

**EXHIBIT E**  
**FRANCHISE AGENT LINE OF CREDIT AGREEMENT**

**THIS FRANCHISE AGENT LINE OF CREDIT AGREEMENT** ("Agreement") is made this \_\_\_ day of \_\_\_\_\_ 2003 ("the Agreement"), by and between Brooke Credit Corporation ("Lender" or "BCC"), and \_\_\_\_\_, a \_\_\_\_\_ company, located at \_\_\_\_\_, hereinafter ("Franchise Agent").

**WHEREAS**, Franchise Agent has a Franchise Agreement with Brooke Corporation or Brooke Franchise Corporation ("Brooke") whereby Brooke provides accounting and other services to Franchise Agent and records amounts due to and from Brooke by Franchise Agent on Franchise Agent's Account, the balance of which is paid monthly by Franchise Agent to Brooke if a balance is due to Brooke or by Brooke to Franchise Agent if a balance is due from Brooke.

**WHEREAS**, Brooke is not a party to this Agreement and its obligations with regards to this Agreement is limited to accounting for funds advanced by BCC, or repaid to BCC, on the Franchise Agent's Account in accordance with Franchise Agent's instructions and the disbursement of funds for repayment to BCC in accordance with Franchise Agent's authorization.

**WHEREAS**, from time to time, a Franchise Agent may need funds to pay third party vendors ("Operating Expenses") and/or to pay the Net Premium portion of the Franchise Agent's accounts receivables to Brooke;

**WHEREAS**, BCC, at its discretion, may provide funds to Franchise Agents to pay Operating Expenses directly with checks made payable to third party vendors or to pay Operating Expenses indirectly with checks made payable to the Franchise Agent.

**WHEREAS**, BCC, at its discretion, may provide funds to Franchise Agents to pay Net Premiums with checks made payable to Brooke.

**NOW, THEREFORE**, for good, valuable and binding consideration, the receipt and sufficiency of which is hereby acknowledged, BCC and Franchise Agent agree as follows:

**1. DEFINITIONS OF TERMS USED IN THIS AGREEMENT:**

For purposes of this Agreement, defined terms shall have the meaning assigned to them in the Franchise Agreement executed by Franchise Agent unless specifically defined herein or the context clearly requires otherwise.

**2. SUBJECT MATTER OF THIS AGREEMENT:**

Franchise Agent promises to pay BCC any funds advanced pursuant to this Agreement and the purpose of this Agreement is to define the terms and conditions pursuant to which funds may be advanced to Franchise Agent to pay Operating Expenses and/or Net Premiums and the terms and conditions of repayment of all such funds.

**3. TERMS OF OPERATING EXPENSES FUNDING**

BCC may fund Operating Expenses under the following terms and conditions.

**3.1 Request for Operating Expenses Paid to Vendors.** Franchise Agent may request funding for Operating Expenses by completing an Agent Check Request form using the vendor check selection on Brooke's processing center website. Amount(s) funded for Operating Expenses (for the purposes of this Section 3, the "Amount(s) Funded") shall be subject to approval by BCC at its discretion and shall be processed in accordance with Brooke's rules and procedures. If approval of the Amount Funded is granted, a check for the Amount Funded will be automatically issued by Brooke to a third party vendor pursuant to Franchise Agent's check request and Brooke shall be correspondingly reimbursed by BCC. If Franchise Agent's request is denied, Franchise Agent shall be notified by BCC or its designee. More than one request for funding of Operating Expenses may be submitted by Franchise Agent, and if approved, each shall be deemed a separate "Amount Funded."

**3.2 Request for Operating Expenses Paid to Franchise Agent.** Franchise Agent may not use an Agent Check Request form on Brooke's processing center website to request funding for Operating Expenses if the check is to be made payable to the Franchise Agent or a related party instead of a third party vendor. Therefore, Franchise Agents must specifically request from one of Brooke's regional offices, via email or telephone, funding for Operating Expenses if the corresponding check to be issued by Brooke is not made payable to a third party vendor. Amounts funded for Operating Expenses shall be subject to approval by BCC at its discretion and shall be processed in accordance with Brooke's rules and procedures. If approval of the Amount Funded is granted, a check for the Amount Funded will be automatically issued by Brooke to the Franchise Agent and Brooke shall be correspondingly reimbursed by BCC. If Franchise Agent's request is denied, Franchise Agent shall be notified by BCC or its designee. More than one request for

funding of Operating Expenses paid to Franchise Agent may be requested by Franchise Agent, and if approved, each shall be deemed a separate "Amount Funded."

3.3 Effective Date of Operating Expenses Funding. Each Amount Funded shall accrue interest at the rate of 1.75% per annum from its Effective Date until the Maturity Date as defined below. The Effective Date for each Amount Funded shall be the date that the check for such Amount Funded is issued to the third party vendor or Franchise Agent.

3.4 Repayment. Each Amount Funded shall be repaid to BCC by Brooke on behalf of Franchise Agent and Franchise Agent specifically authorizes repayment. Repayment shall occur on the statement settlement date, as such date is established pursuant to Brooke's procedures, immediately following the Effective Date (for the purposes of this Section 3, the "Maturity Date").

3.5 Source of Repayment. Franchise Agent authorizes and instructs Brooke to deduct Amounts Funded plus interest accrued at the above rate from Franchise Agent's Franchise Agent Account on or before the Maturity Date and to pay all such amounts to BCC on behalf of Franchise Agent. To reduce the number of accounting entries recorded to the Franchise Agent Account, Franchise Agent acknowledges that, at Brooke's discretion, Brooke may simplify accounting by recording one debit entry to the Franchise Agent's Account at the time that the funding check is processed instead of making three separate entries to record a credit entry for loan proceed receipts, a debit entry for the funding check and another debit entry for loan repayment. BCC may provide a copy of this Agreement to Brooke as Franchise Agent's authorization and instruction to deduct Amounts Funded plus interest from its Franchise Agent Account on or before the Maturity Date. Without waiving any other rights and remedies available to BCC including without limitation those available under Federal and State law, if Franchise Agent's Franchise Agent Account balance is insufficient to repay any Amounts Funded, Franchise Agent authorizes and instructs Brooke to deduct Amounts Funded plus interest (including Additional Interest) accrued from any future Franchise Agent Account balance and pay same to BCC, deduct Amounts Funded plus interest (including Additional Interest) accrued from Franchise Agents operating account and pay same to BCC, or to require repayment of Amounts Funded to be paid directly to BCC.

3.6 Additional Interest Rate. Notwithstanding any other provision of this Agreement and without waiving any remedy BCC has under State or Federal law, if any Amount Funded is not repaid on the Maturity Date, additional interest shall accrue on the unpaid Amount Funded at the lower of the rate of 3.75% per annum or the highest amount allowed by law, until such Amount Funded and all accrued interest have been paid in full.

3.7 Customer Return Premiums. Notwithstanding any other provision of this Agreement, for the purposes of this Agreement customer return premiums shall not be deemed "Amounts Funded," and accordingly, shall not be subject to the terms of this Agreement provided that requests for payment of all such customer premiums are made by completing an Agent Check Request form using the customer check selection via Brooke's processing center website.

#### **4. TERMS OF NET PREMIUM FUNDING:**

BCC may fund the Net Premium portion of the Franchise Agent's accounts receivables by paying Brooke, for the credit and benefit of Franchise Agent, the amount that the Net Premium due on the Franchise Agent's Franchise Account statement for a specific Policy exceeds the amount collected by the Franchise Agent and deposited to the Receipts Trust Account for said Policy on the following terms and conditions:

4.1 Request for Net Premium Funding. Franchise Agent may request Net Premium Funding by completing the appropriate settlement exception request form on the Brooke website. Amount(s) funded to pay Net Premiums (for the purposes of this Section 4, the "Amount(s) Funded") shall be subject to approval by BCC at its discretion and shall be in accordance with Brooke's rules and procedures. More than one request for Net Premium Funding may be submitted by Franchise Agent, and if approved, each shall be deemed a separate "Amount Funded."

(a) Current Settlement Exception Request. If a Current Settlement Exception for a Net Premium charged appears on the current month's Franchise Agent Account statement, Franchise Agent may request Net Premium Funding, by using the Current Settlement Exception Request form on Brooke processing center's website, if the Net Premium for which funding is requested has only appeared on the Franchise Agent's current Franchise Agent Account statement and only if: 1) the Policy has been, or is in the process of being, cancelled and a credit is expected from the Company; 2) the Policy has been, or is in the process of being, financed and a credit is expected from a premium finance company; or 3) the Policy billing information was not received at least ten (10) days prior to the Net Premium charge on Franchise Agent's Franchise Agent Account Statement. If approval of the Amount Funded is granted by BCC, the Amount Funded shall be paid directly to Brooke for credit to the Franchise Agent's Franchise Agent Account. If Franchise Agent's request is denied, Franchise Agent shall be advised of such by BCC or its designee.

(b) Delinquent Settlement Exception Request. If a Delinquent Settlement Exception for a Net Premium charged appears on a previous month's Franchise Agent Account statement, Franchise Agent may request Net Premium Funding, by using the Delinquent Settlement Exception Request form on Brooke processing center's website, if the Net Premium for which funding is requested has appeared on

the Franchise Agent's Franchise Agent Statement one or more times and only if: 1) the Franchise Agent has contacted the Company (including a premium finance company) to resolve any issues with respect to the Net Premium; 2) the Franchise Agent has submitted an error correction request to Brooke; or 3) the Franchise Agent has taken other action acceptable to Brooke. If approval of the Amount Funded is granted by BCC, the Amount Funded shall be paid directly to Brooke for credit to the Franchise Agent's Franchise Agent Account. If Franchise Agent's request is denied, Franchise Agent shall be advised of such by BCC or its designee.

4.2 Effective Date of Net Premium Funding. All Amounts Funded pursuant to Section 4.1(a) shall accrue interest starting the Effective Date. The Effective Date shall be the Franchise Agent statement settlement date as established pursuant to Brooke's procedures immediately following Franchise Agent's request for Amounts Funded via Brooke's website. All Amounts Funded pursuant to Section 4.1(a) shall accrue interest at the rate of 1.75% per annum from the Effective Date until the Maturity Date as defined below. All Amounts Funded pursuant to Section 4.1(b) shall accrue interest at the rate of 3.75% per annum from the Effective Date until the Maturity Date as defined below.

4.3 Amounts Funded Reduction for Deferred Receipts. The total Amounts Funded pursuant to Section 4.1(a) and 4.1(b) may be reduced on the Effective Date by the amount of deferred receipt debits recorded by Brooke on the Franchise Agent's Franchise Agent Account as of the Effective Date, provided that these deferred receipts are released by Brooke at its sole discretion. To simplify accounting, this transaction may be recorded as a reduction of the Amounts Funded; however, the actual accounting entries will record a repayment of Amounts Funded to BCC by Brooke on behalf of the Franchise Agent in the amount of the deferred receipts released by Brooke on the same day that BCC advances funds to Brooke for Net Premium funding. Deferred receipts typically represent monies owed to insurance companies and customers by Franchise Agent, so Brooke's release of these funds to Franchise Agent for repayment to BCC is not certain and the release of deferred receipts in previous months does not constitute a precedent which ensures the release of deferred receipts in future months.

4.4 Repayment Dates. All Amounts Funded shall be repaid on the Franchise Agent statement settlement date as established pursuant to Brooke procedures immediately following the Effective Date (for the purposes of this Section 4, the "Maturity Date"). A request to extend the Maturity Date with respect to all or a portion of the Amounts Funded may be made by submitting a Delinquent Exception Request on the Brooke website. Any extension of the Maturity Date shall be subject to BCC approval and rules and procedures of Brooke. If an extension of the Maturity Date is granted, the Amounts Funded shall be repaid on the statement settlement date as established pursuant to Brooke's procedures immediately following the Maturity Date (hereinafter the "Extended Maturity Date"). All Amounts Funded subject to an Extended Maturity Date shall accrue interest at the lower of the rate of 3.75% per annum or the highest rate allowed by law from the Maturity Date until the Extended Maturity Date.

4.5 Source of Repayment. Franchise Agent authorizes and instructs Brooke to deduct all Amounts Funded plus interest accrued at the above rate(s) from Franchise Agent's Franchise Agent Account on or before the Maturity Date or Extended Maturity Date, as applicable and to pay all such amounts to BCC on behalf of Franchise Agent. BCC may provide a copy of this Agreement to Brooke as Franchise Agent's authorization and instruction to deduct Amounts Funded plus interest from its Franchise Agent Account on or before the Maturity Date. Without waiving any other rights and remedies available to BCC including without limitation those available under Federal and State law, if Franchise Agent's Franchise Agent Account balance is insufficient to repay any Amount Funded, Franchise Agent authorizes and instructs BCC to deduct Amounts Funded plus interest (including Additional Interest) accrued from any future Franchise Agent Account balance and pay same to BCC, deduct Amounts Funded plus interest (including Additional Interest) accrued from Franchise Agents operating account and pay same to BCC, or to require repayment of Amounts Funded to be paid directly to BCC.

4.6 Additional Interest Rate. Notwithstanding any other provisions of this Agreement and without waiving any remedy BCC has under State or Federal law, if Amounts Funded pursuant to this section 4 are not repaid on the Maturity Date or Extended Maturity Date, as applicable, additional interest shall accrue on the outstanding Amount Funded at the lower of the rate of 3.75% per annum or the highest rate allowed by law until all Amounts Funded and accrued interest have been paid in full.

## I. MISCELLANEOUS

5.1 BCC has the authority, at its sole discretion, to terminate this Agreement at any time and to disapprove Franchise Agent's request for funding or any request for an extension of a maturity date.

5.2 This agreement may not be modified, revised, altered, added to, or extended in any manner, or superseded other than by an instrument in writing signed by all of the parties hereto. The failure by a party to enforce any provision of this Agreement shall not be in any way construed as a waiver of any such provision nor prevent that party thereafter from enforcing each and every other provision of this Agreement. The invalidity or non-enforceability of any particular provision of this Agreement shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provisions were omitted. Timeliness and punctuality are essential elements of this Agreement.

5.3 This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs and legal representatives. BCC may assign its rights, property interests and obligations hereunder to any Person, but not withstanding the preceding sentence, the rights, property interests and obligations hereunder shall not be assignable by Franchise Agent.

5.4 This Agreement (including all Exhibits and Addenda hereto) contains the entire agreement between the parties hereto with respect to the subject matter hereof and shall supersede and take precedence over any and all prior agreements, arrangements or understandings between the parties relating to the subject matter hereof. No oral understandings, oral statements, oral promises or oral inducements exist. No representations, warranties, covenants or conditions, express or implied, whether by statute or otherwise, other than as set forth herein, have been made by the parties hereto.

5.5 This Agreement shall be construed and governed by the laws of the State of Kansas. Subject to paragraphs 5.7 and 5.8, at the option of BCC, jurisdiction and venue for any dispute arising under or in relation to this Agreement will lie only in Kansas with the Phillips County District Court, Phillipsburg, Kansas or in the U.S. District Court having jurisdiction over Phillips County Kansas. In the event a proceeding is brought with respect to this Agreement, the prevailing party shall be entitled to be reimbursed for and/or have judgment for all of their costs and expenses, including reasonable attorney's fees and legal expenses.

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

5.7 Any issue, claim or dispute that may arise out of or in connection with the this Agreement (including addenda and exhibits) and/or the relationship of the parties and which the parties are not able to resolve themselves by negotiation, shall be submitted to mediation in a manner agreed to by the parties. The parties agree to use mediation to attempt to resolve such issue, claim or dispute prior to filing any arbitration action, lawsuits, complaints, charges or claims. The parties will select an independent mediator agreeable to both parties. The mediator will communicate with the parties to arrange and convene the mediation process that will be most efficient, convenient and effective for both parties. The costs of the mediation and fees of the mediator will be borne equally by the parties. The parties will cooperate with the mediator in coming to a reasonable agreement on the mediation arrangements which will include the time and place for conducting the mediation, who will attend or participate in the mediation and what information and written material will be exchanged before the mediation. The mediation will be conducted at a place agreeable to both parties.

5.8 Any issue, claim, dispute or controversy that may arise out of, in connection with or relating to this Agreement (including addenda and exhibits) and/or the relationship of the parties, and which the parties are not able to resolve through mediation, shall be settled by arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator(s) may be entered in a court having jurisdiction thereof. The parties agree to use arbitration to resolve any such issue, claim, dispute or controversy prior to and in lieu of filing any lawsuits, complaints, charges or claims.

IN WITNESS WHEREOF, BCC and Franchise Agent have executed this Agreement as of the day and year first above written.

BROOKE CREDIT CORPORATION:

FRANCHISE AGENT:

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

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

Title: \_\_\_\_\_

Title: \_\_\_\_\_