Franchisor is named as additional insured on these cybersecurity insurance policies. Franchisor's insurance requirements, including types of coverages and amount may change over time.

Franchisee acknowledges that the foregoing minimum insurance requirements do not constitute advice or a representation that such coverages are necessary or adequate to protect Franchisee from losses in connection with the Center. Nothing in this Agreement prevents or restricts Franchisee from acquiring and maintaining insurance with higher policy limits or lower deductibles than Franchisor requires.

15.2. Future Increases

Franchisor has the right to reasonably increase the minimum liability protection requirement annually and require different or additional insurance coverage(s) to reflect inflation, changes in standards of liability, future damage awards or other relevant changes in circumstances.

15.3. Carrier Standards

Such policies shall be written by an insurance company licensed in the state in which Franchisee operates and having at least an "A-" Rating Classification as indicated in the latest issue of A.M. Best's Key Rating Guide. You must identify Legacy Franchise Company, LLC as an additional insured grantor of franchise and loss payee on insurance policies that you purchase and furnish us proof of the endorsement along with insurance certificates and/or other proof of coverage to us that we require.

We reserve the right to require you to obtain insurance policies to protect against cybersecurity threats, and accordingly, to require that we are named as additional insured on these cybersecurity insurance policies.

15.4. Evidence of Coverage

Franchisee's obligation to obtain and maintain the foregoing policies shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of this obligation relieve it of liability under the indemnity provisions set forth in Section 21.3. Upon issuance of a policy and renewal of said policy, Franchisee shall provide to Franchisor, certificates of insurance showing compliance with the foregoing requirements within fifteen days of Franchisee's receipt of such certificates. Such certificates shall state that said policy or policies shall not be canceled or altered without at least thirty (30) days' prior written notice to Franchisor and shall reflect proof of payment of premiums.

15.5. Failure to Maintain Coverage

Should Franchisee not procure and maintain insurance coverage as required by this Agreement, Franchisor has the right (but not the obligation) to immediately procure such insurance coverage and to charge the premiums to Franchisee, which charges, together with a reasonable fee for expenses incurred by Franchisor in connection with such procurement, shall be payable by Franchisee immediately upon notice.

16. DEFAULT AND TERMINATION

16.1. Automatic Termination

The Franchise Agreement will terminate automatically, without notice, if Franchisee becomes insolvent (meaning unable to pay bills in the ordinary course of business as they become due); if a receiver of Franchisee's property or any part thereof is appointed by a court; if Franchisee makes a general assignment for the benefit of its creditors; if a final judgment against Franchisee remains unsatisfied of record for thirty (30) days or longer (unless *supersedeas* bond is filed); if execution is levied against Franchisee's business or property; or if a suit to foreclose any lien or mortgage against Franchisee's Franchised Business Office or equipment is instituted against Franchisee and not dismissed within thirty (30) days or is not in the process of being dismissed.

16.2. Termination by Franchisor

16.2.1. The following constitute incurable defaults under the Franchise Agreement. If any of the following occur, Franchisor shall have the right to terminate this Agreement, without providing Franchisee an opportunity to cure. Termination shall be effective upon delivery of notice of termination.

16.2.1.1. Franchisee fails to timely establish, equip and commence operations of the Franchised Business pursuant to Section 5;

16.2.1.2. Franchisee fails to have its Designated Manager satisfactorily complete any training program pursuant to Section 8;

16.2.1.3. Franchisee fails to maintain all required professional licenses, permits and certifications for a period exceeding five (5) business days;

16.2.1.4. Franchisee made any material misrepresentation or omission in its application for the Franchise or otherwise to Franchisor in the course of entering into this Agreement;

16.2.1.5. Franchisee is convicted of or pleads no contest to a felony or other crime or offense that is likely to adversely affect the reputation of Franchisor, Franchisee or the Franchised Business, or noncompliance with any federal, state, or local law pursuant to its obligations under Section 13.15;

16.2.1.6. Franchisee, after notice to cure, fails to refrain from activities, behavior or conduct likely to adversely affect the reputation of Franchisor, Franchisee or the Franchised Business;

16.2.1.7. Franchisee discloses, duplicates or otherwise uses in an unauthorized manner any portion of the Confidential Operations Manual, Trade Secrets or any other Confidential Information;

16.2.1.8. If required by Franchisor, Franchisee fails to have any holder of a legal or in Franchisee (and any member of their immediate families or households), and any officer, director, executive, manager or member of the professional staff and all employees of Franchisee, execute a nondisclosure and non-competition agreement, in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Attachment 2, upon execution of this Agreement or prior to each such person's affiliation with Franchisee or fails to provide Franchisor with copies of all nondisclosure and non-competition agreements signed pursuant to Section 7.4 if requested by Franchisor;

16.2.1.9. Franchisee abandons, fails or refuses to actively operate the Franchised Business for five (5) or more consecutive days (unless the Franchised Business has not been operational for a purpose approved by Franchisor);

16.2.1.10. Franchisee surrenders or transfers control of the operation of the Franchised Business without Franchisor's approval, makes or attempts to make an unauthorized direct or indirect assignment of the Franchise or an ownership interest in Franchisee, or fails or refuses to assign the Franchise or the interest in Franchisee of a deceased or incapacitated owner thereof as herein required;

16.2.1.11. Franchisee fails to maintain the Franchised Business under the primary supervision of a Designated Manager during the one hundred eighty (180) days following the death or Incapacity of Franchisee or any holder of a legal or beneficial interest in Franchisee pursuant to Section 18.6;

16.2.1.12. Franchisee submits to Franchisor on two (2) or more separate occasions at any time during the term of the Franchise any reports or other data, information or supporting records that understate any Royalty Fee or any other fees owed to Franchisor by more than three percent (3%) for any accounting period and Franchisee is unable to demonstrate that such understatements resulted from inadvertent error;

16.2.1.13. Franchisee misuses or makes an unauthorized use of any of the Marks or commits any other act which can reasonably be expected to impair the goodwill associated with any of the Marks;

16.2.1.14. Franchisee fails on two (2) or more separate occasions within any period of twelve (12) consecutive months to submit reports or other information or supporting records when due, to pay any Royalty Fee, Marketing Fee, amounts due for purchases from Franchisor and any Affiliate, or other payment when due to Franchisor or any Affiliate, whether or not such failures to comply are corrected after notice thereof is delivered to Franchisee;

16.2.1.15. Franchisee violates on two (2) or more occasions any health or safety law, ordinance or regulation, or operates the Franchised Business in a manner that presents a health or safety hazard to its customers, employees or the public;

16.2.1.16. Franchisee fails to comply with any provision of this Agreement three or more times in a twelve-month period, whether or not cured; or

16.2.1.17. Franchisee defaults under the Promissory Note in Attachment 9 of this Agreement or any other agreement between Franchisor (or any Affiliate) and Franchisee, such that Franchisor or its Affiliate, as the case may be, has the right to terminate such agreement or such agreement automatically terminates.

16.2.2. The following constitute curable defaults under the Franchise Agreement. If any of the following occur, Franchisor shall have the right to terminate this Agreement, if you fail to cure during the requisite cure period after receiving notice. Termination shall be effective upon delivery of notice of termination.

16.2.2.1. Franchisee engages in any activity exclusively reserved to Franchisor, and fails to cure such offending activity within five (5) days after delivery of written notice;

16.2.2.2. Franchisee fails to comply with any applicable law or regulation, and fails to cure such failure within ten (10) days after delivery of written notice;

16.2.2.3. Franchisee fails to pay any amounts due under this Agreement, and fails to cure such default within five (5) days after delivery of written notice default;

16.2.2.4. Franchisee fails to procure or maintain insurance as specified in Section 15 of this Agreement, and fails to cure such default within ten (10) days after delivery of written notice of default;

16.2.2.5. Franchisee materially breaches any other provision of this Agreement, and fails to cure such default within thirty (30) days after delivery of written notice of default.

16.2.2.6 Within any rolling 12 month period, fails to comply with this Agreement on 3 or more separate occasions for which notices of default were given (or fails on 2 or more separate noticed occasions to comply with the same obligation), whether or not those failures to comply are corrected.

16.2.3. If provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation or non-renewal other than in accordance with applicable law, Franchisor may reinstate or extend the term of this Agreement for the purpose of complying with applicable law by submitting a written notice to Franchisee without waiving any of Franchisor's rights under this Agreement.

16.3. Termination by Franchisee

If Franchisee is in full compliance with all of the terms of this Agreement and Franchisor materially breaches this Agreement and fails to commence reasonable efforts to cure such breach within thirty (30) days after receiving written notice identifying the claimed breach, Franchisee may elect to terminate this Agreement unless the breach cannot reasonably be cured within such thirty (30) days. If the breach cannot reasonably be cured in such thirty (30) days, Franchisee may elect to terminate this Agreement only if Franchisor does not promptly undertake and continue efforts to cure such material breach within a reasonable period of time and furnish Franchisee reasonable proof of such efforts.

16.4. Alternate Remedies

16.4.1. If Franchisee is in breach of any obligation under this Agreement, and Franchisor delivers to Franchisee a notice of termination pursuant to Section 16.2.2, Franchisor has the right to suspend its performance of any of its obligations under this Agreement including, without limitation, the sale or supply of any products or services for which Franchisor is an Approved Supplier to Franchisee, until such time as Franchisee corrects the breach.

16.4.2. If, prior to the Expiration Date, Franchisee terminates this Agreement without good cause, or if Franchisor terminates this Agreement on account of Franchisee's material default hereof, the parties acknowledge and agree that Franchisor will suffer damages for the loss of the benefit bargained for in this Agreement and irreparable damage to the integrity of the franchise system. As compensation for these damages Franchisor shall be entitled to collect from Franchisee, in addition to all other amounts due Franchisor (including, without limitation, the Final Payment described in Section 17.2.), liquidated damages calculated as an amount equal to (a) the product of Franchisee's average Gross Revenue, multiplied by 20%, multiplied by the lesser of (i) twenty-four months, or (ii) the number of full months remaining in the franchise term. For purposes of this calculation, "Average Gross Revenue" means total Gross Revenue for the twelve-month period immediately preceding termination, divided by twelve. If the Franchised Business has been operating for less than twelve months at the time of termination, "Average Gross Revenue" means total Gross Revenue for the period of operation divided by the number of months in operation. Franchisee acknowledges and agrees that, in the event of Franchisee's violation of this Agreement by premature closure, abandonment, or termination due to violation of this Agreement, proof of actual damages would be difficult and that the formula for calculating liquidated damages contained herein is a reasonable estimate of what actual damages would be. The foregoing formula does not result in a penalty. Franchisor has an expectation that Franchisee's franchised business will be open and operating for the full Term of the Agreement. An early closure reduces Franchisor's revenue and damages our image in the public. Calculating the value and expense of this injury is difficult to determine and may be hard to calculate with specificity, but the parties acknowledge the injury. Therefore, the parties have elected to agree in advance to calculation of liquidated damages to compensate Franchisor for its damages and to provide certainty to Franchisee of the amounts due.

17. RIGHTS AND DUTIES UPON EXPIRATION OR TERMINATION

17.1. Actions to be Taken

Except as otherwise provided herein, upon termination or expiration, this Agreement and all rights granted hereunder to Franchisee shall terminate and Franchisee shall:

17.1.1. Immediately cease to operate the Franchised Business and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor;

17.1.2. Cease to use the Trade Secrets or other Confidential Information, the System and the Marks including, without limitation, all slogans, symbols, logos, advertising materials, stationery, forms and any other items which display or are associated with the Marks, and Franchisee will immediately return the Customer List to Franchisor;

17.1.3. Take such action as may be necessary to cancel or assign to Franchisor, at Franchisor's option, any assumed name or equivalent registration filed with state, city or county authorities which contains the names "LEGACY CLAIMS SERVICES" or any other Mark, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement;

17.1.4. Pay all sums owing to Franchisor and any Affiliate, including amounts due under Section 17.2., below. In the event of termination for any default of Franchisee, such sums shall include, but not be limited to, all damages, costs and expenses, including reasonable attorneys' fees, with respect to litigation, arbitration, appellate or bankruptcy proceedings, unpaid Royalty Fees, and any other amounts due to Franchisor or any Affiliate;

17.1.5. Pay to Franchisor all costs and expenses, including reasonable attorneys' fees, incurred by Franchisor subsequent to the termination or expiration of the Franchise in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement;

17.1.6. Immediately return to Franchisor the Confidential Operations Manual, Trade Secrets and all other Confidential Information including records, files, instructions, brochures, agreements, referral contact list, disclosure statements and any and all other materials provided by Franchisor to Franchisee relating to the operation of the Franchised Business (all of which are acknowledged to be Franchisor's property);

17.1.7. Assign all of Franchisee's email addresses, any websites, and telephone listings and numbers for the Franchised Business to Franchisor and shall notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone numbers associated with the Marks and shall authorize transfer of same to or at the direction of Franchisor; and

17.1.8. Comply with all other applicable provisions of this Agreement.

17.2. Security

17.2.1. To secure payment of Franchisee's obligations hereunder and all amounts due under this Agreement, Franchisee hereby grants to Franchisor a security interest in, and collaterally assigns to Franchisor all of its rights and interests to, Franchisee's Accounts Receivable and the proceeds thereof. Franchisor shall have the right to retain from collected amounts all amounts due and may reimburse itself all collection costs including, without limitation, collection agency fees, attorneys' fees, and court costs. Collection costs will be determined in the aggregate, without allocation to specific collected amounts.

17.3. Post-Termination Covenant Not to Compete

17.3.1. Franchisee acknowledges that the restrictive covenants contained in this Section 17 and in Section 7 are fair and reasonable and are justifiably required for purposes including, but not limited to, the following:

17.3.1.1. To protect the Trade Secrets, Goodwill, and Confidential Information of Franchisor;

17.3.1.2. To induce Franchisor to grant a Franchise to Franchisee;

17.3.1.3. To protect Franchisor's contractual relationships with other franchise; and

17.3.1.4. To protect Franchisor against its costs in training Franchisee and its officers, directors, executives, professional staff and Designated Managers.

17.3.2. Except as otherwise approved in writing by Franchisor, neither Franchisee, nor any holder of a legal or beneficial interest in Franchisee, nor any officer, director, executive, manager, or member of the professional staff of Franchisee, shall, for a period of two (2) years after the expiration or termination

of this Agreement, regardless of the cause of termination, either directly or indirectly, for themselves or through, on behalf of or in conjunction with any person or entity:

17.3.2.1. (a) own an interest in, manage, or operate any Competitive Business in the former Territory, within twenty-five (25) miles from the perimeter of the former Territory, or within twenty-five (25) miles from the perimeter of any other LEGACY CLAIMS SERVICES business; or (b) perform Competitive Services in the former Territory, within twenty-five (25) miles from the perimeter of the former Territory, or within twenty-five (25) miles from the perimeter of any other LEGACY CLAIMS SERVICES business or territory;

17.3.2.2. Solicit or otherwise attempt to induce or influence any customer or other business associate of Franchisor and or LEGACY CLAIMS SERVICES franchisees to terminate or modify his, her or its business relationship with LEGACY CLAIMS SERVICES or to compete against Franchisor; or

17.3.3 In furtherance of this Section 17, Franchisor has the right to require certain individuals to execute standard form nondisclosure or non-competition agreements in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Attachment 2.

17.3.4 The two-year period shall be tolled during any event of non-compliance.

17.4. Unfair Competition

If Franchisee operates any other business, Franchisee shall not use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, that is likely to cause confusion, mistake or deception, or that is likely to dilute Franchisor's rights in the Marks. Franchisee shall not utilize any designation of origin, description or representation that falsely suggests or represents an association or connection with Franchisor. This Section 17 is not intended as an approval of Franchisee's right to operate other businesses and in no way is it intended to contradict Sections 7, 17.1, or 17.3. Franchisee shall make such modifications or alterations to the Franchised Business Office (including changing all telephone numbers associated with the Franchise Business) immediately upon termination or expiration of this Agreement as may be necessary to prevent any association between Franchisor or the System and any business subsequently operated by Franchisee or others at the Franchised Business Office. Franchisee shall make such specific additional changes to the Franchised Business Office as Franchisor may reasonably request for that purpose including, without limitation, removal of all physical and structural features identifying or distinctive to the System. If Franchisee fails or refuses to comply with the requirements of this Section 17, Franchisor has the right to enter upon the Franchised Business Office for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee shall pay upon demand.

17.5. Survival of Certain Provisions

All obligations of Franchisor and Franchisee, which expressly or by their nature survive the expiration or termination of this Agreement, shall continue in full force and effect subsequent to and notwithstanding their expiration or termination and until satisfied or by their nature expire.

17.6 Enforcement of Covenants

Franchisee acknowledges and agrees that (i) this section is reasonable because it promotes and protects the subject matter of this Agreement and/or the underlying relationship and/or deters any potential conflict of interest; (ii) the time, territory, and scope of the covenants provide in this Section are reasonable and necessary for the protection of our legitimate business interests; (iii) Franchisee has received sufficient and valid consideration in exchange for those covenants; (iv) enforcement of the same would not impose undue hardship because you have sufficient professional skills; and (v) the period of protection provided by these covenants will not be reduced by any period of time during which Franchisee is in violation of the provisions of those covenants or any period of time required for enforcement of those covenants. To the

extent that this Section is judicially determined to be unenforceable by virtue of its scope or in terms of area, restricted activity or length of time, but may be made enforceable by reductions of any or all thereof, the same will be so modified and enforced to the fullest extent permissible. Franchisee agrees that the existence of any claim you may have against us, whether or not arising from this Agreement, will not constitute a defense to our enforcement of the covenants contained in this Section. Franchisee acknowledges that any breach or threatened breach of this Section will cause us irreparable injury for which no adequate remedy at law is available, and you consent to the issuance of a temporary or permanent injunction prohibiting any conduct violating the terms of this Section. Such injunctive relief will be in addition to any other remedies or claims for damages that we may have.

17.7 Disputed Enforceability

The parties have attempted in the above Section to limit Franchisee's right to compete only to the extent necessary to protect Franchisor from unfair competition. The parties hereby expressly agree that if the scope of enforceability of the above provision is disputed at any time by Franchisee, a court or arbitrator, as the case may be, may modify this Section to the extent it deems necessary to make supervision enforceable under applicable law. In addition, Franchisor reserves the right to reduce the scope of said provision with Franchisee's consent, at any time or times, effective immediately upon notice to Franchisee. **FRANCHISEE EXPRESSLY ACKNOWLEDGES THAT IT POSSESSES SKILLS AND ABILITIES OF A GENERAL NATURE AND HAS OTHER OPPORTUNITIES TO EXPLOIT SUCH SKILLS. CONSEQUENTLY, ENFORCEMENT OF THE COVENANTS SET FORTH ABOVE WILL NOT DEPRIVE FRANCHISEE OF THE ABILITY TO EARN A LIVING.**

17.8 Franchisee's Acknowledgment

Franchisor must be protected against the potential for unfair competition by Franchisee's use of Franchisor's training, assistance, Confidential Information, and Trade Secrets in direct competition with Franchisor. Franchisee further acknowledges that Franchisor would not have entered into this Agreement or shared the Confidential Information, Trade Secrets, and other information with Franchisee absent Franchisee's agreement to strictly comply with the provisions of this Section. Franchisee acknowledges that as a Franchisee of Franchisor, it will have access to Franchisor's Trade Secrets and Confidential Information and therefore be in a unique position to use the special knowledge gained as a franchisee. Franchisee acknowledges that a breach of the covenants contained in this Section will be deemed to threaten immediate and substantial irreparable injury to Franchisor. Accordingly, Franchisee agrees that Franchisor will have the right without prior notice to Franchisee, to obtain immediate injunctive relief without limiting any other rights or remedies and without posting a bond.

18. TRANSFERABILITY OF INTEREST

18.1 Transfer by Franchisor

This Agreement and all rights and duties hereunder are fully transferable in whole or in part by Franchisor, without Franchisee's approval or prior notice to Franchisee, and such rights will inure to the benefit of any person or entity to whom transferred; provided, however, that with respect to any assignment resulting in the subsequent performance by the assignee of the functions of Franchisor, the assignee shall assume the obligations of Franchisor hereunder and Franchisor shall thereafter have no liability for the performance of any obligations contained in this Agreement arising after the date of transfer.

18.2 Transfer by Franchisee to a Third Party

The rights and duties of Franchisee as set forth in this Agreement, and the Franchise herein granted, are personal to Franchisee (or its owners), and Franchisor has entered into this Agreement in reliance upon Franchisee's personal or collective skill and financial ability. Accordingly, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee may sell, assign, convey, give away, pledge, mortgage, sublicense, or otherwise transfer, whether by operation of law or otherwise, any interest in this Agreement,

the Franchise granted hereby, the assets of the Franchised Business or any part or all of the ownership interest in Franchisee without the prior written approval of Franchisor. Any purported transfer without such approval shall be null and void and shall constitute a material breach of this Agreement. If Franchisee is in compliance with this Agreement, Franchisor's consent to such transfer shall be conditioned upon the satisfaction of the following requirements:

18.2.1. Franchisee has complied with the requirements set forth in Section 19;

18.2.2. All obligations owed to Franchisor, and all other outstanding obligations relating to the Franchised Business, are fully paid and satisfied;

18.2.3. Franchisee (and any transferring owners, if Franchisee is a business entity) has executed a general release, in a form prescribed by Franchisor, of any and all claims against Franchisor, including its officers, directors, shareholders, managers, members, partners, owners, employees, and agents (in their corporate and individual capacities), including, without limitation, claims arising under federal, state or local laws, rules or ordinances, and any other matters incident to the termination of this Agreement or to the transfer of Franchisee's interest herein or to the transfer of Franchisee's ownership of all or any part of the Franchise; provided, however, that if a general release is prohibited, Franchisee shall give the maximum release allowed by law;

18.2.4. The prospective transferee has satisfied Franchisor that it meets Franchisor's management, business and financial standards, and otherwise possesses the character and capabilities, including business reputation and credit rating, as Franchisor may require to demonstrate ability to conduct the Franchised Business;

18.2.5. The transferee and, if Franchisor requires, all persons owning any interest in the transferee, have executed the form of franchise agreement then being offered to new franchisees, which may be substantially different from this Agreement, and may include a different Royalty Fee, Marketing Fee, and other material provisions; the initial term of the franchise agreement shall be the initial term provided for in the then-current franchise agreement, and all renewal terms shall be governed by the then-current franchise agreement, and the territory shall be the same as the Territory granted pursuant to this Agreement;

18.2.6. The transferee has executed a general release, in a form prescribed by Franchisor, of any and all claims against Franchisor and its officers, directors, shareholders, managers, members, partners, owners, employees, and agents (in their corporate and individual capacities), with respect to any representations regarding the Franchise or the business conducted pursuant thereto or any other matter that may have been made to the transferee by Franchisee;

18.2.7. Franchisee has provided Franchisor with a complete copy of all contracts and agreements and related documentation between Franchisee and the prospective transferee relating to the intended sale or transfer of the Franchise;

18.2.8. Franchisee, or the transferee, has paid to Franchisor a transfer fee in the amount stated in the Summary Page;

18.2.9. The transferee has obtained all necessary consents and approvals by third parties and all applicable federal, state and local laws, rules, ordinances and requirements applicable to the transfer have been complied with or satisfied;

18.2.10. Franchisee has, and if Franchisee is an entity, all of the holders of a legal and beneficial interest in Franchisee have executed and delivered to Franchisor a nondisclosure and non-competition agreement in a form satisfactory to Franchisor and in substance the same as the nondisclosure and non-competition covenants contained in Sections 7 and 17;

18.2.11. The transferee agrees that its Designated Manager shall complete, to Franchisor's satisfaction, a training program in substance similar to the initial training described in Section 8.1 prior to assuming the management of the day-to-day operation of the Franchised Business; and

18.2.12. In the event of a transfer among a single Franchisee entity or group of purchasers comprising a single Franchisee, Franchisor reserves the right for the continuing Franchisee or owners to sign a new Franchise Agreement.

18.3. Transfer to a Controlled Entity

18.3.1. If Franchisee wishes to transfer this Agreement or any interest herein to a corporation, limited liability company or other legal entity which shall be entirely owned by Franchisee (“Controlled Entity”), which Controlled Entity is being formed for the financial planning, tax or other convenience of Franchisee, Franchisor’s consent to such transfer shall be conditioned upon the satisfaction of the following requirements:

18.3.1.1. The Controlled Entity is newly organized and its charter or articles of formation provides that its activities are confined exclusively to the operation of the Franchised Business;

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

18.3.1.3. All obligations of Franchisee to Franchisor or any Affiliate are fully paid and satisfied; provided, however, that neither Franchisee nor the Controlled Entity shall be required to pay a transfer fee as required pursuant to Section 18.2.8;

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

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

18.3.1.6. Each share certificate (or other certificate reflecting an ownership interest) shall have conspicuously endorsed on it a statement, in a form satisfactory to Franchisor, that the certificate is held subject to the transfer restrictions contained in the Franchise Agreement; and

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

18.3.2. The term of the transferred franchise shall be the unexpired term of this Agreement, including all renewal rights, subject to any and all conditions applicable to such renewal rights.

18.3.3. Franchisor’s consent to a transfer of any interest in this Agreement, or of any ownership interest in the Franchised Business, shall not constitute a waiver of any claims Franchisor may have against the transferor or the transferee, nor shall it be deemed a waiver of Franchisor’s right to demand compliance with the terms of this Agreement.

18.4. Franchisor’s Disclosure to Transferee

Franchisor has the right, without liability of any kind or nature whatsoever to Franchisee, to make available for inspection by any intended transferee of Franchisee all or any part of Franchisor’s records relating to this Agreement, the Franchised Business or to the history of the relationship of the parties hereto. Franchisee hereby specifically consents to such disclosure by Franchisor and shall release and hold

Franchisor harmless from and against any claim, loss or injury resulting from an inspection of Franchisor's records relating to the Franchised Business by an intended transferee identified by Franchisee.

18.5. For-Sale Advertising

Franchisee shall not, without prior written consent of Franchisor, place in, on or upon the location of the Franchised Business, or in any communication media, any form of advertising relating to the sale of the Franchised Business or the rights granted hereunder.

18.6. Transfer by Death or Incapacity

Upon the death or Incapacity of Franchisee (if Franchisee is an individual) or any holder of a legal or beneficial interest in Franchisee (if Franchisee is a business entity), the appropriate representative of such person (whether administrator, personal representative or trustee) shall, within a reasonable time not exceeding one hundred eighty (180) days following such event, transfer such individual's interest in the Franchised Business or in Franchisee to a third party approved by Franchisor. Such transfers, including transfers by will or inheritance, shall be subject to the conditions for assignments and transfers contained in this Agreement, unless prohibited by the laws of the state wherein Franchisee resided, with such choice of law provision being applicable only for this Section 18.6. During such one hundred eighty (180) day period, the Franchised Business must remain at all times under the primary management of a Designated Manager who otherwise meets Franchisor's management qualifications.

19. RIGHT OF FIRST REFUSAL

19.1. Submission of Offer

If Franchisee, or any of its owners, proposes to sell or otherwise transfer (including a transfer by death or Incapacity pursuant to Section 18.6) the Franchised Business (or any of its assets outside of the normal course of business), any ownership interest in Franchisee or any ownership interest in the Franchise granted hereunder, Franchisee shall obtain and deliver a *bona fide*, executed written offer or proposal to purchase, along with all pertinent documents including any contract or due diligence materials, to Franchisor, except with regards to a sale or transfer to a family member. The offer must apply only to an approved sale of the assets or interests listed above and may not include any other property or rights of Franchisee or any of its owners.

19.2. Franchisor's Right to Purchase

Franchisor shall, for thirty (30) days from the date of delivery of all such documents, have the right, exercisable by written notice to Franchisee, to purchase the offered assets or interest for the price and on the same terms and conditions contained in such offer communicated to Franchisee. Franchisor has the right to substitute cash for the fair market value of any form of payment proposed in such offer. Franchisor's credit shall be deemed at least equal to the credit of any proposed buyer. After providing notice to Franchisee of Franchisor's intent to exercise this right of first refusal, Franchisor shall have up to sixty days to close the purchase. Franchisor shall be entitled to receive from Franchisee all customary representations and warranties given by Franchisee as the seller of the assets or such ownership interest or, at Franchisor's election, such representations and warranties contained in the proposal.

19.3. Non-Exercise of Right of First Refusal

If Franchisor does not exercise its right of first refusal within thirty (30) days from the date of delivery of all such documents, the offer or proposal may be accepted by Franchisee or any of its owners, subject to Franchisor's prior written approval as required by Section 18.2. Should the sale fail to close within one hundred twenty (120) days after the offer is delivered to Franchisor, Franchisor's right of first refusal shall renew and be implemented in accordance with this Section 19.

19.4. Sales or Transfers to Family Excepted

If Franchisee, or any of its owners, proposes to sell or otherwise transfer the Franchised Business (or any of its assets outside of the normal course of business), any ownership interest in Franchisee or any ownership interest in the Franchise granted hereunder to a member of Franchisee's (or its owners') family, then the terms and conditions of this Section 19 shall be inapplicable. Nothing in this Section 19.4 shall be construed to relieve Franchisee from full compliance with the terms and conditions of Section 18.2 prior to a sale or transfer to family pursuant to this Section 19.

20. BENEFICIAL OWNERS OF FRANCHISEE

Franchisee represents, and Franchisor enters into this Agreement in reliance upon such representation, that the individuals identified in Attachment 4 are the sole holders of a legal or beneficial interest (in the stated percentages) of Franchisee.

21. RELATIONSHIP AND INDEMNIFICATION

21.1. Relationship

This Agreement is purely a contractual relationship between the parties and does not appoint or make Franchisee an agent, legal representative, joint venturer, partner, employee, servant or independent contractor of Franchisor for any purpose whatsoever. Franchisee may not represent or imply to third parties that Franchisee is an agent of Franchisor, and Franchisee is in no way authorized to make any contract, agreement, warranty or representation on behalf of Franchisor, or to create any obligation, express or implied, on Franchisor's behalf. During the term of this Agreement, and any extension or renewal hereof, Franchisee shall hold itself out to the public only as a franchisee and an owner of the Franchised Business operating the Franchised Business pursuant to a franchise from Franchisor. Franchisee shall take such affirmative action as may be necessary to do so including, without limitation, exhibiting a notice of that fact in a conspicuous place on all forms, stationery or other written materials, the content of which Franchisor has the right to specify. Under no circumstances shall Franchisor be liable for any act, omission, contract, debt, nor any other obligation of Franchisee. Franchisor shall in no way be responsible for any injuries to persons or property resulting from the operation of the Franchised Business. Any third-party contractors and vendors retained by Franchisee to convert or construct the premises are independent contractors of Franchisee alone.

21.2. Standard of Care

This Agreement does not establish a fiduciary relationship between the parties. Unless otherwise specifically provided in this Agreement with respect to certain issues, whenever this Agreement requires Franchisee to obtain Franchisor's written consent or permits Franchisee to take any action or refrain from taking any action, Franchisor is free to act in its own self-interest without any obligation to act reasonably, to consider the impact on Franchisee or to act subject to any other standard of care limiting Franchisor's right, except as may be provided by statute or regulation.

21.3. Indemnification

Franchisee shall hold harmless and indemnify Franchisor, any Affiliate, all holders of a legal or beneficial interest in Franchisor and all officers, directors, executives, managers, members, partners, owners, employees, agents, successors and assigns (collectively "Franchisor Indemnities") from and against all losses, damages, fines, costs, expenses or liability (including reasonable attorneys' fees and all other costs of litigation) incurred in connection with any action, suit, demand, claim, investigation or proceeding, or any settlement thereof, which arises from or is based upon Franchisee's **(a)** ownership or operation of the Franchised Business; **(b)** violation, breach or asserted violation or breach of any federal, state or local law, regulation or rule; **(c)** breach of any representation, warranty, covenant, or provision of this Agreement or any other agreement between Franchisee and Franchisor (or an Affiliate); **(d)** defamation of Franchisor or the System; or **(e)** infringement, violation or alleged infringement or violation of any Mark, patent or copyright or any misuse of the Trade Secrets or other Confidential Information. Franchisee's

indemnification obligations shall not apply to the extent that the damages are caused by Franchisor's negligence or breach of this Agreement. The obligations of this Section 21.3 shall expressly survive the termination of this Agreement.

21.4. Right to Retain Counsel

Franchisee shall give Franchisor immediate notice of any such action, suit, demand, claim, investigation or proceeding that may give rise to a claim for indemnification by a Franchisor Indemnity. Franchisor has the right to retain counsel of its own choosing in connection with any such action, suit, demand, claim, investigation or proceeding. In order to protect persons, property, Franchisor's reputation or the goodwill of others, Franchisor has the right to, at any time without notice, take such remedial or corrective actions as it deems expedient with respect to any action, suit, demand, claim, investigation or proceeding if, in Franchisor's sole judgment, there are grounds to believe any of the acts or circumstances listed above have occurred. If Franchisor's exercise of its rights under this Section 21 causes any of Franchisee's insurers to refuse to pay a third-party claim, all cause of action and legal remedies Franchisee might have against such insurer shall automatically be assigned to Franchisor without the need for any further action on either party's part. Under no circumstances shall Franchisor be required or obligated to seek coverage from third parties or otherwise mitigate losses in order to maintain a claim against Franchisee. The failure to pursue such remedy or mitigate such loss shall in no way reduce the amounts recoverable by Franchisor from Franchisee. Franchisee agrees to not be a party to class action suit against LEGACY CLAIMS SERVICES under any circumstances.

22. GENERAL CONDITIONS AND PROVISIONS

22.1. No Waiver

No failure of Franchisor to exercise any power reserved to it hereunder, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom nor practice of the parties in variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with the terms of this Agreement. Waiver by Franchisor of any particular default by Franchisee shall not be binding unless in writing and executed by Franchisor and shall not affect nor impair Franchisor's right with respect to any subsequent default of the same or of a different nature. Subsequent acceptance by Franchisor of any payment(s) due shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

22.2. Injunctive Relief

As any breach by Franchisee of any of the restrictions contained in Sections 6, 7, and 17 would result in irreparable injury to Franchisor, and as the damages arising out of any such breach would be difficult to ascertain, in addition to all other remedies provided by law or in equity, Franchisor shall be entitled to seek injunctive relief (whether a restraining order, a preliminary injunction or a permanent injunction) from any court of competent jurisdiction or the American Arbitration Association against any such breach, whether actual or contemplated, without the necessity of posting security or bond and Franchisee shall be responsible for Franchisor's reasonable attorneys' fees incurred in pursuing the same. Franchisor's right to seek injunctive relief will not affect the parties' waiver of jury trial and covenant to mediate and arbitrate all disputes in accordance with Sections 23.7. and 23.8. Franchisor's rights herein shall include pursuing injunctive relief in any court of competent jurisdiction.

22.3. Notices

All notices required or permitted under this Agreement shall be in writing and shall be deemed received: **(a)** at the time delivered by hand to the recipient party (or to an officer, director, or partner of the recipient party); **(b)** on the next business day after transmission by e-mail or other reasonably reliable electronic communication system; **(c)** two (2) business days after being sent via guaranteed overnight delivery by a commercial courier service; or **(d)** five (5) business days after being sent by Registered Mail,

return receipt requested. Either party may change its address by a written notice sent in accordance with this Section 22.3. All notices, payments, and reports required by this Agreement shall be sent to Franchisor at the following address:

Legacy Franchise Company, LLC
Attn: Mark Petty, COO
5184 Caldwell Mill Rd., Ste. 204-230
Birmingham, AL 35244

22.4. Cost of Enforcement or Defense

If either party is required to enforce this Agreement in a judicial proceeding, the substantially prevailing party shall be entitled to reimbursement of its costs, including reasonable accounting and attorneys' fees, travel costs, expert witness fees, filing fees, and other litigation costs.

22.5. Unlimited Guaranty and Assumption of Obligations

All holders of a legal or beneficial interest in Franchisee of five percent (5%) or greater shall be required to execute, as of the date of this Agreement, the Unlimited Guaranty and Assumption of Obligations attached as Attachment 3, through which such holders agree to assume and discharge all of Franchisee's obligations under this Agreement and to be personally liable hereunder for all of the same.

22.6. Approvals

Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor for such approval and, except as otherwise provided herein, any approval or consent granted shall be effective only if in writing. Franchisor shall not unreasonably withhold its approval or consent. Franchisor makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent or services to Franchisee in connection with this Agreement, or by reason of any neglect, delay or denial of any request for approval.

22.7. Entire Agreement

This Agreement, including its exhibits, constitutes the entire, complete, and fully integrated agreement between Franchisor and Franchisee concerning the subject matter hereof, and supersedes all prior representations, promises, and agreements. No amendment, change or variance from this Agreement shall be binding on either party unless memorialized in a writing executed by both parties. Nothing in this or any related agreement, however, is intended to disclaim any representations we made in the franchise disclosure document that we furnished to you.

22.8. Severability

22.8.1. Except as noted below, each paragraph, part, term and provision of this Agreement shall be considered severable. If any paragraph, part, term or provision herein is ruled to be unenforceable, unreasonable or invalid, such ruling shall not impair the operation of or affect the remaining portions, paragraphs, parts, terms and provisions of this Agreement, and the latter shall continue to be given full force and effect and bind the parties; and such unenforceable, unreasonable or invalid paragraphs, parts, terms or provisions shall be deemed not part of this Agreement. If Franchisor determines that a finding of invalidity adversely affects the basic consideration of this Agreement, Franchisor has the right to, at its option, terminate this Agreement.

22.8.2. Notwithstanding the above, each of the covenants contained in Sections 6, 7 and 17 shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of any such covenant is held to be unenforceable, unreasonable or invalid, then it shall be amended to provide

for limitations on disclosure of Trade Secrets or other Confidential Information or on competition to the maximum extent provided or permitted by law.

22.9. Construction

All captions herein are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

22.10. Force Majeure

Except for the obligation to make payments herein, neither party shall be liable for delays in delivery or performance of its obligations, or for failure to deliver or perform its obligations under this Agreement due to a cause or circumstances beyond its reasonable control, including, without limitation, an act of nature, act of civil, government, or military authority, act of terrorism, governmental priority, strike or other labor disturbance, flood, fire, explosion, epidemic, other hostilities, or failure of the Internet (not resulting from the actions or inactions of such party). The party claiming excuse because of force majeure shall use its commercially reasonable efforts to promptly correct such failure or delay in performance and shall promptly notify the other party to this Agreement of any delay or failure to perform which may be excused by this provision, which notification will also specify the expected date of resumption of performance. In the event of any such delay, this Agreement shall be extended for a period equal to the time lost by reason of the delay, but not to exceed 12 months. If, however, either party is unable to perform its obligations under this Agreement for reasons excused by this provision for a period in excess of 12 consecutive months (or otherwise agreed to in writing by both parties), the parties may terminate this Agreement without penalty after 30 days written notice to the other party.

22.11. Timing

Time is of the essence with respect to all provisions in this Agreement. Except as set forth in Section 22.10, failure to perform any act within the time required or permitted by this Agreement shall be a material breach.

22.12. Withholding Payments

Franchisee shall not, for any reason, withhold payment of any Royalty Fees or other amounts due to Franchisor or to an Affiliate. Franchisee shall not withhold or offset any amounts, damages or other monies allegedly due to Franchisee against any amounts due to Franchisor. No endorsement or statement on any payment for less than the full amount due to Franchisor will be construed as an acknowledgment of payment in full, or an accord and satisfaction, and Franchisor has the right to accept and cash any such payment without prejudice to Franchisor's right to recover the full amount due, or pursue any other remedy provided in this Agreement or by law. Franchisor has the right to apply any payments made by Franchisee against any of Franchisee's past due indebtedness as Franchisor deems appropriate. Franchisor shall set off sums Franchisor owes to Franchisee against any unpaid debts owed by Franchisee to Franchisor.

22.13. Further Assurances

Each party to this Agreement will execute and deliver such further instruments, contracts, forms or other documents, and will perform such further acts, as may be necessary or desirable to perform or complete any term, covenant or obligation contained in this Agreement.

22.14. Third-Party Beneficiaries

Anything to the contrary notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisor or Franchisee, and their respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under this Agreement.

22.15. Counterparts

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one agreement.

22.16. No Affiliate Liability

Franchisee acknowledge and agree that none of Franchisor's past, present, or future directors, officers, employees, incorporators, members, partners, stockholders, subsidiaries, parents, affiliates, controlling parties, entities under common control, ownership, or management, vendors, service providers, agents, attorneys, or representatives will have any liability for (i) any of Franchisor's obligations or liabilities relating to or arising from this Agreement, (ii) any claim against Franchisor based on, in respect of, or by reason of the relationship between Franchisee and Franchisor, or (iii) any claim against Franchisor based on any of Franchisor's alleged unlawful acts or omissions.

22.17. No Liability for Others' Products or Acts

Franchisor disclaims all express and implied warranties and all other liability concerning any defects, malfunctions, or other deficiencies in equipment or other products manufactured by anyone other than us or our affiliates, or such parties' acts or omissions. Franchisee agree not to make any claims against Franchisor or their affiliates with respect to products that Franchisor and their affiliates did not manufacture, even if Franchisor or their affiliates sold Franchisee the product or designated or approved its source. Franchisee is required to assert any claims only against the manufacturer of the product, even if Franchisee obtained it through Franchisor or their affiliate.

22.18. No Liability for Acts of the Other Party

Franchisor and Franchisee may not make any impress or implied agreements, warranties, guarantees, or representations, or incur any debt, in the name or on behalf of the other or represent that our relationship with Franchisee is other than franchisor and franchisee. Franchisor will not be obligated for any damages to any person or property directly or indirectly arising from Franchisee's operation of the business Franchisee conduct under this Agreement.

22.19. Business Judgement

Because complete and detailed uniformity under many varying conditions might not be possible or practical, Franchisee acknowledge that Franchisor specifically reserve the full right and privilege, as Franchisor deem best according to their business judgment, to vary Brand Standards or other aspects of the Franchise System for any franchisee. Franchisee have no right to require Franchisor to grant Franchisor a similar variation or accommodation. Franchisor has the right to develop, operate, and change the Franchise System in any manner this Agreement does not specifically prohibit. Whenever this Agreement reserves Franchisor's right to take or withhold an action, or to grant or decline to grant Franchisee the right to take or omit an action,

Franchisor may, except as this Agreement specifically provides, make our decision or exercise our rights based on information then available to Franchisor and their judgment of what is best for Franchisor, franchisees generally, or the Franchise System when Franchisor make their decision, whether or not Franchisor could have made other reasonable or even arguably preferable alternative decisions and whether or not Franchisor decision promotes our financial or other individual interest. Franchisor acknowledge and agree that this exercise of our business judgement is not reviewable by a judge or arbitrator.

23. DISPUTE RESOLUTION

23.1. Choice of Law

Except to the extent this Agreement or any particular dispute is governed by federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of Texas (without reference to its conflict of laws principles).

23.2. Consent to Jurisdiction

Any action brought by either party against the other, except those claims subject to being resolved by mediation, shall only be brought and maintained exclusively in the Federal or state courts situated in the judicial district of Collin County, Texas. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. Notwithstanding the foregoing, claims for injunctive relief may be brought by Franchisor where Franchisee is located. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments in any appropriate jurisdiction.

23.3. Cumulative Rights and Remedies

No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be in addition to every other right or remedy. Nothing contained herein shall bar Franchisor's right to obtain injunctive relief against threatened conduct that may cause it loss or damages, including obtaining restraining orders and preliminary and permanent injunctions.

23.4. Limitations of Claims

To the extent permitted by law, with respect to any claim which arises out of or relates to this agreement or the dealings of the parties ("Claim"), such Claim must be brought within two (2) years and a day after the cause of action accrues.

In addition, to the extent permitted by law, Franchisee agrees to bring no Claim until meeting personally with Franchisor's Chief Executive Officer in Collins County, Texas to conduct settlement negotiations in person. Both parties agree to reasonably cooperate to schedule any requested settlement conference within thirty (30) days of request.

23.5. Limitation of Damages

Franchisee waives, to the extent permitted by law, any claim for consequential, punitive or exemplary damages against the Franchisor in any Claim. Further, in any Claim, Franchisee agrees, to the extent permitted by law, that its maximum damages recoverable by Franchisee for any claims whether arising under contract or tort law shall be limited to a refund of Franchisee's Franchise Fee and Royalty Fees paid to Franchisor within the past 18-month period.

23.6. Waiver of Jury Trial and Punitive Damages

FRANCHISEE AND FRANCHISOR EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, WHETHER AT LAW OR EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER. EACH PARTY ALSO WAIVES THE RIGHT TO SEEK OR RECOVER PUNITIVE DAMAGES IN ANY SUCH ACTION.

23.7. Mediation

23.7.1 The parties acknowledge that during the term and any extensions of this Agreement certain disputes may arise that the parties are unable to resolve, but that may be resolvable through mediation. To facilitate such resolution, LEGACY, you, and each Owner agree to submit to mediation any claim, controversy, or dispute between LEGACY or its Affiliates (and its Affiliate's respective owners, officers, directors, agents, representatives, and/or employees) and you or your Affiliates (and your Owners, agents, representatives, and/or employees) arising out of or related to (a) this Agreement or any other agreement between LEGACY and you, (b) LEGACY's relationship with you, or (c) the validity of this Agreement or any other agreement between LEGACY and you, before bringing such claim, controversy, or dispute in a court or before any other tribunal. Excepted from the requirement to mediate under this Section 23.7 are claims related to Franchisee's nonpayment of any fees under this Agreement to Franchisor, and prior termination of this Agreement by either party for whatever reason. Any information disclosed by either party in mediation may only be used for those purposes and may not be used in any following litigation or arbitration. Mediation must be conducted in person, and no telephonic or electronic appearance by any of

the parties or their counsel is permitted except for the purposes.

23.7.2 The mediation shall be conducted by a mediator agreed upon by LEGACY and you and, failing such agreement within not more than fifteen (15) days after either party has notified the other of its desire to seek mediation, by the American Arbitration Association or any successor organization (“AAA”) in accordance with its rules governing mediation. Mediation shall be held at the offices of the AAA in the city in which LEGACY maintains its principal business address at the time of mediation, currently Birmingham, AL. The costs and expenses of mediation, including the compensation and expenses of the mediator (but excluding attorneys’ fees incurred by either party), shall be borne by the parties equally.

23.7.3 Any information disclosed by either party in mediation may only be used for those purposes and may not be used in any following litigation or arbitration. Mediation must be conducted in person, and no telephonic or electronic appearance by any of the parties or their counsel is permitted except for the purposes of scheduling mediation or discussing non-material mediation-related matters.

23.7.4 If the parties are unable to resolve the claim, controversy or dispute within ninety (90) days after the mediator has been chosen, then, unless such time period is extended by written agreement of the parties, either party may bring a legal proceeding pursuant to Section 23.2. The parties agree that statements made during such mediation proceeding will not be admissible for any purpose in any subsequent legal proceeding.

23.7.5 Notwithstanding the foregoing provisions of this Section 23.7, the parties’ agreement to mediate shall not apply to controversies, disputes, or claims related to or based on amounts owed to LEGACY or its Affiliates pursuant to this Agreement, the Marks, Copyrighted Works, or LEGACY’s Confidential Information. Moreover, regardless of this mediation agreement, LEGACY and you each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief in any court of competent jurisdiction.

23.7.6 Neither illness, Covid, inconvenience, weather, or any other reason shall serve to excuse your personal appearance for mediation.

23.8. Arbitration

23.8.1 If mediation is unsuccessful, and except as expressly set forth herein, all disputes, claims and controversies arising out of or relating to this Agreement or any other agreement between the parties hereto or a breach thereof shall be settled totally and finally by arbitration in city in which Franchisor maintains its principal place of business at the time the arbitration is initiated or such other location as the parties prescribe in accordance with this Agreement and the Commercial Arbitration Rules of the AAA (the “Rules”). Excepted from this requirement to arbitrate under this Section 23.8 are claims related to Franchisee’s nonpayment of any fees under this Agreement to Franchisor. Any information disclosed by either party in mediation or pre-arbitration settlement discussions may only be used for those purposes and may presented as evidence in arbitration. Parties and their counsel must be present in-person for the final hearing, and any telephonic or electronic appearances are reserved for pre-hearing matters only. The Franchisee acknowledges and expressly agrees that the Franchisor requires strict compliance with all terms and provisions of this Section 23.8.

23.8.2 Such arbitration shall be conducted in Collin County, Texas, before a single arbitrator selected by the mutual agreement of the parties. The proceedings shall be strictly confidential. If the parties cannot agree upon a single arbitrator within 30 days after written demand for arbitration, then the arbitration will be administered by the AAA and the arbitrator will be selected pursuant to the AAA Rules. All arbitrators shall be knowledgeable and have experience in the franchise industry and be selected from the panel which the AAA provides. Each party to the arbitration shall be responsible for their own costs and expenses of arbitration, including legal and filing fees. In the arbitration, any and all pretrial discovery methods, including, but not limited to, the taking of depositions of witnesses, written interrogatories, request for production, inspection and copying and documents shall be available to the parties subject to the

reasonable limitations set forth by the arbitrator. Under no circumstance will attorneys be designated as experts in franchising for purposes of testifying in the arbitration. The presentations of the parties and the arbitration proceedings shall be commenced and completed within 90 days after selection of the arbitrator and the arbitrator shall render its decision in writing within 30 days after completion of such presentations. The decision of the arbitrator shall issue a standard award which shall be final and binding on the parties and may, if necessary, be reduced to a judgment in any court of competent jurisdiction. This agreement to arbitrate shall survive any termination or expiration of this Agreement.

23.8.2.1 For avoidance of doubt, this provision specifically requires both parties to arbitrate our disputes through the American Arbitration Association (“AAA”). The arbitration process allows the disputes to be heard and decided by one arbitrator, selected using the AAA’s standard selection process, apply the law to the facts and evidence presented and where we will not use the local court system or its judges. By signing this franchise agreement, you are consenting to resolve disputes through arbitration administered by the AAA, using the current AAA commercial rules.

23.8.3 Furthermore, notwithstanding the foregoing, the arbitrator shall have no jurisdiction over disputes relating to the ownership, validity, use, or registration of any Mark, copyright or proprietary or Confidential Information of Franchisor, without Franchisor’s prior written consent. Franchisor may seek any applicable remedy in any applicable forum with respect to these disputes. In addition to obtaining monetary damages, Franchisor may obtain injunctive relief against misuse of its Marks, copyrights, or Confidential Information.

23.8.4 Notwithstanding the foregoing, nothing contained herein shall be construed to limit or prevent Franchisor from terminating this Agreement or applying to and obtaining from any court, having jurisdiction a writ of attachment, a temporary injunction, a preliminary injunction or any other injunctive or emergency relief available to safeguard and protect Franchisor’s interests prior to the filing of or during or following any arbitration or other proceeding or pending the handing down of a decision or award in connection with any arbitration or other proceeding.

23.8.5 Nothing contained herein shall be deemed to give the arbitrators any authority, power, or right to alter, change, amend or modify, add to or subtract from any provisions of this Agreement.

23.8.6 Arbitration will be conducted on an individual, and not a class-wide basis, and the arbitration may not be joined or consolidated with any other proceeding.

23.8.7 Any information disclosed by either party in mediation or pre-arbitration settlement discussions may only be used for those purposes and may presented as evidence in arbitration. Parties and their counsel must be present in-person for the final hearing, and any telephonic or electronic appearances are reserved for pre-hearing matters and remote non-party witnesses only. The Franchisee acknowledges and expressly agrees that the Franchisor requires strict compliance with all terms and provisions of this Section 23.8.

23.8.8 Notwithstanding the foregoing provisions of this Section 23.8, the parties’ agreement to Arbitrate shall not apply to controversies, disputes, or claims related to or based on amounts owed to LEGACY or its Affiliates pursuant to this Agreement, the Marks, Copyrighted Works, or LEGACY’s Confidential Information. Moreover, regardless of this arbitration agreement, LEGACY and you each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief in any court of competent jurisdiction.

23.8.9 Neither illness, Covid, inconvenience, weather, or any other reason shall serve to excuse your personal appearance for depositions or evidentiary hearings.

23.9. CLASS ACTION WAIVER

EACH OF THE PARTIES HEREBY IRREVOCABLY WAIVES THE RIGHT TO LITIGATE OR ARBITRATE ON A CLASS ACTION BASIS, IN ANY CLAIM, ACTION, PROCEEDING, OR

COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY ANY PARTY.

24. ACKNOWLEDGMENTS

24.1. Receipt of this Agreement and the Franchise Disclosure Document

Franchisee represents and acknowledges that it has received, read and understands this Agreement; and that Franchisor has accorded Franchisee ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement. Franchisee represents and acknowledges that it has received, at least fourteen calendar-days prior to the date on which this Agreement was executed, the franchise disclosure document required by the Trade Regulation Rule of the Federal Trade Commission entitled Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures.

24.2. Consultation by Franchisee

Franchisee represents that it has been urged to consult with its own advisors with respect to the legal, financial and other aspects of this Agreement, the business franchised hereby and the prospects for that business. Franchisee represents that it has either consulted with such advisors or has deliberately declined to do so.

24.3. True and Accurate Information

Franchisee represents that all information set forth in any and all applications, financial statements and submissions to Franchisor is true, complete and accurate in all respects, and Franchisee acknowledges that Franchisor is relying upon the truthfulness, completeness and accuracy of such information.

24.4. Risk

Franchisee represents that it has conducted an independent investigation of the business contemplated by this Agreement and acknowledges that, like any other business, an investment in an LEGACY CLAIMS SERVICES Business involves business risks and that the success of the venture is dependent, among other factors, upon the business abilities and efforts of Franchisee. Franchisor makes no representations or warranties, express or implied, in this Agreement or otherwise, as to the potential success of the business venture contemplated hereby.

24.5. No Guarantee of Success

Franchisee represents and acknowledges that it has not received or relied on any representation, promise, or guarantee, express or implied, made by Franchisor or any authorized representative of Franchisor, as to the revenues, profits or likelihood of success of the Franchised Business. Franchisee represents and acknowledges that no representations have been made by Franchisor's officers, directors, employees or agents that are not contained in, or are inconsistent with, the statements made in the franchise disclosure document delivered to Franchisee in connection with the grant of the franchise memorialized by this Agreement.

24.6. No Violation of Other Agreements

Franchisee represents that its execution of this Agreement will not violate any other agreement or commitment to which Franchisee or any holder of a legal or beneficial interest in Franchisee is a party.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby have duly executed this Agreement as of the Effective Date.

FRANCHISOR:
LEGACY FRANCHISE COMPANY, LLC

FRANCHISEE:

By: _____
Patrick Wright, Chief Executive Officer

By: _____
_____ Its:

ATTACHMENT 1 TO THE FRANCHISE AGREEMENT
KEY TERMS

1. Section 2.2.1 Franchisee’s authorized non-exclusive territory is described as follows:
_____ (“Territory”).
2. Section 2.2.2. The street address (or detailed description of the premises) of the location for the Franchised Business Office is: _____.
3. Section 2.2.4. The service tools and equipment for the Franchised Business shall be stored:
 on-site (same site as Franchised Business Office)
 off-site (commercial location)
4. Section 3.1. The Franchise Fee is \$_____.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby have duly executed this Key Terms Attachment 1 with an effective date of _____.

FRANCHISOR:
LEGACY FRANCHISE COMPANY, LLC

FRANCHISEE:

By: _____
Patrick Wright, Chief Executive Officer

By: _____ Its: _____

**ATTACHMENT 2 TO THE FRANCHISE AGREEMENT
NONDISCLOSURE AND NON-COMPETITION AGREEMENT**

This “Agreement” made as of the ____ day of _____, 20__, is by and between _____, (“Franchisee”) (d/b/a LEGACY CLAIMS SERVICES Franchise) and _____ (“Individual”).

WITNESETH:

WHEREAS, Franchisee is a party to that certain Franchise Agreement dated _____, 20__ (“Franchise Agreement”) by and between Franchisee and the Legacy Franchise Company, LLC (“Company”); and

WHEREAS, Franchisee desires Individual to have access to and review certain Trade Secrets and other Confidential Information, which are more particularly described below; and

WHEREAS, Franchisee is required by the Franchise Agreement to have Individual execute this Agreement prior to providing Individual access to said Trade Secrets and other Confidential Information; and

WHEREAS, Individual understands the necessity of not disclosing any such information to any other party or using such information to compete against Company, Franchisee or any other franchisee of Company in any business (i) that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) construction and repair services and other services the same as or similar to those provided by Franchisee or (ii) in which Trade Secrets and other Confidential Information (as defined below) could be used to the disadvantage of Franchisee, or Company, any affiliate of Company or Company’s other franchisees (hereinafter, “Competitive Business”); provided, however, that the term “Competitive Business” shall not apply to any business operated by Franchisee under a Franchise Agreement with Company.

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

1. Trade Secrets and Confidential Information

Individual understands Franchisee possesses and will possess Trade Secrets and other Confidential Information that are important to its business.

a) For the purposes of this Agreement, a “Trade Secret” is information in any form (including, but not limited to, materials and techniques, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, passwords, lists of actual or potential customers or suppliers) used in or related to the LEGACY CLAIMS SERVICES Businesses that is not commonly known by or available to the public and that information: (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

b) For the purposes of this Agreement “Confidential Information” means technical and non-technical information used in or related to the LEGACY CLAIMS SERVICES Businesses that is not commonly known by or available to the public, including, without limitation, Trade Secrets and information contained in the Confidential Operations Manual and training guides and materials. In addition, any other information identified as confidential when delivered by Franchisee shall be deemed Confidential Information. Confidential Information shall not include, however, any information that: (i) is now or subsequently becomes generally available to the public through no fault of Individual; (ii) Individual can

demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (iii) is independently developed without the use of any Confidential Information; or (iv) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information.

c) Any information expressly designated by Company or Franchisee as “Trade Secrets” or “Confidential Information” shall be deemed such for all purposes of this Agreement, but the absence of designation shall not relieve Individual of his or her obligations hereunder in respect of information otherwise constituting Trade Secrets or Confidential Information. Individual understands Franchisee’s providing of access to the Trade Secrets and other Confidential Information creates a relationship of confidence and trust between Individual and Franchisee with respect to the Trade Secrets and other Confidential Information.

2. Confidentiality/Non-Disclosure

a) Individual shall not communicate or divulge to (or use for the benefit of) any other person, firm, association, or corporation, with the sole exception of Franchisee, now or at any time in the future, any Trade Secrets or other Confidential Information. At all times from the date of this Agreement, Individual must take all steps reasonably necessary and/or requested by Franchisee to ensure that the Confidential Information and Trade Secrets are kept confidential pursuant to the terms of this Agreement. Individual must comply with all applicable policies, procedures and practices that Franchisee has established and may establish from time to time with regard to the Confidential Information and Trade Secrets.

b) Individual’s obligations under Section 2(a) of this Agreement shall continue in effect after termination of Individual’s relationship with Franchisee, regardless of the reason or reasons for termination, and whether such termination is voluntary or involuntary, and Franchisee is entitled to communicate Individual’s obligations under this Agreement to any future customer or employer to the extent deemed necessary by Franchisee for protection of its rights hereunder and regardless of whether Individual or any of its affiliates or assigns becomes an investor, partner, joint venturer, broker, distributor or the like in an LEGACY CLAIMS SERVICES Business.

3. Non-Competition

a) During the term of Individual’s relationship with Franchisee and for a period of two (2) years after the expiration or termination of Individual’s relationship with Franchisee, regardless of the cause of expiration or termination, Individual shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with any person or entity, divert or attempt to divert any business or customer of Franchisee to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Company’s service mark “LEGACY CLAIMS SERVICES” and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as the Company designates to be used in connection with used by LEGACY CLAIMS SERVICES Businesses or the Company’s uniform standards, methods, procedures and specifications for the establishment and operation of the LEGACY CLAIMS SERVICES Businesses.

b) During the term of Individual’s relationship with Franchisee, Individual shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with any person or entity, carry on, be engaged in or take part in, render services to, or own or share in the earnings of any Competitive Business anywhere within the United States without the express written consent of Franchisor.

c) Except as otherwise approved in writing by Franchisor, Individual shall not, for a period of two (2) years after the termination of the Individual’s relationship with Franchisor, either directly or indirectly, own an interest in, manage, or operate any Competitive Business in the Franchisee’s Territory

(as defined in the Franchisee's Franchise Agreement), or within twenty-five (25) miles from the perimeter of the Franchisee's Territory that Individual was previously affiliated with.

d) During the term of Individual's relationship with Franchisee and for a period of two (2) years thereafter, regardless of the cause of termination, Individual shall not, directly or indirectly, solicit or otherwise attempt to induce or influence any customer or other business associate of Franchisee, Company or any other LEGACY CLAIMS SERVICES Business to compete against, or terminate or modify their business relationship with, Franchisee, Company or any other LEGACY CLAIMS SERVICES Business.

4. Reasonableness of Restrictions

Individual acknowledges that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of Franchisee, Company, and Company's Trade Secrets and other Confidential Information, the Company's business system, network of franchises and trade and service marks, and Individual waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable. If, however, a court of competent jurisdiction determines that any such restriction is unreasonable or unenforceable, then Individual shall submit to the reduction of any such activity, time period or geographic restriction necessary to enable the court to enforce such restrictions to the fullest extent permitted under applicable law. It is the desire and intent of the parties that the provisions of this Agreement shall be enforced to the fullest extent permissible under the laws and public policies applied in any jurisdiction where enforcement is sought.

5. Relief for Breaches of Confidentiality, Non-Solicitation and Non-Competition

Individual further acknowledges that an actual or threatened violation of the covenants contained in this Agreement will cause Franchisee and Company immediate and irreparable harm, damage and injury that cannot be fully compensated for by an award of damages or other remedies at law. Accordingly, Franchisee and Company shall be entitled, as a matter of right, to an injunction from any court of competent jurisdiction restraining any further violation by Individual of this Agreement without any requirement to show any actual damage or to post any bond or other security. Such right to an injunction shall be cumulative and in addition to, and not in limitation of, any other rights and remedies that Franchisee and Company may have at law or in equity.

6. Miscellaneous

a) This Agreement constitutes the entire Agreement between the parties with respect to the subject matter hereof. Nothing in the Franchise Agreement or any related agreement is intended to disclaim the representations we made in the franchise disclosure document.

b) Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of Texas (without reference to its conflict of laws principles). The Federal Arbitration Act shall govern all matters subject to arbitration. References to any law refer also to any successor laws and to any published regulations for such law as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency.

c) Any action brought by either party, shall only be brought in the appropriate state or federal court located in or serving Collins County, Texas. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. Claims for injunctive relief may be brought by Company where Franchisee is located. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments in any appropriate jurisdiction.

d) Individual agrees if any legal proceedings are brought for the enforcement of this Agreement, in addition to any other relief to which the successful or prevailing party may be entitled, the successful or prevailing party shall be entitled to recover attorney's fees, investigative fees, administrative

fees billed by such party's attorneys, court costs and all expenses, including, without limitation, all fees, taxes, costs and expenses incident to arbitration, appellate, and post-judgment proceedings incurred by the successful or prevailing party in that action or proceeding.

e) This Agreement shall be effective as of the date this Agreement is executed and shall be binding upon the successors and assigns of Individual and shall inure to the benefit of Franchisee, its subsidiaries, successors and assigns. Company is an intended third-party beneficiary of this Agreement with the independent right to enforce the confidentiality and non-competition provisions contained herein.

f) The failure of either party to insist upon performance in any one or more instances upon performance of any terms and conditions of this Agreement shall not be construed a waiver of future performance of any such term, covenant or condition of this Agreement and the obligations of either party with respect thereto shall continue in full force and effect.

g) The Section headings in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement.

h) In the event that any part of this Agreement shall be held to be unenforceable or invalid, the remaining parts hereof shall nevertheless continue to be valid and enforceable as though the invalid portions were not a part hereof.

i) This Agreement may be modified or amended only by a written instrument duly executed by Individual, Franchisee and Company.

j) The existence of any claim or cause of action Individual might have against Franchisee or Company will not constitute a defense to the enforcement by Franchisee or Company of this Agreement.

k) Except as otherwise expressly provided in this Agreement, no remedy conferred upon Franchisee or Company pursuant to this Agreement is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given pursuant to this Agreement or now or hereafter existing at law or in equity or by statute or otherwise. No single or partial exercise by any party of any right, power or remedy pursuant to this Agreement shall preclude any other or further exercise thereof.

INDIVIDUAL CERTIFIES THAT HE OR SHE HAS READ THIS AGREEMENT CAREFULLY, AND UNDERSTANDS AND ACCEPTS THE OBLIGATIONS THAT IT IMPOSES WITHOUT RESERVATION. NO PROMISES OR REPRESENTATIONS HAVE BEEN MADE TO SUCH PERSON TO INDUCE THE SIGNING OF THIS AGREEMENT.

THE PARTIES ACKNOWLEDGE THAT THE COMPANY IS A THIRD PARTY BENEFICIARY TO THIS AGREEMENT AND THAT THE COMPANY SHALL BE ENTITLED TO ENFORCE THIS AGREEMENT WITHOUT THE COOPERATION OF THE FRANCHISEE. INDIVIDUAL AND FRANCHISEE AGREE THAT THIS AGREEMENT CANNOT BE MODIFIED OR AMENDED WITHOUT THE WRITTEN CONSENT OF THE COMPANY.

IN WITNESS WHEREOF, Franchisee has hereunto caused this Agreement to be executed by its duly authorized officer, and Individual has executed this Agreement, all being done in duplicate originals with one original being delivered to each party as of the day and year first above written.

FRANCHISEE:

INDIVIDUAL

By: _____

Signature: _____

Its: _____

Name Printed: _____

ATTACHMENT 3 TO THE FRANCHISE AGREEMENT
UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this ____ day of _____, 20____, by _____ (whether one or more “Guarantor”).

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement dated _____ (“Agreement”) by Legacy Franchise Company, LLC (“Franchisor”), each of the undersigned hereby personally and unconditionally guarantees to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that _____ (“Franchisee”) shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement. Each of the undersigned shall be personally bound by, and personally liable for, Franchisee’s breach of any provision in the Agreement, including those relating to monetary obligations and obligations to take or refrain from taking specific actions or engaging in specific activities, such as those contemplated by Sections 6, 7 and 17 of the Agreement. Each of the undersigned waives: **(a)** acceptance and notice of acceptance by Franchisor of the foregoing undertakings; **(b)** notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; **(c)** protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; **(d)** any right it may have to require that an action be brought against Franchisee or any other person as a condition of liability; and **(e)** any and all other notices and legal or equitable defenses to which it may be entitled.

Each of the undersigned consents and agrees that: **(a)** its direct and immediate liability under this Guaranty shall be joint and several; **(b)** it shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; **(c)** such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person or entity; and **(d)** such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of the Agreement.

This Guaranty represents the entire agreement and understanding of these parties concerning the subject matter hereof, and supersedes all other prior agreements, understandings, negotiations and discussions, representations, warranties, commitments, proposals, offers and contracts concerning the subject matter hereof, whether oral or written.

Successors and Assigns; Death of Guarantor. This Guaranty shall be binding upon Guarantor and his or her heirs, executors, administrators, successors and assigns and shall inure to the benefit of Franchisor and its successors, endorsees, transferees and assigns. Without limiting any other provision hereof, Guarantor expressly agrees that Guarantor’s death shall not serve as a revocation of or otherwise affect the guaranty made hereunder and that Guarantor’s estate and heirs shall continue to be liable hereunder with respect to any Guaranteed Obligations created or arising after Guarantor’s death.

The validity, interpretation and enforcement of this Guaranty and any dispute arising out of the relationship between Guarantor and Franchisor, whether in contract, tort, equity or otherwise, shall be governed by the internal laws of the State of Texas (without giving effect to principles of conflicts of law).

Guarantor hereby irrevocably consents and submits to the non-exclusive jurisdiction of the Courts of the State of Texas and the United States District Court located in or serving Collins County, Texas and waives any objection based on venue or forum non conveniens with respect to any action instituted therein arising under this Guaranty or any of the other Franchising Agreements or in any way connected with or related or incidental to the dealings of Guarantor and Franchisor in respect of this Guaranty or any of the

other Franchising Agreements or the transactions related hereto or thereto, in each case whether now existing or hereafter arising and whether in contract, tort, equity or otherwise, and agrees that any dispute arising out of the relationship between Guarantor or Franchisee and Franchisor or the conduct of any such persons in connection with this Guaranty, the other Franchising Agreements or otherwise shall be heard only in the courts described above (except that Franchisor shall have the right to bring any action or proceeding against Guarantor or his or her property in the courts of any other jurisdiction which Franchisor deems necessary or appropriate in order to realize on any collateral at any time granted by Franchisee or Guarantor to Franchisor or to otherwise enforce its rights against Guarantor or his or her property).

IN WITNESS WHEREOF, this Guaranty has been entered into the day and year first before written.

GUARANTOR

_____, Individually (Printed Name)

HOME ADDRESS

TELEPHONE NO.: _____
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE: _____ %

_____, Individually (Printed Name)

HOME ADDRESS

TELEPHONE NO.: _____
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE: _____ %

**ATTACHMENT 4 TO THE FRANCHISE AGREEMENT
 HOLDERS OF LEGAL OR BENEFICIAL INTEREST
 IN FRANCHISEE; GOVERNING PERSONS**

If the Franchisee operates the business other than as a sole proprietorship, please complete the following:

(a) Franchisee is a [TYPE OF ENTITY], formed under the laws of the state of _____ on [DATE OF FORMATION].

(b) The following individuals or entities hold a legal or beneficial interest in the Franchisee:

Name	Home Address	Telephone Number	Email Address	% of Ownership

(c) The following individuals are the Franchisee’s governing persons:

Name	Home Address	Telephone Number	Email Address	Title

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby have duly executed this Attachment 4 with an effective date of _____.

**FRANCHISOR:
 LEGACY FRANCHISE COMPANY, LLC**

FRANCHISEE:

By: _____
 Patrick Wright, Chief Executive Officer

By: _____
 _____ Its:

ATTACHMENT 5 TO THE FRANCHISE AGREEMENT

**ELECTRONIC FUNDS TRANSFER
AUTHORIZATION TO HONOR CHARGES DRAWN BY AND PAYABLE TO
LEGACY FRANCHISE COMPANY, LLC ("PAYEE")**

The undersigned Depositor hereby authorizes and requests the Depository designated below to honor and to charge to the following designated account, checks, and electronic debits (collectively, "debits") drawn on such account which are payable to the above named Payee. It is agreed that Depository's rights with respect to each such debit shall be the same as if it were a check drawn and signed by Depositor. It is further agreed that if any such debt is not honored, whether with or without cause and whether intentionally or inadvertently, Depository shall be under no liability whatsoever. This authorization shall continue in force until Depository and Payee have received at least thirty (30) days written notification from Depositor of its termination.

The Depositor agrees with respect to any action taken pursuant to the above authorization:

a) To indemnify the Depository and hold it harmless from any loss it may suffer resulting from or in connection with any debit, including, without limitation, execution and issuance of any check, draft or order, whether or not genuine, purporting to be authorized or executed by the Payee and received by the Depository in the regular course of business for the purpose of payment, including any costs or expenses reasonably incurred in connection therewith.

b) To indemnify Payee and the Depository for any loss arising in the event that any such debit shall be dishonored, whether with or without cause and whether intentionally or inadvertently.

c) To defend at Depositor's own cost and expense any action which might be brought by a depositor or any other persons because of any actions taken by the Depository or Payee pursuant to the foregoing request and authorization, or in any manner arising by reason of the Depository's or Payee's participation therein.

Name of Depository (Bank Name): _____ Bank Account Name: _____

Bank Acct #: _____ Routing #: _____

(Please attach one voided check for the above account)

Franchise Location Name: _____

By: _____

Title of Authorized Representative (Depositor): _____

Date: _____

**ATTACHMENT 6 TO THE FRANCHISE AGREEMENT
LICENSING FEES**

CCC, XACTIMATE, CLAIMS LEADER. ADJUSTRITE

Third-Party Software*

CCC	\$ 200.00
XACTIMATE	\$
CLAIMS LEADER	\$
ADJUSTRITE	\$ 41.67
 TOTAL MONTHLY COST	 \$

*Legacy Franchise Company reserves the right to change or adjust these fees as necessary from time to time in connection with increased vendor rates, software changes, or adjustments to license scope.

Acknowledged and agreed:

FRANCHISOR:
LEGACY FRANCHISE COMPANY, LLC

FRANCHISEE:

By: _____
Patrick Wright, Chief Executive Officer

By: _____ Its: _____

ATTACHMENT 7 TO THE FRANCHISE AGREEMENT
FACTORING AGREEMENT

This Factoring Agreement (the “Agreement”) is entered between Legacy Franchise Company LLC, a Texas limited liability company (“Legacy”), and _____ (“Franchisee”) on _____ (“Effective Date”).

WHEREAS, LEGACY and Franchisee are parties to a Franchise Agreement dated _____ (the “Franchise Agreement”).

WHEREAS, the Franchise Agreement provides that if Franchisee requests and LEGACY elects to do so, LEGACY will purchase Franchisee’s Accounts Receivable attributable to the Franchised Business which are approved by LEGACY (the “Receivables”) pursuant to the terms of this Agreement (“Factoring”).

WHEREAS, the Franchisee desires that LEGACY purchase the Receivables and LEGACY agrees to do so pursuant to the terms of this Agreement.

NOW, THEREFORE, in consideration of the mutual undertakings and commitments set forth herein, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Definitions. Capitalized terms not otherwise defined herein shall have the meaning given them in the Franchise Agreement.
2. Assignment. This is an account purchase transaction. Franchisee does hereby sell and assign to LEGACY, and LEGACY does hereby purchase all Franchisee’s right, title and interest in and to the Receivables, with the exception of those Receivables rejected by LEGACY due to failure of those Receivables to satisfy the criteria specified in Section 5. LEGACY will have no obligation to approve or purchase any accounts receivable that LEGACY determines to be uncollectible, invalid, fraudulent, or for appraisal work not performed by the Franchised Business.
3. Payment for Receivables. Upon receipt from Franchisee of the report required herein for weekly invoices (including all applicable invoices), LEGACY shall pay for the Receivables by submitting to Franchisee a check or other payment method elected by Legacy in an amount equal to the total Gross Invoice Fees reflected on the report (and confirmed by the invoices) less (i) the 15% royalty fee due with respect to such Gross Invoice Fees and (ii) the 3.15 % factoring fee due with respect to such Gross Invoice Fees submitted with report. LEGACY may from time to time modify the factoring fee upon thirty (30) days prior written notice to Franchisee.

Furthermore, LEGACY may deduct from any payment due to Franchisee hereunder any and all amounts due from Franchisee to LEGACY in connection with Franchisee’s purchase of insurance policies and software licenses from LEGACY under the Franchise Agreement and the documents related thereto.

4. Notification of Account Debtors. With respect to Receivables assigned to LEGACY hereunder, Franchisee shall notify the account debtor of the assignment and direct it to submit payment thereon to LEGACY.

5. Franchisee’s Warranties. Franchisee represents and warrants to LEGACY with respect to every Receivable sold and assigned to LEGACY that (i) Franchisee is the owner of the Receivable with the legal right to sell and assign it; (ii) the amount shown on the invoice representing the Receivable is the correct amount and is not disputed; (iii) Franchisee has fulfilled all its obligations to the customer identified on the invoice as of the invoice date and is entitled to payment; (iv) the invoice is based on services rendered, is not past due or in default, has not been previously sold, assigned, transferred or pledged and is free of any liens, security interests and encumbrances; (v) there are no defenses, offsets, counterclaims or agreements for which the customer identified on the invoice may claim any deduction or discount; and (vi) the customer identified on the invoice has not objected to payment or to the quality of the services rendered.

6. Uncollected Receivables. If LEGACY does not collect payment in full from the account debtor on any particular purchased Receivable within one hundred twenty (120) days of the date of the invoice relating to such Receivable, Franchisee shall immediately repurchase the Receivable from LEGACY upon notice for the full invoice amount underlying the Receivables (less any partial payments received by LEGACY). LEGACY may, in its sole discretion, offset the amount owed by Franchisee with respect to the uncollected Receivable against any future Receivables purchased by LEGACY hereunder, any other sums that may be owed by LEGACY to Franchisee, or any other property of Franchisee which may come into the possession of LEGACY. Franchisee shall thereafter have all rights to payment on the repurchased Receivable.

7. Sale of Account. This sale of an account under the Texas Uniform Commercial Code with respect to each Receivable purchased by LEGACY under this Agreement. Franchisee agrees to execute and deliver such instruments and documents, including, without limitation, financing statements as LEGACY may request from time to time. Franchisee authorizes LEGACY to file such initial financing statements and amendments as LEGACY deems necessary to perfect its interest in the Receivables.

8. Term and Termination.

(a) This Agreement shall run conterminously with the Franchise Agreement and, unless earlier terminated as provided in Section 16, shall terminate, without notice to Franchisee, immediately upon the expiration or termination of the Franchise Agreement.

(b) LEGACY may, in its sole discretion, terminate this Agreement and all rights granted hereunder effective upon thirty (30) days written notice to Franchisee; provided, however, if Franchisee shall at any time submit any false or fraudulent invoice, termination shall be effective immediately upon written notice to Franchisee.

(c) Franchisee may terminate this Agreement upon thirty (30) days written notice to LEGACY in the event LEGACY increases the factoring fee as provided in Section 3.

9. Miscellaneous.

(a) Franchisee shall not assign this Agreement or other transfer its rights or obligations hereunder without the express prior written consent of LEGACY, provided that any assignment shall be subject to the terms of Section 11 of the Franchise Agreement.

(b) Notice under this Agreement shall be in writing addressed to the parties as indicated in Section 22.3 of the Franchise Agreement.

(c) Any dispute relating to the interpretation or performance of this Agreement shall be resolved through non-binding mediation and binding arbitration conducted in Tarrant County, Texas in accordance with Section 23 of the Franchise Agreement.

(d) In the event that either party commences litigation or arbitration to enforce the provisions of this Agreement, the prevailing party shall be entitled to attorneys' fees and costs.

(e) If any term, provision, covenant or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall remain in full force and effect and in no way shall be affected, impaired or invalidated.

(f) THIS AGREEMENT SHALL BE INTERPRETED AND CONSTRUED UNDER THE LAWS OF THE STATE OF TEXAS (WITHOUT REGARD TO TEXAS CHOICE OF LAW RULES).

(g) The terms of the Franchise Agreement are incorporated into this Agreement by reference, including but not limited to the provisions of the Franchise Agreement relating to jurisdiction and exclusive venue. This Agreement and related provisions of the Franchise Agreement constitute the entire agreement of the parties with respect to the subject matter hereof, and supersede all related prior and contemporaneous agreements between the parties.

(h) This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement shall be binding upon the parties hereto when one or more counterparts hereof, individually or taken together, bear the signatures of all the parties hereto. Delivery of an executed counterpart of this Agreement electronically shall be effective as delivery of an original executed counterpart of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the Effective Date of this Agreement.

FRANCHISOR:
LEGACY FRANCHISE COMPANY, LLC

FRANCHISEE:

By: _____
Patrick Wright, Chief Executive Officer

By: _____
_____ Its:

**ATTACHMENT 8 TO THE FRANCHISE AGREEMENT
STATE SPECIFIC AMENDMENTS**

**ATTACHMENT 9 TO THE FRANCHISE AGREEMENT
PROMISSORY NOTE**

PROMISSORY NOTE AND SECURITY AGREEMENT

Principal Amount: \$

Date:

FOR VALUE RECEIVED, _____, whose address is _____ (“**Debtor**”, whether one or more), and _____ (each and collectively “**Guarantor**”), Debtor and Guarantor jointly and severally promises to pay to the order of Legacy Franchise Company, LLC, a Texas limited liability company, or its affiliates, successors, and assigns (“**Franchisor**” or “**PAYEE**”) at its offices at 5550 Granite Parkway, Suite 195. Plano, Texas 75024, or such other location as PAYEE may hereafter designate, the principal sum of _____ (\$00.00), together with interest on the unpaid principal balance outstanding from time to time hereon at a rate equal to _____% per annum or the Maximum Rate, whichever is less, under the terms and conditions of this promissory note and security agreement (“**Note**”). This Note is due and payable in 24 monthly installments of principal and interest. The first of 24 payments shall be in an amount of \$_____ commencing _____ and on the first day of each and every calendar month thereafter, and the 24th and final installment shall be due on _____ on which date the entire unpaid principal balance and all accrued and unpaid interest is due and payable in full. Each payment will first be applied to accrued and unpaid interest and then to principal. Any payment not received by PAYEE within ten (10) days of its due date is default and subject to a late fee of Fifty Dollars (\$50).

“**Maximum Rate**” means the maximum lawful rate of interest permitted by applicable usury laws now or hereafter enacted which interest rate shall change when and as said laws change, to the extent permitted by law, effective on the day such change in said laws becomes effective.

If Franchisor terminates the Franchise Agreement dated as of the date hereof between Franchisor and _____ (the “**Franchise Agreement**”) for any of the reasons stated in Section 16.2 of the Franchise Agreement or, if Debtor fails to make a payment of principal, interest or any installment thereof when due, and such failure continues for a period of ten (10) days, Franchisor may declare the entire unpaid principal balance of, and all accrued but unpaid interest on, the indebtedness evidenced by this Note immediately due and payable without notice or demand, foreclose all liens and security interests securing the payment hereof, offset against this Note any sum or sums owed by Franchisor to Debtor and/or exercise any or all other remedies available to Franchisor, all at the option of Franchisor.

If this Note is not paid at maturity whether by acceleration or otherwise and is placed in the hands of an attorney for collection, or suit is filed hereon, or proceedings are had in probate, bankruptcy, receivership, reorganization, arrangement or other legal proceedings for collection hereof, Debtor, each Guarantor, and other liable party agree to pay PAYEE its collection costs, including a reasonable amount for attorney’s fees, but in no event to exceed the maximum amount permitted by law. Debtor, Guarantor, and each other liable party are and shall be directly and primarily, jointly and severally, liable for the payment of all sums called for hereunder, and Debtor, Guarantor, and each other liable party, hereby expressly waive demand, presentment for payment, protest, notice of protest, notice of intent to accelerate, notice of acceleration, diligence in collecting and the bringing of any suit against any party, and Debtor, Guarantor, and each other liable party hereby consent to and agree to remain liable hereon regardless of any renewals, extensions for any period or rearrangements hereof, or partial prepayments hereon, or any release or substitution of security herefore, in whole or in part, with or without notice, from time to time, before or after maturity.

It is the intent of PAYEE, Guarantor, and Debtor in the execution of this Note and all other agreements and documents executed in connection herewith, including without limitation the Franchise Agreement (this Note and all such other agreements are herein called the (“**Transaction Documents**”), to contract in strict compliance with applicable usury law. In furtherance thereof, PAYEE and Debtor stipulate

and agree that none of the terms and provisions contained herein or in any other Transaction Document shall ever be construed to create a contract to pay for the use, forbearance or detention of money, interest at a rate in excess of the Maximum Rate. Neither Debtor nor any co-makers, endorsers, sureties, Guarantors or other parties now or hereafter becoming liable for payment of this Note shall ever be required to pay interest or finance charges at a rate in excess of the Maximum Rate, and the provisions of this paragraph shall control over all other provisions of this Note and any other Transaction Document which may be in apparent conflict herewith. PAYEE and any other holder of this Note expressly disavow any intention to charge or collect excessive unearned interest or finance charges in the event the maturity of this Note is accelerated.

If demand is made or if the maturity of this Note shall be accelerated for any reason or if any of the principal of this Note is prepaid, and as a result thereof the interest or finance charge received for the actual period of existence of the loans evidenced by this Note exceeds the Maximum Rate, the holder of this Note shall, at its option, either refund to Debtor the amount of such excess or credit the amount of such excess against the principal balance of this Note then outstanding, and thereby shall render inapplicable any and all penalties of any kind provided by applicable law as a result of such excess interest. If PAYEE or any other holder of this Note shall collect monies and/or any other thing of value which are deemed to constitute interest which would increase the effective interest rate on this Note to a rate in excess of the Maximum Rate, all such sums deemed to constitute interest in excess of the Maximum Rate shall, upon such determination, at the option of the holder of this Note, be either immediately returned to Debtor or credited against the principal balance of this Note then outstanding, in which event any and all penalties of any kind under applicable law as a result of such excess interest shall be inapplicable.

In determining whether or not the interest paid or payable, under any specific circumstance, exceeds the maximum amount permitted under applicable law, PAYEE and Debtor shall to the greatest extent permitted by applicable law, (i) characterize any non-principal payment as an expense, fee or premium rather than as interest, (ii) exclude voluntary prepayments and the effects thereof, and (iii) amortize, prorate, allocate and spread the total amount of interest throughout the entire contemplated term hereof in accordance with the amounts outstanding from time to time thereunder and the Maximum Rate from time to time in effect under applicable law in order to lawfully charge the maximum amount of interest permitted under applicable law. By execution of this Note, Debtor acknowledges that it believes the loans evidenced hereby to be non-usurious. The term “**applicable law**” as used in this Note shall mean the laws of the State of Texas or the laws of the United States, whichever laws allow the greater rate of interest, as such laws now exist or may be changed or amended or come into effect in the future.

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS AND THE LAWS OF THE UNITED STATES APPLICABLE TO TRANSACTIONS WITHIN SUCH STATE. DEBTOR EXPRESSLY AGREES THAT THIS NOTE SHALL NOT BE SUBJECT TO CHAPTER 4 OR CHAPTER 15 OF THE TEXAS CREDIT CODE. DEBTOR HEREBY IRREVOCABLY SUBMITS ITSELF TO THE NON-EXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS SITTING IN THE STATE OF TEXAS AND TO THE VENUE OF COLLIN COUNTY AND CONSENTS AND AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON IT IN ANY LEGAL PROCEEDING RELATING TO THIS NOTE BY ANY MEANS ALLOWED UNDER TEXAS OR FEDERAL LAW.

This Note may be prepaid in whole at any time or in part from time to time, without penalty or premium. Prepayments shall be applied first to accrued and unpaid interest and then to unpaid installments of principal in the inverse order of their stated maturity.

Grant of Security Interest

As a condition for Payee to agree to lend Debtor the funds contemplated herein this Note, Debtor and each Guarantor grant to Payee, a security interest in its property, tangible and intangible, including but not limited to: all inventory, furniture, fixtures, equipment, and supplies now owned or subsequently acquired; and the

proceeds, products, and accessions of and to any and all of the foregoing (the “Collateral”) used in operation of the franchised business pursuant to the signed Franchise Agreement. Debtor shall not grant a security interest in the Collateral to any other party without the Debtor’s prior written consent.

This security interest is granted to secure the debt evidenced by this Note and all costs and expenses incurred by Payee in the collection of the debt. This Note is a valid pledge of the Collateral and creates a valid security interest in the Collateral securing payment of the indebtedness evidenced in this Note.

Payee, in its discretion, may file one or more financing statements under the Texas Uniform Commercial Code, naming Debtor as a debtor and Payee as secured party and indicating the Collateral specified in this Promissory Note and Security Agreement. Notwithstanding, no authorization, approval or other action by, and no notice to or filing with any governmental authority or regulatory body is required for the pledge or the grant of the security interest granted hereby.

Personal Guarantee

It is further understood that this Note is secured by a personal guarantee from Debtor’s principal, Michael Trahan, an adult individual and Jessica Trahan an adult individual, in substantially the form attached hereto as Attachment A.

DEBTOR:

By: _____

PAYEE:

Legacy Franchise Company, LLC,
a Texas limited liability company

By: _____

Patrick Wright, CEO

ATTACHMENT A

UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this _____, by _____ (_____ individually and collectively referred to as “Guarantor”).

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement dated _____ (“Agreement”) by Legacy Franchise Company, LLC (“Franchisor”), each of the undersigned hereby personally and unconditionally guarantees to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that _____ (“Franchisee”) shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement. Each of the undersigned shall be personally bound by, and personally liable for, Franchisee’s breach of any provision in the Agreement, including those relating to monetary obligations and obligations to take or refrain from taking specific actions or engaging in specific activities, such as those contemplated by Sections 6, 7 and 17 of the Agreement. Each of the undersigned waives: (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; (d) any right it may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (e) any and all other notices and legal or equitable defenses to which it may be entitled.

Each of the undersigned consents and agrees that: (a) its direct and immediate liability under this Guaranty shall be joint and several; (b) it shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (c) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person or entity; and (d) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of the Agreement.

This Guaranty represents the entire agreement and understanding of these parties concerning the subject matter hereof, and supersedes all other prior agreements, understandings, negotiations and discussions, representations, warranties, commitments, proposals, offers and contracts concerning the subject matter hereof, whether oral or written.

Successors and Assigns; Death of Guarantor. This Guaranty shall be binding upon Guarantor and his or her heirs, executors, administrators, successors and assigns and shall inure to the benefit of Franchisor and its successors, endorsees, transferees and assigns. Without limiting any other provision hereof, Guarantor expressly agrees that Guarantor’s death shall not serve as a revocation of or otherwise affect the guaranty made hereunder and that Guarantor’s estate and heirs shall continue to be liable hereunder with respect to any Guaranteed Obligations created or arising after Guarantor’s death.

The validity, interpretation and enforcement of this Guaranty and any dispute arising out of the relationship between Guarantor and Franchisor, whether in contract, tort, equity or otherwise, shall be governed by the internal laws of the State of Texas (without giving effect to principles of conflicts of law).

Guarantor hereby irrevocably consents and submits to the non-exclusive jurisdiction of the Courts of the State of Texas and the United States District Court located in or serving Collins County, Texas and waives any objection based on venue or forum non conveniens with respect to any action instituted therein arising under this Guaranty or any of the other Franchising Agreements or in any way connected with or related or incidental to the dealings of Guarantor and Franchisor in respect of this Guaranty or any of the other Franchising Agreements or the transactions related hereto or thereto, in each case whether now

existing or hereafter arising and whether in contract, tort, equity or otherwise, and agrees that any dispute arising out of the relationship between Guarantor or Franchisee and Franchisor or the conduct of any such persons in connection with this Guaranty, the other Franchising Agreements or otherwise shall be heard only in the courts described above (except that Franchisor shall have the right to bring any action or proceeding against Guarantor or his or her property in the courts of any other jurisdiction which Franchisor deems necessary or appropriate in order to realize on any collateral at any time granted by Franchisee or Guarantor to Franchisor or to otherwise enforce its rights against Guarantor or his or her property).

IN WITNESS WHEREOF, this Guaranty has been entered into the day and year first before written.

GUARANTOR

, Individually

HOME ADDRESS :

TELEPHONE NO.:

PERCENTAGE OF OWNERSHIP

IN FRANCHISEE: _____%

, Individually

HOME ADDRESS :

TELEPHONE NO.:

PERCENTAGE OF OWNERSHIP

IN FRANCHISEE: _____%

EXHIBIT D TO DISCLOSURE DOCUMENT
TELEPHONE NUMBER AND WEBSITE
URL ASSIGNMENT AGREEMENT

THIS TELEPHONE NUMBER AND WEBSITE URL ASSIGNMENT AGREEMENT is made this ____ day of 20____, between Legacy Franchise Company, LLC d/b/a LEGACY CLAIMS SERVICES, ("we," "us", "our", or "Franchisor") and the franchisee named below ("you", "your", or "Franchisee").

BACKGROUND

A. The parties are entering into one or more LEGACY CLAIMS SERVICES Franchise Agreements.

B. As a condition to signing the Franchise Agreement(s), we have required that you assign all of your right, title and interest in the telephone numbers and website URLs relating to the LEGACY CLAIMS SERVICES Franchise(s) to us upon the expiration or termination of any of the Franchise Agreements.

The parties agree as follows:

TERMS

1. **Assignment.** In order to secure continuity and stability of our operation of the LEGACY CLAIMS SERVICES System, immediately upon the expiration or termination of any of your LEGACY CLAIMS SERVICES Franchise Agreement(s), this Agreement constitutes your automatic assignment to us all of your right, title and interest in and to certain telephone numbers, telephone listings, and website URLs pursuant to the expired or terminated LEGACY CLAIMS SERVICES Franchise Agreement(s) without further action on your part. Your "website URLs" refers to any internet domain names you register, adopt, or use to promote your LEGACY CLAIMS SERVICES franchise, including any URLs listed on Attachment A hereto.

2. **Assumption.** We, in consideration of the transfer of telephone numbers and website URLs, assume, as of this date, all future obligations of the present subscriber for the telephone numbers and website URLs.

3. **Your Representation and Warranties.** You represent, warrant and covenant to us that:

(a) As of the effective date of the Assignment, all of your obligations and indebtedness for telephone and URL hosting services must be paid and current.

(b) As of the date of this Agreement, you have full power and legal right to enter into, sign, deliver and perform this Agreement.

(c) This Agreement is your legal and binding obligation enforceable in accordance with its terms.

(d) The signing, delivery and performance of this Assignment does not conflict with, violate, breach or constitute a default under any contract, agreement or instrument to which you are a party or by which you are bound, and no consent of nor approval by any third party is required.

(e) You have the specific power to assign and transfer your right, title and interest in your telephone numbers and website URLs and you have obtained all necessary consents to this Assignment.

4. **Further Actions.** You agree to take any other steps and execute any other documents required by the telephone service provider and domain name hosting company to make the assignments contemplated by this Agreement.

5. **Miscellaneous.** The validity, construction and performance of this Assignment is governed by the laws of the State of Texas. All agreements, covenants, representations and warranties made in this Agreement survive the signing of this Agreement. All our rights inure to our benefit and to the benefit of our successors and assigns.

FRANCHISOR:
LEGACY FRANCHISE COMPANY, LLC

FRANCHISEE:

By: _____
Patrick Wright, Chief Executive Officer

By: _____ Its:

**ATTACHMENT A TO THE TELEPHONE NUMBER AND WEBSITE
URL ASSIGNMENT AGREEMENT**

[list web URLs here]

EXHIBIT E TO THE DISCLOSURE DOCUMENT

**LEGACY FRANCHISE COMPANY, LLC
TABLE OF CONTENTS
OF CONFIDENTIAL OPERATIONS MANUAL**

LEGACY FRANCHISE COMPANY, LLC
TABLE OF CONTENTS
CONFIDENTIAL OPERATIONS MANUAL

1.	Mission Values & Ethics.....	1
2.	Franchise Relations	4
3.	Standards	6
4.	Operations.....	14
5.	Insurance Basics.....	21
6.	Human Resources	29

Total Pages: **48**

EXHIBIT F TO THE DISCLOSURE DOCUMENT

LEGACY FRANCHISE COMPANY, LLC

FINANCIAL STATEMENTS

THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.

Legacy Franchise Company LLC

Balance Sheet Comparison

As of April 30, 2024

	TOTAL		
	AS OF APR 30, 2024	AS OF APR 30, 2023 (PY)	CHANGE
ASSETS			
Current Assets			
Bank Accounts			
Operating Cash-Topside	-6,254.38		-6,254.38
Restricted Cash-Topside	6,254.38		6,254.38
Southpoint 1865	11,897.93		11,897.93
Southpoint 8747	56,312.46	9,995.00	46,317.46
Total Bank Accounts	\$68,210.39	\$9,995.00	\$58,215.39
Accounts Receivable			
AR from Insurance Companies	502,638.26		502,638.26
G&T NC.SC	4,000.00		4,000.00
Prime Performance Ohio	8,800.00		8,800.00
Total Accounts Receivable	\$515,438.26	\$0.00	\$515,438.26
Total Current Assets	\$583,648.65	\$9,995.00	\$573,653.65
Fixed Assets			
Furniture and Equipment	686.69		686.69
Total Fixed Assets	\$686.69	\$0.00	\$686.69
TOTAL ASSETS	\$584,335.34	\$9,995.00	\$574,340.34
LIABILITIES AND EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
Franchise AP			
Babylon Enterprise LLC	11,014.77		11,014.77
Denver	2,583.12		2,583.12
Fort Worth/San Antonio	1,549.34		1,549.34
G&T Appraisals Inc	27,093.60		27,093.60
Hutchens & Morgan	5,656.60		5,656.60
Independent Appraisers LLC	3,281.11		3,281.11
Jassaraca Inc	22,556.02		22,556.02
Legacy Claims Service	63,330.16		63,330.16
Orlando	1,144.49		1,144.49
Prime Performance Advisors	3,786.18		3,786.18
Tampa	1,779.47		1,779.47
Total Franchise AP	143,774.86		143,774.86
Total Accounts Payable	\$143,774.86	\$0.00	\$143,774.86
Credit Cards			
Capital one 7255	3,439.61		3,439.61

Legacy Franchise Company LLC

Balance Sheet Comparison

As of April 30, 2024

	TOTAL		
	AS OF APR 30, 2024	AS OF APR 30, 2023 (PY)	CHANGE
Total Credit Cards	\$3,439.61	\$0.00	\$3,439.61
Other Current Liabilities			
Accrued Expenses	0.00		0.00
Accrued Payroll	0.00		0.00
Deferred Revenue-Current	0.00		0.00
Marketing Fee Payable	0.00		0.00
Southpoint Loan 7978	546,033.64		546,033.64
Total Other Current Liabilities	\$546,033.64	\$0.00	\$546,033.64
Total Current Liabilities	\$693,248.11	\$0.00	\$693,248.11
Long-Term Liabilities			
Deferred Revenue	0.00		0.00
Due To/From Legacy Claims AI	-282,938.54	10,000.00	-292,938.54
Due To/From Legacy Fran. Fees	191,260.37		191,260.37
Total Long-Term Liabilities	\$ -91,678.17	\$10,000.00	\$ -101,678.17
Total Liabilities	\$601,569.94	\$10,000.00	\$591,569.94
Equity			
Member Equity	40,000.00	30,000.00	10,000.00
Retained Earnings	23,418.44		23,418.44
Net Income	-80,653.04	-30,005.00	-50,648.04
Total Equity	\$ -17,234.60	\$ -5.00	\$ -17,229.60
TOTAL LIABILITIES AND EQUITY	\$584,335.34	\$9,995.00	\$574,340.34

Legacy Franchise Company LLC

Profit and Loss January - April, 2024

	TOTAL		
	JAN - APR, 2024	JAN - APR, 2023 (PY)	CHANGE
Income			
Franchise Fee Income	135,970.05		135,970.05
Gross Insurance Income	59,184.40		59,184.40
Sale-Deposits	327,197.52		327,197.52
Sales	904,735.77		904,735.77
Total Income	\$1,427,087.74	\$0.00	\$1,427,087.74
Expenses			
Accounting	6,435.00		6,435.00
Advertising	494.27		494.27
Automobile Expense	2,183.50		2,183.50
Bank Service Charge	472.00	5.00	467.00
Computer and Internet Expenses	91,249.37		91,249.37
Depreciation Expense	57.85		57.85
Dues & Subscriptions	59.99		59.99
Franchise Sales Expense			
Babylon Enterprise LLC	39,073.55		39,073.55
Denver	2,583.12		2,583.12
Fort Worth/San Antonio	1,549.34		1,549.34
G&T Appraisals Inc	319,686.35		319,686.35
Hutchens & Morgan	53,551.75		53,551.75
Independent Appraisers LLC	17,396.90		17,396.90
Jassaraca Inc	210,097.26		210,097.26
Legacy Claims Service	363,573.57		363,573.57
Orlando	1,144.49		1,144.49
Prime Performance Advisors	32,225.34		32,225.34
Tampa	1,779.47		1,779.47
Total Franchise Sales Expense	1,042,661.14		1,042,661.14
Insurance Expense	2,961.76		2,961.76
Interest Expense	9,906.79		9,906.79
Legal Expense	284.04	30,000.00	-29,715.96
Marketing Fee Expense	-6,254.38		-6,254.38
Meals and Entertainment	977.67		977.67
Office Supplies	4,112.57		4,112.57
Payroll Expenses	-31,721.46		-31,721.46
Payroll Processing Fee	3,384.26		3,384.26
Payroll Tax Expense	23,968.69		23,968.69

Legacy Franchise Company LLC

Profit and Loss

January - April, 2024

	TOTAL		
	JAN - APR, 2024	JAN - APR, 2023 (PY)	CHANGE
Salary Expense			
Alpha Claims Service	3,151.54		3,151.54
Armenta, Leon	1,993.34		1,993.34
Azzi, Jessica	17,000.03		17,000.03
Baker, Shellie	10,544.66		10,544.66
Bobbie Dollar	25,885.60		25,885.60
Bryant, Brandon	33,489.36		33,489.36
Cade, Geary	11,036.80		11,036.80
Cindy Dollar	10,740.01		10,740.01
Day, Katie	14,596.00		14,596.00
JessCo LLC	4,244.28		4,244.28
Makley, Emily	208.33		208.33
Mark Petty	56,766.68		56,766.68
Morrow, Shayne	17,130.66		17,130.66
O Leary, Ernest	32,185.23		32,185.23
Patrick Wright	56,766.68		56,766.68
Payne, Marcy	15,720.00		15,720.00
Price, William	273.00		273.00
RZSCC Investment Inc	664.45		664.45
Vaughn Petty	16,802.95		16,802.95
Wright, William A	16,122.59		16,122.59
Yearick, Melissa	5,400.00		5,400.00
Total Salary Expense	350,722.19		350,722.19
Total Payroll Expenses	346,353.68		346,353.68
Postage and Delivery	100.68		100.68
Professional Fees	678.00		678.00
Telephone Expense	3,441.02		3,441.02
Travel Expense	1,565.83		1,565.83
Total Expenses	\$1,507,740.78	\$30,005.00	\$1,477,735.78
NET OPERATING INCOME	\$ -80,653.04	\$ -30,005.00	\$ -50,648.04
NET INCOME	\$ -80,653.04	\$ -30,005.00	\$ -50,648.04

Legacy Franchise Company, LLC

Financial Statements

*As of December 31, 2023 and the period from inception
(January 30, 2023) through December 31, 2023*

Legacy Franchise Company, LLC

Financial Statements

As of December 31, 2023 and for the period from inception
(January 30, 2023) through December 31, 2023

Table of Contents

Independent Auditor's Report.....	3
Financial Statements	
Balance Sheet.....	5
Statement of Operations.....	6
Statement of Changes in Members' Equity.....	7
Statement of Cash Flows.....	8
Notes to Financial Statements.....	9



Dallas Office
2425 N Central Expy.
Suite 200
Richardson, TX 75080
Phone 972 238 5900
Fax 972 692 5357

www.agllp-cpa.com

Independent Auditor's Report

To the Members
Legacy Franchise Company, LLC
Plano, Texas

Report on the Financial Statements

Opinion

We have audited the financial statements of Legacy Franchise Company, LLC (the "Company"), which comprise the balance sheet as of December 31, 2023, and the related statements of operations, changes in members' equity, and cash flows for the period from inception (January 30, 2023) through December 31, 2023, and related notes to the financial statements.

In our opinion, the accompanying financial statements presents fairly, in all material respects, the financial position of the Company as of December 31, 2023, and the results of its operations, changes in members' equity and its cash flows for the period from inception (January 30, 2023) through December 31, 2023 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Legacy Franchise Company, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used, and the reasonableness of, significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Legacy Franchise Company, LLC's ability to continue as a going concern for a reasonable period of time.

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

A+G LLP

Dallas, Texas
June 12, 2024

Balance Sheet

As of December 31,

2023

Assets

Current assets:

Cash and cash equivalents	\$ 78,596
Restricted cash	6,254
Accounts receivable, net	451,854
Total current assets	<u>536,704</u>

Total assets**\$ 536,704****Liabilities and Members' Equity**

Current liabilities:

Accounts payable	\$ 118,244
Accrued expenses	44,290
Marketing fee payable	6,254
Due to affiliate	65,322
Line of credit	177,605
Deferred revenue	8,165
Total current liabilities	<u>419,880</u>

Long-term liabilities:

Deferred revenue, net	53,405
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Members' equity

63,419

Total liabilities and members' equity**\$ 536,704**

Statement of Operations

For the period from inception (January 30, 2023)
through December 31,

2023

Revenues:

Franchise fee revenue	\$ 4,830
Royalty revenue	173,311
Marketing fee revenue	6,254
Insurance revenue	1,439,620
Other revenue	43,352
Total revenues	1,667,367

General and administrative expenses:

Marketing fee expense	6,254
Personnel cost	112,413
Professional fees	66,143
Insurance fee expense	1,366,934
Other general and administrative expenses	80,444
Total general and administrative expenses	1,632,188

Income from operations 35,179

Other expense:

Interest expense (11,760)

Net income **\$ 23,419**

Statement of Changes in Members' Equity

Balance at January 30, 2023	\$	-
Net income		23,419
Contributions from members		40,000
Balance at December 31, 2023	\$	63,419

Statement of Cash FlowsFor the period from inception (January 30, 2023)
through December 31,

2023

Operating Activities

Net income	\$ 23,419
Changes in operating assets and liabilities:	
Restricted cash	(6,254)
Accounts receivable	(451,854)
Accounts payable	118,244
Accrued expenses	44,290
Marketing fee payable	6,254
Deferred revenue	61,570
Net cash used by operating activities	<u>(204,331)</u>

Investing Activities

Net cash provided by investing activities

-

Financing Activities

Net advances from affiliate	65,322
Net borrowing on line of credit	177,605
Contributions from members	40,000
Net cash provided by financing activities	<u>282,927</u>

Net increase in cash and cash equivalents

78,596

Cash and cash equivalents, beginning of period

-

Cash and cash equivalents, end of period

\$ 78,596**Supplemental Disclosure of Cash Flow Information**

Interest paid	\$ 11,760
---------------	-----------

NOTES TO FINANCIAL STATEMENTS

1. Organization and Operations

Description of Business

Legacy Franchise Company, LLC, a Texas limited liability company, was formed on January 30, 2023 (“Inception”) and is located in Plano, Texas. References in these financial statement footnotes to “Company”, “we”, “us” and “our” refer to the business of Legacy Franchise Company, LLC.

The Company is in the business of granting franchisees the right to operate an insurance appraisal business which includes inspections, appraisals, estimates, and investigations for auto, personal property, and real estate (“Franchised Business”). Franchisees will conduct business under the trade name “LEGACY CLAIMS SERVICES” and also use our other related service marks, trademarks or logos (our “Marks”) and our standards, methods, procedures, and specifications (our “System”) and will operate the Franchised Business under our System and Mark from a home office or a stand-alone office.

The Company is a limited liability company, and therefore, the members are not liable for the debts, obligations or other liabilities of the Company, whether arising in contract, tort or otherwise, unless the members have signed a specific guarantee.

The table below reflects the status and changes in franchised outlets and affiliate-own outlets for the period from Inception through December 31, 2023.

Franchised Outlets				
<u>Year</u>	<u>Start of Period</u>	<u>Opened</u>	<u>Closed or Ceased Operations – Other reasons</u>	<u>End of Period</u>
2023	0	29	0	29

Affiliate-own Outlets				
<u>Year</u>	<u>Start of Period</u>	<u>Opened</u>	<u>Closed or Ceased Operations – Other reasons</u>	<u>End of Period</u>
2023	1	0	0	1

Going Concern

Management has evaluated our ability to continue as a going concern as of December 31, 2023. Due to the positive earnings and liquidity position of the Company as of December 31, 2023, we have concluded that there is not significant doubt about our ability to continue as a going concern.

2. Significant Accounting Policies

Basis of Accounting

The Company uses the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States (“U.S. GAAP”). Under this method, revenue is recognized when earned and expenses are recognized as incurred.

Use of Estimates

The preparation of the financial statements and accompanying notes in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Estimates are used for the following, among others: revenue recognition and allowance for credit losses. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS

2. Significant Accounting Policies (continued)**Fair Value Measurements**

Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company's financial instruments consist primarily of cash and cash equivalents, accounts receivable, accounts payable and accrued expenses. The carrying values of cash and cash equivalents, accounts receivable, accounts payable and accrued expenses are considered to be representative of their respective fair values due to the short-term nature of these instruments. Based on interest rates currently available to the Company for investments with similar terms, the carrying value of note receivable approximates fair value. Based on borrowing rates currently available to the Company for loans with similar terms, the carrying value of long-term debt approximates fair value.

Assets and liabilities that are carried at fair value are classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets and liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

Cash and Cash Equivalents

For purposes of reporting cash flows, all highly liquid investments with a maturity of three months or less are considered cash equivalents.

Restricted cash

Restricted cash consists of funds related to the Marketing Fee. Funds collected by the Company for the Marketing Fee is maintained in separate restricted cash account to cover the expenditures required to be made under the Marketing Fee program and are not available to be used for the normal recurring operations of the Company.

Accounts Receivable

Accounts receivable consist primarily of franchise fees, royalty revenue, marketing fees revenue and other revenue due from franchisees and insurance revenue due from insurance companies and are stated at the amount the Company expects to collect. The Company maintains allowances for credit losses for estimated losses resulting from the inability of its customers to make required payments. Management considers the following factors when determining the collectability of specific customer accounts: customer credit worthiness, past transaction history with the customer, current economic industry trends, and changes in customer payment terms. Past due balance over 90 days and other higher risk amounts are reviewed individually for collectability. If the financial condition of the Company's customers were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Based on management's assessment, the Company provides for estimated uncollectible amounts through a charge to earnings and a credit to an allowance. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for credit losses.

Revenue Recognition

The Company recognizes revenue in accordance with Financial Accounting Standards Board ("FASB") ASC 606-10-25, Revenue from Contracts with Customers. In January 2021, the FASB issued Accounting Standards Update ("ASU") 2021-02, "Franchisors – Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient." ASU 2021-02 provides a practical expedient that simplifies the application of ASC 606 about identifying performance obligations and permits franchisors that are not public entities to account for pre-opening services listed within the guidance as distinct from the franchise license. The Company has adopted ASU 2021-02 and implemented the guidance on its revenue recognition policy.

NOTES TO FINANCIAL STATEMENTS

2. Significant Accounting Policies (continued)**Revenue Recognition (continued)****Franchise fee revenue**

The Company sells individual franchises. The franchise agreements typically require the franchisee to pay an initial, non-refundable fee prior to opening the respective location(s), continuing royalty and other fees on a monthly basis based upon a percentage of franchisees gross sales. A franchise agreement establishes a Franchised Business developed in one or multiple defined geographic areas and provides for a five-year initial term with the option to renew for two additional five-year term. Subject to the Company's approval, a franchisee may generally renew the franchise agreement upon its expiration. If approved, a franchisee may transfer a franchise to a new or existing franchisee. The new franchisee will then sign a new franchise agreement and is required to pay a transfer fee.

Under the terms of our franchise agreements, the Company typically promises to provide franchise rights, pre-opening services such as training, and ongoing services. The Company considers certain pre-opening activities and the franchise rights and related ongoing services to represent two separate performance obligations. The franchise fee revenue will be allocated to the two separate performance obligations using a residual approach. The Company has estimated the value of performance obligations related to certain pre-opening activities deemed to be distinct based on cost plus an applicable margin, and assigned the remaining amount of the initial franchise fee to the franchise rights and ongoing services. Revenue allocated to preopening activities will be recognized when (or as) these services are performed, no later than opening date. Revenue allocated to franchise rights and ongoing services will be recognized on a straight line basis over the contractual term of the franchise agreement as this ensures that revenue recognition aligns with the customer's access to the franchise right. Renewal fees will be recognized over the renewal term of the respective franchise from the start of the renewal period. Transfer fees will be recognized over the contractual term of the transfer agreement.

Royalty revenue

Royalty revenue is charged to existing franchise owners based on the greater of 15 percent of the gross sales generated by Franchised Business or the minimum monthly fee of \$0 for the first year, \$1,500 for the second year and \$3,000 thereafter. The revenue is recognized as earned.

Marketing fee revenue

The Company maintains a marketing fee to promote general brand recognition of the franchise system and services. Funds are collected from franchisees based on an agreed-upon percentage of franchisee's weekly gross revenue and used to pay costs of, or associated with, marketing, advertising, promotional programs, public relations, and costs to administer the marketing fund. Although marketing fee revenue is not a separate performance obligation distinct from the underlying franchise right, the Company acts as the principal as it is primarily responsible for the fulfillment and control of the marketing services. As a result, the Company records marketing fee contributions in revenue and related marketing fee expenditures in expenses in the statements of operations. When marketing fee revenue exceeds the related marketing fee expenses in a reporting period, marketing fee expenses are accrued up to the amount of the marketing fee revenue recognized. Marketing fee revenue is contributed by franchisees based on two percent, but not exceed three percent of the Franchised Business's gross sales and is recognized as earned.

Insurance revenue

Insurance revenue is charged to insurance companies for services related to inspections, appraisals, estimates for auto, real estate, and personal property and is recognized as earned when the related service is completed.

Other revenue

Other revenue consists of factoring fee, technology fee and other fee revenues. This revenue is recognized as earned.

NOTES TO FINANCIAL STATEMENTS

2. Significant Accounting Policies (continued)

Income Taxes

The Company is taxed as a Partnership for federal income tax purposes. Consequently, federal income taxes are not provided for or payable by the Company. The Company's net income or loss is allocated to the members who are taxed individually on their share of the Company's earnings. The Company recognizes income tax related interest and penalties in interest expense and other general and administrative expenses, respectively.

The Company files income tax returns in the U.S. federal jurisdiction and the states in which it operates. The Company is subject to routine audits by taxing jurisdictions from the inception January 30, 2023; however, there are currently no audits for any tax periods in progress.

In accordance with FASB ASC 740-10, Income Taxes, the Company is required to disclose uncertain tax positions. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities.

The Company has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Company believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Company's financial condition, results of operations or cash flows. Accordingly, the Company has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2023.

Recently Adopted Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments", and subsequent amendments to the initial guidance, ASU 2019-10. This accounting standard changes the methodology for measuring credit losses on financial instruments, including trade accounts receivable, and the timing of when such losses are recorded. ASU No. 2016-13 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2022. The Company adopted this standard as of January 30, 2023, using the modified retrospective approach and it did not have a material impact on its financial statements.

Recent Accounting Pronouncements

We reviewed other significant newly-issued accounting pronouncements and concluded that they either are not applicable to our operations or that no material effect is expected on our financial statements as a result of future adoption.

3. Certain Significant Risks and Uncertainties

The Company maintains its cash in two bank deposit accounts that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash or cash equivalents. The Company maintains its deposits in one financial institution.

NOTES TO FINANCIAL STATEMENTS

4. Revenue and Related Contract Balances**Disaggregation of Revenue**

The following table disaggregates revenue by source for the period from Inception through December 31:

	<u>2023</u>
Point in time:	
Franchise fee revenue	\$ 3,600
Royalty revenue	173,311
Marketing fee revenue	6,254
Insurance revenue	1,439,620
Other revenue	43,352
Total point in time	<u>\$ 1,666,137</u>
Over time:	
Franchise fee revenue	1,230
Total revenues	<u>\$ 1,667,367</u>

Contract Liabilities

Contract liabilities consist of deferred revenue resulting from initial franchise fees paid by franchisees, which are recognized on a straight-line basis over the term of the franchise agreements. The Company classifies these contract liabilities as deferred revenue on the balance sheets. The following table reflects the change in contract liabilities from Inception through December 31, 2023:

	<u>2023</u>
Deferred revenue – beginning of period	\$ -
Franchise fee revenue recognized	(4,830)
Franchise fee received from franchise owners	66,400
Deferred revenue – end of period	<u>\$ 61,570</u>

The following table illustrates estimated revenues expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of December 31, 2022:

2024	\$ 8,165
2025	6,065
2026	6,065
2027	6,065
2028	6,065
Thereafter	29,145
Total	<u>\$ 61,570</u>

5. Accounts Receivable

Accounts receivable consisted of the following at December 31:

	<u>2023</u>
Accounts receivable	\$ 451,854
Less: allowance for credit losses	-
Accounts receivable, net	<u>\$ 451,854</u>

For the period from Inception through December 31, 2023, bad debt expense was \$0.

NOTES TO FINANCIAL STATEMENTS

6. Line of Credit

On June 12, 2023, the Company entered into a line of credit agreement with a bank, which provides a line of credit up to \$750,000 through June 2024. The line provides for interest at 2% over the prime rate (8.5% at December 31, 2023), payable is secured by the assets of the Company. As of December 31, 2023, the outstanding balance was \$177,605.

7. Related Party Transactions

During the period from Inception through December 31, 2023, the Company advanced funds to and paid expenses on behalf of its affiliate, Legacy Claims Service, LLC ("LCS"). As of December 31, 2023, the Company had a balance due to LCS in the amount of \$65,322. The amount due to LCS is unsecured, bears no interest and is due on demand. At December 31, 2023, accounts payable included \$44,083 in payable due to LCS.

8. Commitments and Contingencies

Litigation

The Company may be party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of the management, all matters are of such nature, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

9. Subsequent Events

The Company has evaluated subsequent events through June 12, 2024, the date the financial statements were available to be issued.

Legacy Franchise Company, LLC

Financial Statement

As of March 31, 2023

Legacy Franchise Company, LLC

Financial Statement

As of March 31, 2023

Table of Contents

Independent Auditor's Report.....	3
Financial Statement	
Balance Sheet.....	5
Notes to Financial Statement.....	6



Dallas Office
2425 N Central Expy.
Suite 200
Richardson, TX 75080
Phone 972 238 5900
Fax 972 692 5357

www.agllp-cpa.com

Independent Auditor's Report

To the Members
Legacy Franchise Company, LLC
Plano, Texas

Report on the Financial Statement

Opinion

We have audited the accompanying balance sheet of Legacy Franchise Company, LLC (the "Company"), as of March 31, 2023, and related notes to the financial statement.

In our opinion, the accompanying financial statement presents fairly, in all material respects, the financial position of the Company as of March 31, 2023, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of Legacy Franchise Company, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 Statement

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

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

Auditor's Responsibilities for the Audit of the Financial Statement

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, 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 statement.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Legacy Franchise Company, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used, and the reasonableness of, significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Legacy Franchise Company, LLC's ability to continue as a going concern for a reasonable period of time.

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

A+G LLP

Dallas, Texas
June 29, 2023

Balance Sheet

As of March 31,

2023

Assets

Current assets:

Cash and cash equivalents

\$ 10,000

Total current assets

10,000

Total assets

\$ 10,000

Liabilities and Members' Equity

Current liabilities

\$ -

Members' equity

10,000

Total liabilities and members' equity

\$ 10,000

NOTES TO THE FINANCIAL STATEMENT

1. Organization and Operations

Description of Business

Legacy Franchise Company, LLC, a Texas limited liability company, was formed on January 30, 2023 (“Inception”) and is located in Plano, Texas. References in these financial statement footnotes to “Company”, “we”, “us” and “our” refer to the business of Legacy Franchise Company, LLC.

The Company is in the business of granting franchisees the right to operate an insurance appraisal business which includes inspections, appraisals, estimates, and investigations for auto, personal property, and real estate (“Franchised Business”). Franchisees will conduct business under the trade name “LEGACY CLAIMS SERVICES” and also use our other related service marks, trademarks or logos (our “Marks”) and our standards, methods, procedures, and specifications (our “System”) and will operate the Franchised Business under our System and Mark from a home office or a stand-alone office.

During the period from Inception through March 31, 2023, 0 franchised outlets were opened, and 0 were closed. At March 31, 2023 there were 0 franchised outlets and 1 affiliate-owned outlets in operation.

Going Concern

The accompanying financial statement has been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company is in the start-up phase of its business plan and is dependent on funding from its members. These factors raise substantial doubt about the Company’s ability to continue as a going concern.

The Company’s members and affiliate have committed to providing the necessary funding to ensure the Company has sufficient liquidity to satisfy its obligations for at least twelve months following the issuance of the financial statement.

After considering the financial wherewithal of its members and affiliate to provide financial support to the Company to ensure the continued financial viability of the Company for at least twelve months following the issuance of the financial statement, management concluded that substantial doubt about the Company’s ability to continue as a going concern has been alleviated. Accordingly, this financial statement does not include any adjustments that would be required were the Company not be able to continue as a going concern.

COVID-19

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption. The full impact of the pandemic will continue to depend on future developments, including the continued spread and duration of the pandemic, the emergence of future variant strains of COVID-19, the availability and distribution of effective medical treatments or vaccines as well as any related federal, state or local governmental orders or restrictions. Accordingly, the Company cannot reasonably determine the ultimate impact the COVID-19 pandemic will have on its future results of operations due to the continuing uncertainty surrounding the pandemic’s magnitude and duration.

2. Significant Accounting Policies

Basis of Accounting

The Company uses the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States (“U.S. GAAP”). Under this method, revenue is recognized when earned and expenses are recognized as incurred.

NOTES TO THE FINANCIAL STATEMENT

2. Significant Accounting Policies (continued)

Use of Estimates

The preparation of the financial statement and accompanying notes in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenue and expenses during the reported period. Estimates are used for the following, among others: revenue recognition. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of reporting cash flows, all highly liquid investments with a maturity of three months or less are considered cash equivalents.

Fair Value

Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company's financial instruments consist primarily of cash and cash equivalents. The carrying values of cash and cash equivalents is considered to be representative of their respective fair values due to the short-term nature of these instruments.

Assets and liabilities that are carried at fair value are classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets and liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

Income Taxes

The Company is taxed as a Partnership for federal income tax purposes. Consequently, federal income taxes are not provided for or payable by the Company. The Company's net income or loss is allocated to the members who are taxed individually on their share of each Company's earnings. The Company recognizes income tax related interest and penalties in interest expense and other general and administrative expenses, respectively.

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments", and subsequent amendments to the initial guidance, ASU 2019-10. This accounting standard changes the methodology for measuring credit losses on financial instruments, including trade accounts receivable, and the timing of when such losses are recorded. ASU No. 2016-13 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2022. The Company is currently evaluating the impact of adopting ASU No. 2016-13 on its financial statement.

We reviewed all other significant newly-issued accounting pronouncements and concluded that they either are not applicable to our operations or that no material effect is expected on our financial statements as a result of future adoption.

3. Certain Significant Risks and Uncertainties

The Company maintains its cash in a bank deposit account that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash or cash equivalents. The Company maintains its deposits with one financial institution.

NOTES TO THE FINANCIAL STATEMENT

4. Income Taxes

The Company is taxed as a Partnership under the provisions of Subchapter K of the Internal Revenue Code, accordingly, no federal income tax provision or liability is reflected in the financial statements.

The Company files income tax returns in the U.S. federal jurisdiction, and the state in which it operates. The Company is subject to routine audits by taxing jurisdictions from the inception January 30, 2023; however, there are currently no audits for any tax periods in progress.

In accordance with FASB ASC 740-10, Income Taxes, the Company is required to disclose uncertain tax positions. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities.

The Company has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Company believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Company's financial condition, results of operations or cash flows. Accordingly, the Company has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at March 31, 2023.

5. Commitments and Contingencies

Litigation

The Company may be party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of the management, all matters are of such nature, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

6. Subsequent Events

The Company has evaluated subsequent events through June 29, 2023, the date the financial statement was available to be issued.

EXHIBIT G TO THE DISCLOSURE DOCUMENT

LEGACY FRANCHISE COMPANY, LLC

**LIST OF CURRENT FRANCHISEES
AND LIST OF FORMER FRANCHISEES WHO HAVE LEFT THE SYSTEM**

LIST OF FRANCHISEES AS OF DECEMBER 31, 2023

Store No.	Franchisee	Street Address	City	ST	Zip	Phone
Alabama						
300	Independent Appraisers LLC	690 CR 97	Bremen	AL	35033	205-602-7210
Florida						
301	Hutchins and Morgan Inc	518 Ridderbjelke Rd	Deer Park	AL	36529	225-341-0431
302	Hutchins and Morgan Inc	518 Ridderbjelke Rd	Deer Park	AL	36529	225-341-0431
303	Hutchins and Morgan Inc	518 Ridderbjelke Rd	Deer Park	AL	36529	225-341-0431
307	Babylon Enterprises LLC	7196 Sharp Reef Rd, Unit 3	Pensacola	FL	32507	850-982-9976
308	Babylon Enterprises LLC	7196 Sharp Reef Rd, Unit 3	Pensacola	FL	32507	850-982-9976
Mississippi						
304	Hutchins and Morgan Inc	518 Ridderbjelke Rd	Deer Park	AL	36529	225-341-0431
305	Hutchins and Morgan Inc	518 Ridderbjelke Rd	Deer Park	AL	36529	225-341-0431
306	Hutchins and Morgan Inc	518 Ridderbjelke Rd	Deer Park	AL	36529	225-341-0431
New York						
309	Jassaraca Inc	9844 CR 76	Hammons port	NY	14840	585-703-4546
310	Jassaraca Inc	9844 CR 76	Hammons port	NY	14840	585-703-4546
311	Jassaraca Inc	9844 CR 76	Hammons port	NY	14840	585-703-4546
312	Jassaraca Inc	9844 CR 76	Hammons port	NY	14840	585-703-4546
313	Jassaraca Inc	9844 CR 76	Hammons port	NY	14840	585-703-4546
North Carolina						
321	G&T Appraisals, Inc	140 Lynn Drive	Aiken	SC	29803	704-200-4022
322	G&T Appraisals, Inc	140 Lynn Drive	Aiken	SC	29803	704-200-4022
323	G&T Appraisals, Inc	140 Lynn Drive	Aiken	SC	29803	704-200-4022
324	G&T Appraisals, Inc	140 Lynn Drive	Aiken	SC	29803	704-200-4022
Ohio						
319	Prime Performance Advisors LLC	1967 East Maple Street	North Canton	OH	44720	516-865-7905
320	Prime Performance Advisors LLC	1967 East Maple Street	North Canton	OH	44720	516-865-7905
Pennsylvania						
314	Jassaraca Inc	9844 CR 76	Hammons port	NY	14840	585-703-4546
315	Jassaraca Inc	9844 CR 76	Hammons port	NY	14840	585-703-4546
316	Jassaraca Inc	9844 CR 76	Hammons port	NY	14840	585-703-4546
317	Jassaraca Inc	9844 CR 76	Hammons port	NY	14840	585-703-4546
318	Jassaraca Inc	9844 CR 76	Hammons	NY	14840	585-703-4546

			port			
South Carolina						
325	G&T Appraisals, Inc	140 Lynn Drive	Aiken	SC	29803	704-200-4022
326	G&T Appraisals, Inc	140 Lynn Drive	Aiken	SC	29803	704-200-4022
327	G&T Appraisals, Inc	140 Lynn Drive	Aiken	SC	29803	704-200-4022
328	G&T Appraisals, Inc	140 Lynn Drive	Aiken	SC	29803	704-200-4022

**LIST OF FRANCHISEES WITH SIGNED FRANCHISE AGREEMENT,
BUT OUTLET NOT OPEN AS OF DECEMBER 31, 2023**

Franchisee	Street Address	City	ST	Zip	Phone
None					

LIST OF FRANCHISEES WHO LEFT THE SYSTEM AS OF DECEMBER 31, 2023

Franchisee	City	ST	Phone
None			

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

EXHIBIT H TO DISCLOSURE DOCUMENT
STATE SPECIFIC ADDENDA

FOR THE STATE OF WISCONSIN

Item 17 of the disclosure document is supplemented by the following:

For franchisees subject to the Wisconsin Fair Dealership Law, Ch. 135, Stats., provisions in the Fair Dealership Law supersede any inconsistent provisions of the Franchise Agreement or a related contract.

EXHIBIT I TO THE DISCLOSURE DOCUMENT

LEGACY FRANCHISE COMPANY, LLC

GENERAL RELEASE (SAMPLE FORM)

GENERAL RELEASE
(SAMPLE FORM)

THIS GENERAL RELEASE is made and given on this ____ day of _____, 20____
by _____, (“RELEASOR”) an
individual/corporation/ limited liability company/partnership with a principal address of _____
_____, in consideration of:

_____ the execution by Legacy Franchise Company, LLC, a Texas limited liability company (“RELEASEE”), of a successor Franchise Agreement or other renewal documents renewing the franchise (the “Franchise”) granted to RELEASOR by RELEASEE pursuant to that certain Franchise Agreement (the “Franchise Agreement”) between RELEASOR and RELEASEE; or

_____ RELEASEE’S consent to RELEASOR’S assignment of its rights and duties under the Franchise Agreement; or

_____ RELEASEE’S consent to RELEASOR’S assumption of rights and duties under the Franchise Agreement; or

_____ [insert description]

and other good and valuable consideration, the adequacy of which is hereby acknowledged, and accordingly RELEASOR hereby releases and discharges RELEASEE, RELEASEE’S officers, directors, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), and RELEASEE’S successors and assigns, from any and all causes of action, suits, debts, damages, judgments, executions, claims and demands whatsoever, in law or in equity, that RELEASOR and RELEASOR’S heirs, executors, administrators, successors and assigns had, now have or may have, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the date of this RELEASE arising out of or related to the Franchise or the Franchise Agreement, including, without limitation, claims arising under federal, state and local laws, rules and ordinances.

THIS IS A SPECIFIC RELEASE GIVING UP ALL RIGHTS WITH RESPECT TO THE TRANSACTIONS OR OCCURRENCES THAT ARE BEING RELEASED UNDER THIS AGREEMENT.

This General Release shall not be amended or modified unless such amendment or modification is in writing and is signed by RELEASOR and RELEASEE.

IN WITNESS WHEREOF, RELEASOR has executed this General Release as of the date first above written.

RELEASOR: _____
(type/print name)

By: _____

Name: _____

Title: _____

(or, if an individual)

Signed: _____

Name printed: _____

[This General Release agreement will be modified as necessary for consistency with any state law regulating franchising.]

ACKNOWLEDGMENT

State of _____)
) ss
County of _____)

On this ____ day of _____, 20____ before me personally came _____, known to me to be the same person whose name is signed to the foregoing General Release, and acknowledged the execution thereof for the uses and purposes therein set forth, [and who did swear and say that he/she is the _____ (title) of _____ (company name), and he/she has the authority to execute said General Release].

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Notary Public
My Commission Expires:

(NOTARIAL SEAL)

[This General Release will be modified as necessary for consistency with any state law regulating franchising.]

EXHIBIT J TO DISCLOSURE DOCUMENT
FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you know, Legacy Franchise Company, LLC and you are preparing to enter into a Franchise Agreement for the operation of a Franchised Business. In this Franchisee Disclosure Questionnaire, Legacy Franchise Company, LLC 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 untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question.

1. _____ I have you received and personally reviewed Legacy Franchise Company, LLC Franchise Agreement and each exhibit, addendum and schedule attached to it.
2. _____ I understand all of the information contained in the Franchise Agreement and each exhibit and schedule attached to it.
3. _____ I have received and personally reviewed the Legacy Franchise Company’s Disclosure Document.
4. _____ I understand all of the information contained in the Disclosure Document.
5. _____ I have discussed the benefits and risks of operating the Franchised Business with an attorney, accountant or other professional advisor and do you understand those risks.
6. _____ I understand that the success or failure of my business will depend in large part upon my skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors.
7. _____ No employee or other person speaking on our behalf made any statement or promise concerning the revenues or profits of the Franchised Business that we or our franchisees operate.
8. _____ No employee or other person speaking on our behalf made any statement or promise concerning a Franchised Business that is contrary to, or different from, the information contained in the Disclosure Document.
9. _____ No employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Franchised Business.
10. _____ No employee or other person speaking on our behalf made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that we will furnish to you that is contrary to, or different from, the information contained in the Disclosure Document.
11. _____ I understand that in all dealings with Legacy, our officers, directors, employees and agents act only in a representative capacity and not in an individual capacity and these dealings are solely between you and Legacy?
12. _____ I understand that my answers are important to us and that we will rely on them.

Comments: _____

The above questionnaire shall not be signed or will not apply to Maryland residents and/or franchises to be operated in the State of Maryland.

By signing this Franchisee Disclosure Questionnaire, you are representing that you have responded truthfully to the above questions.

Name of Franchisee/Applicant:

Date: _____

_____, Individually

Name of Franchisee/Applicant:

Date: _____

_____, Individually

EXHIBIT K
STATE EFFECTIVE DATES

The following states have franchise laws that require that the Disclosure document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
Michigan	Pending
Wisconsin	June 20, 2024

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT L TO THE DISCLOSURE DOCUMENT

LEGACY FRANCHISE COMPANY, LLC

RECEIPTS

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 Legacy Franchise Company, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by your state applicable law. Applicable state laws in Michigan requires us to provide you the disclosure document at least 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires us to provide the disclosure document at the earlier of the first personal meeting or 10 business 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.

If Legacy Franchise Company, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and State law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit A. Legacy Franchise Company, LLC's agents for service of process are listed in Exhibit B.

Date of Issuance: June 20, 2024

The Franchise Seller(s) for this offering are:

Patrick Wright, Chief Executive Officer, 5184 Caldwell Mill Rd., Ste. 204-230, Birmingham, AL 35244, and/or _____.

I have received a disclosure document dated June 20, 2024. The disclosure document included the following Exhibits:

- | | |
|---|---|
| A. List of State Administrators | G. List of Current Franchisees and List of Former Franchisees |
| B. List of State Agents for Service of Process | H. State Specific Addenda |
| C. Franchise Agreement and Attachments | I. General Release (Sample Form) |
| D. Telephone Number and Website URL
Assignment Agreement | J. Franchisee Disclosure Questionnaire |
| E. Table of Contents to the Confidential
Operations Manual | K. State Effective Dates |
| F. Financial Statements | L. Receipts |

Please sign and print your name below, date and return one copy of this receipt to Legacy Franchise Company, LLC and keep the other for your records.

Date of Receipt

Signature

Print Name

(individually and as an officer of)

(Name of corporation, LLC, or partnership)

_____ A corporation

_____ A Limited Liability Company

_____ A Partnership

[KEEP THIS RECEIPT FOR YOUR RECORDS]

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 Legacy Franchise Company, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by your state applicable law. Applicable state laws in Michigan requires us to provide you the disclosure document at least 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires us to provide the disclosure document at the earlier of the first personal meeting or 10 business 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.

If Legacy Franchise Company, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and State law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit A. Legacy Franchise Company, LLC's agents for service of process are listed in Exhibit B.

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| B. List of State Agents for Service of Process | H. State Specific Addenda |
| C. Franchise Agreement and Attachments | I. General Release (Sample Form) |
| D. Telephone Number and Website URL | J. Franchise Disclosure Questionnaire |
| E. Table of Contents to the Confidential Assignment Agreement | K. State Effective Dates |
| F. Financial Statements | L. Receipts |

Please sign and print your name below, date and return one copy of this receipt to Legacy Franchise Company, LLC and keep the other for your records.

Date of Receipt

Signature

Print Name

(individually and as an officer of)

(Name of corporation, LLC, or partnership)

_____ A corporation

_____ A Limited Liability Company

_____ A Partnership

**[RETURN THIS COMPLETED FORM TO LEGACY FRANCHISING, LLC
5184 Caldwell Mill Rd., Ste. 204-230, Birmingham, AL 35244]**