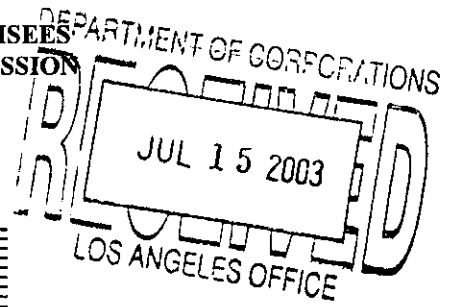




Financial Services Specialty

Disclosure 2003

INFORMATION FOR PROSPECTIVE FRANCHISEES
REQUIRED BY THE FEDERAL TRADE COMMISSION



FRANCHISE AGENT
(FINANCIAL SERVICES SPECIALTY)

Brooke Franchise Corporation
10895 Grandview Dr., Ste 250
Overland Park, Kansas 66210
800.642.1872

TO PROTECT YOU, WE HAVE REQUIRED YOUR BROOKE FRANCHISE CORPORATION TO GIVE YOU THIS INFORMATION. WE HAVE NOT CHECKED IT AND DO NOT KNOW IF IT IS CORRECT. IT SHOULD HELP YOU MAKE UP YOUR MIND. PLEASE STUDY IT CAREFULLY. WHILE IT INCLUDES SOME INFORMATION ABOUT YOUR CONTRACTS, DO NOT RELY ON IT ALONE TO UNDERSTAND YOUR CONTRACTS. READ ALL OF YOUR CONTRACTS CAREFULLY. BUYING A FRANCHISE IS A COMPLICATED INVESTMENT. PLEASE TAKE YOUR TIME TO DECIDE. IF POSSIBLE, SHOW YOUR CONTRACTS AND THIS INFORMATION TO AN ADVISOR, LIKE A LAWYER OR AN ACCOUNTANT.

IF YOU FIND ANYTHING YOU THINK MAY BE WRONG OR ANYTHING IMPORTANT THAT HAS BEEN LEFT OUT, YOU SHOULD LET US KNOW ABOUT IT. IT MAY BE AGAINST THE LAW.

THERE MAY ALSO BE LAWS ON FRANCHISING IN YOUR STATE. ASK YOUR STATE AGENCIES ABOUT THEM.

FRANCHISES ARE NOT AVAILABLE IN ALL STATES.

FEDERAL TRADE COMMISSION
Washington, D.C. 20580

Date of Issuance: _____, 2003

Franchise Offering Circular



FRANCHISE AGENT
(FINANCIAL SERVICES SPECIALTY)

Brooke Franchise Corporation
10895 Grandview Dr., Ste. 250
Overland Park, Kansas 66210
800.642.1872

Although we offer other franchise specialties, this is a franchise for agents that specialize in the sale of Financial Services. Because of this, the franchise agent will primarily sell financial services including any and all investments, insurance, banking or credit services, or policies, coverages or products associated therewith sold, renewed, serviced or delivered through Franchise Agent to any Person on a brokerage basis through other franchise agents specializing in those areas or on a brokerage basis through Brooke Franchise Corporation. The initial franchise fee is \$25,000. (The estimated initial investment required ranges from \$25,900 to \$47,100.) Franchises are not available in all states.

THE FRANCHISE AGREEMENT PERMITS YOU TO ARBITRATE WITH BROOKE FRANCHISE CORPORATION. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH BROOKE FRANCHISE CORPORATION IN ANY OTHER STATE OTHER THAN IN CALIFORNIA.

THE FRANCHISE AGREEMENT STATES THAT KANSAS LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE PROSPECTUS.

RISK FACTORS: THERE MAY BE RISKS CONCERNING THIS FRANCHISE. PLEASE REVIEW THIS DISCLOSURE CAREFULLY. WHILE IT INCLUDES SOME INFORMATION ABOUT YOUR CONTRACTS, DO NOT RELY ON IT ALONE TO UNDERSTAND YOUR CONTRACTS. READ ALL OF YOUR CONTRACTS CAREFULLY. BUYING A FRANCHISE IS A COMPLICATED INVESTMENT. PLEASE TAKE YOUR TIME TO DECIDE. IF POSSIBLE, SHOW YOUR CONTRACTS AND THIS INFORMATION TO AN ADVISOR, LIKE A LAWYER OR AN ACCOUNTANT.

Information comparing franchisers is available. Call the state administrators listed in Exhibit X or your public library for sources of information.

Registration of this franchise with the Commissioner of Corporations for the State of California (the "Commission") does not mean that the Commission approves, recommends or endorses this or any other franchise or that the Commission has verified the information in this offering circular. The company has granted the Commission the authority to examine its financial records that related to the sale of franchises. If you learn that anything in the offering circular is untrue, contact the Federal Trade Commission and the California Attorney General.

Effective Date: _____, 2003

TABLE OF CONTENTS

<u>Item</u>	
1. The Franchiser, its Predecessors & Affiliates	5
2. Business Experience	7
3. Litigation	8
4. Bankruptcy	9
5. Initial Franchise Fee	9
6. Other Fees & Obligations	9
7. Initial Investment	12
8. Restrictions on Sources of Products & Services	13
9. Franchise Agent's Obligations	14
10. Financing	17
11. Brooke Franchise Corporation's Obligations	18
12. Territory	20
13. Trademarks	21
14. Patents, Copyrights & Proprietary Information	21
15. Obligation to Participate in the Actual Operation of Franchise Business	21
16. Restrictions on What the Franchise Agent May Sell	21
17. Renewal, Termination, Transfer & Dispute Resolution	22
18. Public Figures	24
19. Earnings Claims	24
20. List of Outlets	24
21. Financial Statements	35
Years Ended December 31, 2002 and 2001	
Independent Auditors' Report	F-2
Consolidated Financial Statements	F-3
Consolidated Balance Sheets	F-4
Consolidated Statements of Income	F-6
Consolidated Statements of Changes in Stockholders' Equity	F-7
Consolidated Statements of Cash Flows	F-8
Notes to Consolidated Financial Statements	F-9
Years Ended December 31, 2001 and 2000	
Independent Auditors' Report	2
Consolidated Financial Statements	3
Consolidated Balance Sheets	4-5
Consolidated Statements of Income	6
Consolidated Statements of Changes in Stockholders' Equity	7
Consolidated Statements of Cash Flows	8
Notes to Consolidated Financial Statements	9
22. Contracts	35
23. Receipt	36
<u>Exhibits</u>	
A. Financial Statements	37
B. Franchise Agreement	96
C. Buyer Assistance Plan	107
D. Franchise Bonus Plan Agreement	116
E. Franchise Agent Line of Credit Agreement	118
F. Franchise Operations Agreement	122
G. Franchise Marketing Agreement	124
H. Franchise Management Agreement	126
I. Franchise Agreement Addendum Regarding Lender Protection	128
J. Brooke Corporation Guaranty	132
K. Franchise Agent Authorization for Pre-Authorized Collection	133
L. Agreement For Sale of Insurance Agency Assets from Brooke to Franchise Agent	134
a) Bill of Sale	139

b)	Listing of Office Equipment and Other Personal Property	140
c)	Agent Agreement	141
d)	Agreement for Purchase of Agency Assets	142
e)	Listing of Obligations Assumed by Purchaser	143
M.	Assignment of Interest in Purchase Agreement from Brooke to Franchise Agent	144
N.	Agreement For Purchase of Insurance Agency Assets	145
a)	Bill of Sale	153
b)	Transfer Letter	154
c)	Listing of Office Equipment and Other Personal Property	155
d)	Affidavit	156
e)	Listing of Agreements	157
f)	Listing of Trade Names, Etc.	158
g)	Listing of Obligations Assumed by Purchaser	159
h)	Confidentiality Agreement	160
i)	Seller Survey	162
j)	Seller's Continued Assistance	164
O.	Agency Finder Agreement	165
P.	Agreement for Advancement of Loan	167
a)	Promissory Note Form	177
b)	Security Agreement Form	179
c)	Security Agreement Addendum	181
d)	UCC-1 Financing Statement Form	182
e)	Guaranty Form	184
f)	Borrower's Attorney Opinion Form	186
g)	Borrower's Affidavit Regarding Financial Status And Other Material Facts	188
h)	Borrower's Authorization to Release Information	190
i)	Agent Agreement Addendum Regarding Lender Protection	192
j)	Borrower's Settlement Statement Form	193
k)	Borrower's Signature Acknowledgement	194
Q.	Borrower Authorization for Pre-Authorized Collection	197
R.	Franchise Agent Application	198
S.	Credit Application	199
T.	Licensing Application	200
U.	E&O Application/Questionnaire	201
V.	Insurance Company Notification Letter	206
W.	Uniform Consent to Service of Process and Agents for Services of Process	207
X.	State Administrators	209
Y.	List of Jurisdictions	211
Z.	Table of Contents Sales Support Guide Outline	212
	Receipts	216

1. BROOKE FRANCHISE CORPORATION, ITS PREDECESSORS, & AFFILIATES:

To simplify the language in this offering circular, "Brooke" means Brooke Franchise Corporation, the Brooke Franchise Corporation. "Brooke" may also be used to refer to a parent company, subsidiaries and companies affiliated with Brooke. "You" means the person or entity who buys the franchise. For partnerships, corporations, limited liability companies, or other of these entities, "you" includes partners and principals.

Brooke Franchise Corporation was organized under the laws of the state of Missouri on December 22, 1986. Although Brooke Franchise Corporation is wholly owned by Brooke Corporation, it operates separately from Brooke Corporation, generates revenues independently from Brooke Corporation, hires its own employees, maintains a separate board of directors and prepares separate financial statements. Brooke Corporation, Brooke Franchise Corporation's parent company, was incorporated in Kansas on January 17, 1986, with the name of Brooke Financial Services, Inc. The name was changed on May 19, 1987 to Brooke Corporation. In 1996, Brooke Corporation commenced franchise activities. In 1999, Brooke Corporation acquired Interstate Insurance Group, LTD, a Missouri corporation incorporated in December 1986. At the time of the acquisition, Interstate was a licensed insurance agency which sold insurance programs and "targeted market" policies through a network of agents. Interstate's name was changed on November 15, 2002, to Brooke Franchise Corporation. Commencing the first quarter of 2003, all Brooke Corporation and related entities franchise activities were transferred to Brooke Franchise Corporation; however, Brooke Corporation provides administrative services to Brooke Franchise Corporation. Since Brooke Corporation is Brooke Franchise Corporation's predecessor in franchising, the information set forth in this disclosure document contains information on franchises originated by Brooke Corporation. Brooke Corporation guarantees the performance of Brooke Franchise Corporation's obligations pursuant to the franchise agreement.

Brooke does business as "Brooke Financial Services" and "Brooke Insurance and Financial Services". Our principal business address is 10895 Grandview Drive, Suite 250, Overland Park, Kansas 66210. In certain states, Brooke may conduct some business under another name.

Brooke's agent for service of process is disclosed in Exhibit W.

Brooke offers franchises to agents specializing in the sale of financial services for the start-up of new agencies and conversion to franchises of existing agencies. Brooke may also own and operate financial services agencies that are typically held in inventory for sale to franchise agents. Although Brooke may purchase financial services agencies to operate as company owned stores, as of the date of this circular, Brooke does not own and/or operate any financial services agencies which are held in inventory for sale to franchise agents or are under contract to sell from inventory. Finally, Brooke or persons or entities affiliated with Brooke may in some circumstances acquire a partial ownership interest in one or more franchise agency.

Brooke also offers franchises to agents specializing in the sale of other products such as insurance products and credit services. These other specialties are also offered for the start-up of new agencies and conversion to franchises of existing agencies. For more information about our other specialties, please ask for the appropriate disclosure document. Information pertaining to franchise agents specializing in other products such as insurance products are included in this franchise disclosure.

As a financial services specialist, the primary financial service offered by all these franchise agents is investment services including the sale, renewal, service or delivery of mutual funds, stocks, bonds, notes, debentures, real estate services, investment customer services, and investment related consulting, and financial, investment, or economic advisory services; however, franchise agents specializing in investment services may also offer other financial services such as insurance services including the sale, renewal, service or delivery of insurance policies, annuities, insurance brokering services, insurance customer services, risk management services and insurance related consulting or advisory services; banking services which include any banking service Franchise Agent is allowed to perform under federal and /or state laws; and credit services, and credit related consulting or advisory services. At any point in time, investment services, insurance services, banking services, and credit services shall be limited to those services then offered by Brooke on a brokerage basis through other franchise agents specializing in those areas or on a brokerage basis through Brooke. You may be required to undergo additional training or meet additional qualification requirements or standards to offer insurance services, banking services, and credit services. Further, if you wish to offer these products, your franchise agreement with us may need to be modified to accommodate the sale of these additional products and services. Further, these additional services may not be available through Brooke or other franchise agents because of geographical, regulatory or other restrictions.

Many of the services sold by you are required by consumers to conduct normal everyday activities. For instance, investment services are required to save for retirement, insurance services are generally required to legally operate automobiles, and credit services are often required for consumer purchases. Because of this, the market for insurance and financial services in the United States is expected to grow along with the country's population and standard of living.

Investment services are regulated by individual states and the federal government. Applicable regulations including state insurance laws, National Association of Securities Dealers (NASD) rules, broker-dealer rules and regulations, the Securities and Exchange

Commission requirements, and the requirements of state securities divisions. You must be properly licensed to sell investment services. Insurance services are primarily regulated by individual states. You must be licensed to sell insurance. Credit services are regulated by individual states and, in some instances, the federal government. You may have to be licensed to sell credit services. Banking services are regulated by individual states and the federal government. You may be restricted as to the sale of banking services and/or may need to be licensed to sell banking services.

You must also comply, as applicable, with Executive Order 13224 which prohibits transactions with suspected terrorists or persons or organization associated with suspected terrorists and the USA Patriot Act and the International Money Laundering Statement and Anti-Terrorist Financing Act of 2001 which impose anti-money laundering requirements on a broad variety of "financial institutions" including money service businesses.

Your competition for sales of financial services includes other independent and captive financial services agents, commercial banks, securities firms, savings banks, finance companies, insurance companies, credit unions, mortgage brokers, Internet solicitation, and direct mail solicitation.

Brooke distributes monthly statements on its website to franchise agents which list credits and debits including commissions, receipts from the franchise agent's customers and checks issued to the franchise agent's customers and vendors. To meet its collateral preservation obligations, Brooke also provides data maintenance services and document imaging. Franchise agents can typically access most agency records via Brooke's website. In addition, Brooke provides assistance through brand name development. Through Brooke Credit Corporation, Brooke Corporation's finance company subsidiary, Brooke provides loans to its agents for acquisition of insurance and financial services agencies. Brooke, through affiliated companies, also offers consulting services, such as a buyers assistance plan, through The American Heritage, Inc. Buyers Assistance Plans, assist prospective agency buyers with their inspection of assets to be acquired and assist new owners with agency cash flow management (if applicable), marketing, and operations during the first year following an acquisition. Finally, Brooke offers agency listing and seller consulting services through its affiliated company, The American Agency, Inc.

Brooke's affiliates include:

Brooke Credit Corporation, a finance company subsidiary of Brooke Corporation organized in January 22, 1988 under the laws of Kansas, originates commercial loans to franchise agents and others. It has conducted its commercial lending business since the date of its incorporation. It is also licensed to conduct consumer credit activities in Kansas. Brooke Credit Corporation operates separately from Brooke, generates revenues independently from Brooke, hires its own employees, maintains a separate board of directors and prepares separate financial statements.

Brooke Life and Health, Inc. a Kansas Corporation and subsidiary of Brooke Corporation, incorporated in February 1989 is a licensed insurance agency which sells life and health insurance through Brooke's network of agents. It has conducted this business since the date of its incorporation.

Brooke Agency, Inc., a Kansas Corporation and subsidiary of Brooke Corporation, incorporated in February 1995, is a licensed insurance agency which sells property and casualty insurance through Brooke's network of agents. It has conducted this business since the date of its incorporation.

Brooke Investments, Inc., a subsidiary of Brooke Corporation and a Kansas Corporation incorporated in February 1995, may offer insurance annuities and mutual funds for sale through Brooke's network of franchise agents, subagents, bank agents, broker agents, and insurance producers. Brooke Investments, Inc. will determine whether registration as a broker-dealer is required and will register, if required, before investment services and securities are offered. It has conducted this business since the date of its incorporation.

The American Agency, Inc., also a subsidiary of Brooke Corporation and a Kansas Corporation incorporated in January 1980 is a licensed insurance agency which sells insurance programs and "targeted market" policies through Brooke's network of agents and through agents not necessarily affiliated with Brooke and has conducted this business since before Brooke Corporation acquired it in 1998. This subsidiary conducts its program business under the names American Insurance Agency and American Interstate Insurance. Also, The American Agency, Inc. under the trade name Agency Business Brokers consults with agent sellers and brokers agency sales under the trade name of Agency Business Brokers. Although The American Agency, Inc. may be a party to consulting and other agreements, it does not have any revenues because all of these consulting and other fees have been assigned to Brooke Franchise Corporation as a part of an agreement for Brooke Franchise Corporation to perform these consulting services on behalf of The American Agency through its regional offices and service center network. The American Agency does not have its own employees and does not prepare separate financial statements.

The American Heritage, Inc. a Kansas Corporation and a subsidiary of Brooke Corporation incorporated in January 1999, is a licensed insurance agency which also sells insurance programs and "targeted market" policies through Brooke's network of agents and through

agents not necessarily affiliated with Brooke. It has conducted this business since its incorporation. In 2001, The American Heritage, Inc. commenced consulting with and otherwise assisting agent buyers under the trade name of Heritage Agency Consultants. Although The American Heritage, Inc. may be a party to consulting and other agreements, it does not have any revenues because all of these consulting and other fees have been assigned to Brooke Franchise Corporation as a part of an agreement for Brooke Franchise Corporation to perform these consulting services on behalf of The American Heritage through its regional offices and service center network. The American Heritage does not have its own employees and does not prepare separate financial statements.

Brooke Agency Services Company of Nevada is a licensed Nevada insurance agency that sells insurance through the Company's network of franchise agents, subagents, and insurance producers. This Brooke Corporation subsidiary may also sell programs and "targeted market" policies in Nevada through the Company's network of agents and through agents not necessarily affiliated with the Company.

Brooke Agency Services Company LLC (BASC) is a limited liability company and a licensed insurance agency that sells insurance through our network of franchise agents, subagents, bank agents, broker agents and insurance producers. This company is wholly owned by Brooke Corporation and is master agent for Brooke franchise agents, supplying access to insurance companies and brokerage firms. BASC is a separate entity and is responsible for its own debts and obligations.

Brooke Acceptance Company LLC is a limited liability company which serves as a special purpose entity owned by Brooke Credit Corporation and is the anticipated purchaser of Brooke Credit Corporation loans and issuer of certain floating rate asset backed notes. BAC is a separate entity and is responsible for its own debts and obligations.

CJD & Associates, L.L.C. is a licensed insurance agency that sells insurance programs and "targeted market" policies through our network of agents and through agents not necessarily affiliated with us under the trade name of Davidson-Babcock. CJD & Associates is owned by Brooke Corporation. CJD & Associates, operates separately from Brooke, generates revenues independently from Brooke, hires its own employees, maintains a separate board of directors and prepares separate financial statements.

Brooke Bancshares, Inc., a Brooke Corporation subsidiary, was incorporated in January of 2002 for the specific purpose of acquiring and owning one or more commercial banks that will distribute banking services and products through the Company's agents. If the Company is successful in acquiring a bank, then this affiliate will become a bank holding company as defined pursuant to the Bank Holding Company Act of 1956, as amended. For licensing purposes, Brooke also has a relationship with First Brooke Insurance and Financial Services, Inc. which is a Texas corporation incorporated in February 2000. Although not owned by Brooke Franchise Corporation, Brooke exercises substantial controls through a contractual arrangement. It has conducted its current line of business since its incorporation.

The principal business address of these Brooke affiliates is 10895 Grandview Dr., Suite 250, Overland Park, Kansas 66210. First Brooke's principal address is 9550 Forest Lane, Ste. 208, Dallas, Texas 75074. See Exhibit Y for a list of jurisdictions in which Brooke and its affiliates are licensed as of the date of this circular.

Brooke Corporation, Brooke Franchise Corporation's parent, has offered franchises (affiliations) since June 1988. Brooke Corporation has operated one or more company-owned insurance agencies since May 1986.

Brooke only offers franchises for insurance, investment, banking and credit services; however, the terms and provisions of franchises may vary based upon the franchise agent's area of specialization. For example, a franchise offered to a property/casualty or credit specialist may vary from the terms and provisions of your agreements with us.

Brooke, its affiliates including CJD & Associates, L.L.C., The American Agency, Inc., Brooke Credit Corporation, The American Heritage, Inc., and their employees (for the purposes of this paragraph, collectively "affiliated persons") may receive transaction, brokerage, consulting, bonuses or other fees from agency sellers or other persons associated with or as a result of an acquisition of an agency by you. For example, The American Agency, Inc. may represent Brooke Franchise Corporation and/or the seller of the agency assets to be acquired and be paid a fee by one or both. Additionally, DB Indemnity, LTD, a captive company of CJD & Associates, L.L.C., doing business as Davidson-Babcock, may provide E&O coverage in which franchise agents must participate and for which, DB Indemnity, LTD may be paid a premium. Thus, Davidson-Babcock as owner of the captive company may profit from insuring the franchise agents' E&O risk. Also, DB Group, LTD, a captive company of Davidson-Babcock, underwrites as a reinsurer for a small portion of the insurance written by Davidson-Babcock, and may profit from reinsuring these risks. Given the foregoing, you should consider the risk that Brooke or its affiliated companies could be biased as a result of said relationships and fees. Furthermore, these affiliated persons shall be exclusively entitled to receive and retain all of these fees and shall not be required to share any of these fees with you.

2. BUSINESS EXPERIENCE:

President: Shawn T. Lowry

Shawn Lowry joined Brooke Corporation in 1996 as Corporate Sales Representative and in 1998 assumed the position of Missouri State Manager. In January 2000, Mr. Lowry was promoted to the regional manager over Brooke's Dallas region. In August of 2000, Mr. Lowry was promoted to the position of National Sales Manager. Mr. Lowry was appointed as Brooke Franchise Corporation's president in December 2002.

National Vice President for Franchise Operations: Dane Devlin

Dane Devlin joined Brooke its Missouri State Manager in December 1999 and assumed the position of Kansas City Regional Manager in August of 2000. Before employment with Brooke, Mr. Devlin was a franchise owner from 1996 to 2001 and also worked as a marketing representative with Alliance Insurance Companies from 1998 to November 1999. In October 2001, Mr. Devlin was promoted to National Operations Manager. In January 2003, Mr. Devlin was promoted to Brooke's National Vice President for Franchise Operations.

Vice President – Dallas Regional Manager: Kenneth Clemmer

Kenneth Clemmer joined Brooke in 2001 as Dallas Regional Manager. Before joining Brooke, Mr. Clemmer was employed with GuideOne Insurance where he served in sales management from 1986 to 2001. During his tenure with GuideOne, Mr. Clemmer was responsible for several territories, including the entire states of Texas and New Mexico in his capacity as State Business Director.

Vice President – Denver Regional Manager: Susan Merisko

Susan Merisko joined Brooke in 2002 as the Denver Regional Manager. Before her employment with Brooke, from January 1990 to July 2002 Ms. Merisko was employed by SAFECO Insurance Company. During her tenure at SAFECO, she held various management positions within the organization, including the Central Region Sales Manager, Regional Personal Lines Business Manager, SW Region Internal Operations Manager and Regional Policy Service Manager, and Area Underwriting Manager. Before joining SAFECO, Ms. Merisko worked for Fisher Scientific, IVEX Corporation and Farmland Industries.

Vice President -- Kansas City Regional Manager: Bryan C. Whipple

Bryan Whipple joined Brooke in 2001 as Kansas City Regional Manager. Before employment with Brooke, Mr. Whipple was employed by One Beacon Insurance Company where he last served as manager of a multi-line property and casualty claims department. Before that Mr. Whipple was a Marketing Territory Manager, Claim Supervisor and Claim Representative with the predecessor companies of One Beacon.

Vice President – Nashville Regional Manager: Joseph Craven

Joseph Craven joined Brooke in October of 2000 as Nashville Regional Manager. Before coming to Brooke, Mr. Craven was employed by SAFECO Insurance Company. He started his insurance career with SAFECO Insurance Company in Nashville, Tennessee as a claims adjuster and subsequently was promoted to Marketing Representative. Mr. Craven joined Unitrin Property & Casualty Insurance Company in 1993 and was later promoted to Regional Marketing Manager in 1998.

None of the individuals named above has been convicted of a felony or has pleaded nolo contendere to a felony charge, or been the subject of a pending civil action involving fraud, embezzlement, fraudulent conversion, or misappropriation of property other than described in Item 3 below. Furthermore, none has entered into or been named in any consent judgment, decree, order of assurance under any federal or state franchise, securities, antitrust, monopoly, trade practice or trade regulation law nor has any self regulatory organization, governmental or public agency denied, suspended or revoked any of these person's license or authority to conduct business activities or expelled any of these persons from conducting franchise business activities.

3. LITIGATION:

Brooke Franchise Corporation has not been involved in any litigation involving allegations of fraud, embezzlement, fraudulent conversion, misappropriation of property or restraint of trade nor has it been involved in any litigation brought by current or former franchise agents. However, its parent company, Brooke Corporation, has been involved in the following lawsuits.

William K. White and Cynthia A. White vs. Brooke Credit Corporation, Brooke Corporation, First Brooke Insurance and Financial Services, Inc. and Shawn T. Lowry, Cause 14,595, 27th District Court of Lampasas (filed November 11, 2001) and Pebsworth Insurance Agency, Inc., Todd Pebsworth and Robin Pebsworth vs. Brooke Credit Corporation, Brooke Corporation, First Brooke Insurance and Financial Services, Inc. and Shawn T. Lowry, Cause B7817-0111, District Court of Castro County, Texas, 242nd Judicial District (filed November 7, 2001). Suits brought by two franchise agents which alleged that: the franchise fees, when coupled with loan interest, constituted usurious interest; Brooke Corporation misrepresented its services, licensing, franchise fees and other

amounts to be paid or charged; and, Brooke Corporation failed to pay commissions in a timely manner. The company denies these allegations. The Pebsworth case was dismissed by the Pebsworths on or about March 25, 2002. The White case was settled on December 31, 2001 pursuant to which the Whites terminated their franchise agreement and the Company paid White a cash payment and reduced the Whites' loan balance.

Brooke Corporation v. James Terral Lette, et al. Case No. 01 C 57 Phillips County Kansas District Court (filed July 10, 2001; Brooke Corporation v. James Lette et al., AAA# 57 489 00051 01 (filed May 14, 2001); Lette Property Partnership et al. v. Brooke Corporation et al. No. 2001-07-3069-E, District Court of Cameron County Texas, 357th Judicial District (filed July 1, 2001); Lette Property Partnership v. Brooke Corporation et al. Cause No. 119-1-FD, Justice Court of Cameron County Texas, Precinct 2, Place 2 (March 1, 2001); Lette Property Partnership v. Brooke Corporation et al. In the County Court at Law, Cameron County Texas, 2001-CCL-00501-C (filed June 20, 2001). These cases are related. Brooke Corporation purchased agency assets from James and Alicia Lette in May of 2000 at which time Brooke Corporation also leased space from and subleased space to Lette related entities (hereinafter, "Lette" refers to James, Alicia and/or related entities, collectively). Brooke alleged breach of contract, tortious interference, constructive eviction and damage to reputation against Lette and demanded monetary damages and other relief. Lette alleged breach of contract, fraud, tortious interference with business relations, and lease violations and demanded monetary damages and other relief. All of the cases were adjudicated, dismissed or referred to arbitration. Brooke denied Lette's allegations. The arbitration was adjudicated on April 15, 2002. On June 3, 2002, the arbitrator awarded Brooke Corporation, et al. injunctive relief and monetary damages and fees totaling \$355,355. Furthermore, the arbitrator ruled that Lette failed to prove that Brooke had engaged in any fraudulent or illegal conduct with respect to the purchase and denied all counterclaims of Lette. On June 21, the arbitrator's award was confirmed by the 357th District Court in Cameron County and final judgment was entered. On June 26, Lette filed a Motion to Vacate Award and Arbitration or in the Alternative to Modify or Correct the Award. This Motion was denied. A hearing was held on July 31, 2002 in the County Court at Law and on August 16, 2002, in the District Court of Cameron County, Texas. On August 22, 2002 the County Court at Law denied Lette's motion. Currently the matter is on appeal before the Court of Appeals, 13th Judicial District of Texas, Corpus Christi, Texas, Cause No. 13-02-00527.

In September of 2000, the Oklahoma Insurance Commissioner entered an order suspending Brooke Corporation's nonresident insurance agent license for failing to timely respond to a consumer complaint. Brooke Corporation's license was reinstated on September 26, 2000, the day following receipt of notice of the suspension, after paying a \$2,500 fine and confirming that a response had been previously provided to the consumer. (Case No. 00-0937-DIS) State of Oklahoma, ex rel. Carroll Fisher, Insurance Commissioner v. Brooke Corporation, filed July 28, 2000.

Other than the above-disclosed items pertaining to Brooke Franchise Corporation's parent company, no other proceedings are required to be disclosed in this offering circular.

4. BANKRUPTCY:

No person previously identified in Items 1 or 2 of this offering circular has been involved as a debtor in proceedings under the U.S. Bankruptcy Code required to be disclosed in this item.

5. INITIAL FRANCHISE FEE:

Franchise agents may pay a non-refundable \$25,000 lump sum franchise fee when they sign the franchise agreement. Brooke is willing to finance up to \$25,000 of the franchise fee (see item 10). This fee may be waived or reduced if Brooke believes its expenses to set up a franchise agent will be relatively lower or minimal.

6. OTHER FEES AND OBLIGATIONS:

Name of Fee	Amount	Due Date	Remarks
Commissions Retained from Franchise Agents (note 1)	Up to 15% of total Sales Commissions subject to monthly minimum fee of \$250.00	Payable monthly on the 20th day of the next month	Total Sales Commissions include all Sales Commissions from insurance, investment, banking, securities, or credit services.
Return Commissions Reimbursement (note 2)	Payment of actual return commissions charged to Brooke	Payable monthly on the 20th day of the next month	Franchise agents pay Brooke for the actual return commissions charged to Brooke by insurance companies for commission reductions on policies that are billed through the insurance company. Return commissions result from policy premium reductions or policy cancellations.

Postage Reimbursement (note 2)	Reimbursement of actual postage expenses	Payable monthly on the 20th day of the next month	Franchise agents reimburse Brooke for the actual postage expense incurred by Brooke for mailings to franchise agent or franchise agent's customer.
Vendor Payments made on behalf of Franchise Agents (note 2)	Reimbursement of actual payments made to vendors	Payable monthly on the 20th day of the next month	Franchise agents reimburse Brooke for the actual payments made to vendors, employees, & others by Brooke on their behalf.
Advertising Reimbursement (note 2)	Reimbursement of 50% of actual advertising expenses	Payable monthly on the 20th day of the next month	Franchise agents reimburse Brooke for 50% of the actual payments made to others by Brooke for advertising expenses pre-approved by the Franchise agent.
Errors & Omissions Insurance Reimbursement (note 2)	If you offer insurance only, reimbursement of a pro-rata share of errors & omissions insurance policy premium expense subject to a minimum annual premium and adjustment for an agent deductible fund. If you offer both insurance and securities, you may be required to purchase individual and group coverage.	Payable annually on the 20th day of August	Franchise agents pay for individual and group errors and omissions coverages. The cost of individual coverage varies. However, the cost for group coverage is generally based on a pro-rata share of the premium payments made by Brooke to an insurance company or its agent. Franchise agent's pro-rata share is generally calculated by dividing franchise agent's estimated annual commissions by Brooke's total estimated annual commissions. Franchise agent's pro-rata share is subject to a minimum premium and adjustment for an agent deductible fund which may be adversely affected by claims activity. (Note 4)
Errors & Omissions Insurance Claims (note 2)	Reimbursement of actual defense and other claims expenses up to \$2,500 per incident or as covered by your individual insurance policy	Payable monthly on the 20th day of the next month	You must pay for defense and other claims expenses resulting from your actions or lack of actions except to the extent covered by the individual or group coverage.
Third Party Fees Reimbursement (Note 2)	Reimbursement of actual fee expenses or of pro-rata share	Payable monthly on the 20th day of the next month	Franchise agents reimburse Brooke for the actual or pro-rata expense incurred by Brooke on behalf of franchise agent or franchise agent's customers for fees such as motor vehicle reports, licensing fees, clue reports, etc.
Service center fee (optional) (Note 2)	35% of total commissions	Payable monthly on the 20th day of the next month	Franchise Agent purchases services such as use of office facilities, receptionist services CSR services and agency bill assistance. Total Commissions include all commissions from insurance, investment, banking, or credit services. This fee only applies if service center agreement is purchased. (Exhibit E)

Office Space Fee (optional) (Note 2)	Varies	Payable monthly on the 20th day of the next month	This fee only applies if an office space agreement is signed. (Exhibit J)
Buyers Assistance Plan fee (required in conjunction with agency acquisitions)	Non refundable retainer of \$750 plus an additional fee generally calculated as 35% to 50% of commissions represented by the agency seller.	Payable upon closing of agency acquisition	Franchise agent pays The American Heritage, Inc. for agency inspection services, agency cash flow assistance, marketing assistance, training assistance and operations assistance.
Agency Consulting Fee (Note 3)	Formula generally based upon percentage of commissions represented or generated by Franchise Agent Seller	Generally payable upon closing of agency acquisition	Franchise Agent pays a fee to The American Agency, Inc. for preparing an inspection report, tabulating commissions, onsite interviews, document preparation, and other related tasks.
Franchise Operations Fee	Formula generally based upon percentage of commissions represented or generated by Franchise Agent	Payable upon date of Franchise Operations Agreement	Franchise pays a fee to Brooke for operations assistance and training.
Franchise Management Fee (optional at Brooke's discretion)	Commissions and other income received by Franchise Agent over agency expenses, net premiums and debt service.	Payable monthly on the 20 th day of the next month	Available in limited circumstances at Brooke's discretion where a Franchise Agent manager dies, becomes disabled or other extenuating circumstances exist. Brooke may agree to assist Franchise Agents in the management and operation of Franchise Agent's agency until the agency can be sold to another party.
Franchise Agent Assistance Fee	Generally \$150,000, but may be reduced if our administrative and other costs are expected to be relatively lower.	Payable upon execution of the Franchise Agreement.	Available in limited circumstances at Brooke's discretion where a Franchise Agent wishes to franchise a start up agency operation. Franchise Agent pays for cash flow, marketing, training and operations assistance.

Note 1: Commissions retained by Brooke shall be a percentage of the Sales Commissions (as defined in the Franchise Agreement). The Sales Commissions received by Brooke from its broker may be different than those received before the franchise agreement with you. In its sole discretion Brooke may indirectly retain additional sales commissions for "targeted market" insurance program policies, surplus lines policies, life/health policies, credit services, banking services, and investment services sold through Brooke Corporation's brokerage subsidiaries because services are provided by the brokerage subsidiaries which are in addition to the services provided by Brooke. In addition to the percentage retained by Brooke pursuant to paragraphs 2.4 and 3.9 (up to 15%) of the Franchise Agreement, Brooke may receive a portion of commissions or gross dealer concessions directly from companies or broker/dealers with respect to financial services sold or serviced by you. The portion received directly from Companies or Broker/Dealers may vary depending upon other factors including your level of experience, your level of production and Brooke's administrative costs. For example, a broker/dealer may pay 95% commission or gross dealer concessions for the sale of a variable life insurance product and Brooke may receive 7% and you may receive 88% of those commissions or gross dealer concessions, of which Brooke will retain up to 15% pursuant to paragraphs 2.4 and 3.9 of the Franchise Agreement. Brooke may offer a bonus plan (calculated in accordance with a Bonus Plan Agreement) to reward you based on factors including commissions growth with selected companies, for increasing levels of direct-billed insurance commissions, for policy/consulting fees billed and collected by agents and for commissions on policies issued through CJD & Associates, L.L.C. These bonuses in effect may operate to reduce the percent of total Sales Commissions paid to Brooke.

Note 2: All fees, payments, and reimbursements are payable to Brooke except for the Buyers Assistance Plan fee and Agency Listing and Consulting fees which are payable to The American Heritage, Inc. and The American Agency, Inc., respectively. All fees, payments and reimbursements are non-refundable except as noted in Note 3 below.

Note 3: If you decide to sell your agency assets, you may be required to purchase The American Agency, Inc.'s transition and/or consulting services. The American Agency, Inc. charges agency transition and agency consulting fees for assisting franchise agents in selling. Furthermore, if you acquire agency assets during the franchise term, you may be required to purchase The American Heritage, Inc.'s Buyers Assistance Plan. These fees are generally contingent upon the closing of the transaction.

Note 4: DB Indemnity, LTD, a captive company of CJD & Associates, L.L.C., doing business as Davidson-Babcock, may provide E&O coverage in which franchise agents must participate and for which, DB Indemnity, LTD may be paid a premium. Thus, Davidson-Babcock as owner of the captive company may profit from insuring the franchise agents' E&O risk.

7. INITIAL INVESTMENT:

	Amounts	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee	\$25,000	Lump Sum	At Signing of Franchise Agreement	Brooke
Travel & Living Expenses While Training	\$150 to \$800	As Incurred	During Training	Transportation Provider, Hotels, & Restaurants
Real Estate & Improvements	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Equipment	\$400 to \$7,500 (Note 2)	Lump Sum	Before Opening	Vendors
Signs	\$200 to \$800	Lump Sum	Before Opening	Vendors
Miscellaneous Opening Costs	\$0 - \$1,000 (Note 3)	Lump Sum	Before Opening	Utilities, Vendors, Licensing, etc.
Opening Inventory	(Note 4)	(Note 4)	(Note 4)	(Note 4)
Advertising Fee-3 months	\$150 - \$1,000 (Note 5)	As Incurred	As Incurred	Advertisers (Note 5)
Additional Funds- 3 months	\$0 to \$10,000 (Note 6)	As Incurred	As Incurred	Employees, Vendors, etc. (Note 6)
Total	\$25,900 to \$47,100 (Note 7)			

Note 1: If you do not own suitable office facilities, you may lease office facilities for your agency. Typical locations are retail areas, strip malls, and office buildings. The typical Brooke agency has 1,000 - 2,000 square feet. Rent is estimated to be between \$7,500 - \$20,000 per year depending on factors such as size, condition, and location of the leased premises.

Note 2: Equipment costs are estimates. Your actual costs will depend on the number and quality of computer stations, desks, chairs, etc.

Note 3: Miscellaneous Opening Costs include security deposits, utility costs, licensing fees, appointment costs and beginning cash on hand. If you are converting an existing agency to a Brooke agency, then these expenses will probably not recur except for licensing fees and appointment costs.

Note 4: Brooke agencies do not typically require any inventory.

Note 5: Brooke will pay for 50% of advertising that is pre-approved by Brooke. Brooke is reimbursed by franchise agents for payments made to advertisers on behalf of franchise agents. Further, if you purchase a Buyers Assistance Plan, Heritage will provide certain advertising subsidies during the term of the Assistance Plan.

Note 6: This estimates your initial start-up expenses and includes payroll costs. These figures are estimates and Brooke cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors such as: your management skill, experience, and business acumen; local economic conditions; the local market for insurance and financial services; the prevailing wage rate; competition; and the sales level reached during the initial period. Brooke is reimbursed for payments made to employees, vendors, etc. on behalf of franchise agent for initial start-up expenses. If you are converting an existing agency to a Brooke agency, then existing revenues may offset these expenses.

Note 7: This total does not include real estate costs, the cost associated with the purchase of agency assets you may acquire from Brooke or a third party or the cost of any Buyers Assistance Plan purchased from Heritage. These costs vary widely depending upon the real estate or agency assets purchased. Brooke relied on its experience in the insurance and financial services business to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

Note 8: We offer financing for 100% of the initial franchise fee and generally 90% of the cost of equipment purchases.

8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES:

Franchise agents may only sell financial services products offered through Brooke's approved suppliers.

With regard to the sale of "targeted market" insurance program policies, surplus lines policies, life/health policies, credit services, banking services, and investment services, franchise agents may be required to use the facilities or services of one of Brooke Corporation's brokerage agency subsidiaries or affiliates for which Brooke or an affiliate indirectly receives extra sales commissions because it charges a fee to the brokerage agency and the franchise agent for policies placed.

Franchise Agents who wish to sell all or a part of their agency assets generally must utilize The American Agency, Inc.'s agency transition and consulting services. Franchise Agents who wish to acquire agency assets from Brooke and third parties generally must purchase Heritage's Buyers Assistance Plan.

Franchise agents are generally restricted to the sale of insurance policies through suppliers that bill premiums directly to policyholders. You may be required to provide documentation substantiating your inability to place a policy through a supplier that bills premiums directly to policyholders before Brooke approving your placement of an agency bill policy. If we request this documentation and you fail to provide it, we reserve the right to cancel the corresponding agency bill policy. Furthermore, if we approve the use of a supplier that issues agency bill policies, in some circumstances we may require that the full premium payment must be collected and deposited to our account before policy issuance.

We will derive revenue through advertising allowances, prizes, override commissions, profit sharing commissions, bonus commissions, company bonus concessions or similar payments from suppliers (we sometimes refer to our suppliers as "companies" which include those entities issuing, brokering, selling or making a market for financial services). We shall not pay to you a share of any advertising allowances, prizes, override commissions, profit sharing commissions, bonus commissions, company bonus concessions or similar payments made by suppliers to us. The amounts and types of these payments we receive vary by supplier and may vary from year to year. Typically these amounts are not associated with the sale of a specific policy by you, but are contingent upon factors such as sales volume, premium volume, profitability and other special concessions negotiated by Brooke. Brooke will also derive revenue through the sale of the buyers assistance plan through the American Heritage, Inc., a plan you are generally required to purchase if you acquire agency assets. For year ending December 31, 2002, on a consolidated basis, Brooke Corporation had total revenues of \$40,395,273. Of this total amount, \$614,388 was revenue Brooke Corporation retained from unaffiliated suppliers you must use and \$3,954,444 was revenue derived from the American Heritage, Inc. The total of the income derived from suppliers Franchise Agents were required to use was \$4,568,832, which represents approximately 11.3% of total revenue.

Although Brooke may represent numerous suppliers of investment services, insurance policies, credit services, and banking services, you are restricted to using a list of suppliers approved by Brooke. (We sometimes refer to your list of approved suppliers as a "company list".) A list of approved suppliers will be provided to you, free of charge, at least five business days before you sign a franchise agreement. Brooke may offer a bonus plan (calculated in accordance with a Bonus Plan Agreement) based upon your commissions growth with selected suppliers or other established criteria.

Approved suppliers are selected by Brooke at Brooke's discretion. In selecting suppliers, Brooke considers a number of factors including: the supplier's product lines, the geographic regions in which the supplier transacts business, the need for the supplier's

products by our franchise agents, the supplier's production and/or loss ratio requirements, the compensation programs offered by the supplier and the services offered by the supplier to us and the franchise agents, and the supplier's financial strength. Brooke may change your list of approved suppliers at any time for reasons including: (1) to accommodate Brooke's suppliers; (2) to reduce supplier's risk concentration; (3) to match suppliers with the types and volumes of purchases that you make; (4) because Brooke may discontinue doing business with a supplier; (5) because a Brooke brokerage subsidiary offers the same service. Any change to your list of approved suppliers will be effective immediately upon written notice to you.

Your list of approved suppliers or company list will include guidelines that Brooke has developed for contacting suppliers, obligating suppliers, and for distributing supplier's manuals or materials. Brooke will negotiate all contracts with approved suppliers, including compensation paid by suppliers for the sale, renewal, service or delivery of policies. Although Brooke endeavors to negotiate favorable terms with approved suppliers, Brooke cannot guarantee that it will obtain a contract with any particular supplier nor can it guarantee that it will be under the most favorable terms offered by the supplier.

You may, but are not required to, purchase through us all advertising items or office supplies with Brooke's logo, such as stationery, business cards, signage, and envelopes. Your cost for purchasing any advertising items or office supplies with Brooke's logo shall be 50% of the estimated cost of production which shall be adjusted at least once each year. You must use an approved supplier to receive this 50% discount.

Other than the requirements stated above, you are not required to purchase or lease any other item from any particular supplier. To use our proprietary Document Manager system, you will need at least one personal computer with internet access and Microsoft Internet Explorer 5.01 or greater. You will be responsible for purchasing, licensing, installing, and maintaining all computer software and equipment that you own.

We do not have or sponsor any purchasing or distribution cooperatives.

We have the right to approve or disapprove all licensing and subagent applications for producers and subagents that you wish to employ or with whom you wish to contract. In analyzing a licensing or subagent application, we will consider things including the following: (i) information provided in the licensing or subagent application; (ii) references; (iii) background investigations; (iv) insurance professionalism; and (v) your agency's circumstances and situation at the time of application.

9. FRANCHISE AGENT'S OBLIGATIONS:

Obligation	Section in Franchise Agreement	Item in Offering Circular
Site selection & acquisition/lease	6.2(j), 6.2(k)	11
Pre-opening purchases/leases	None	11
Site development & other pre-opening requirements	None	11
Initial & ongoing training	3.11 ³	11
Opening	None	None
Fees	2.4, 2.7, 3.9 ²	5,6,7
Compliance with standards/operating manual	3.12 ⁶	11
Trademarks & proprietary information	3.15, 3.16	8,11
Restrictions on products/services offered	3.3, 3.4, 3.5, 3.6, 3.13, 3.14	8
Warranty & customer service requirements	None ¹	None

Territorial development & sales quotas	None	None
Ongoing product/service purchases	3.4	8
Maintenance, appearance, and remodeling requirements	3.12	11
Insurance	2.5, 3.9, 3.17, 3.18, 6.2(b), 6.2(n)	11
Advertising	2.6, 2.13, 3.15, 3.16 ¹	6,7,8,11
Indemnification	4.5, 4.6, 4.7, 4.8, 4.9	None
Owner's participation/management/staffing	3.2, 6.2(c), 6.2(d), 6.2(e), 6.2(f), 6.2(g), 6.2(h)	15
Records/reports	3.11, 3.12, 3.20, 3.21 ¹	None
Inspections/audits	3.21	None
Transfer	6.2(i), 6.12	17
Renewal	6.1, 6.2 ⁴	17
Post-termination obligations	6.5, 6.6, 6.8, 6.9, 6.10, 6.11	17
Non-competition covenants	None ⁴	None
Dispute resolution	9.10, 9.12, 9.13 ⁵	17

Note 1: The Franchise Marketing Agreement (Exhibit G) imposes customer contact and advertising requirements which must be reported to us each month.

Note 2: If you fail to pay amounts due Brooke when due, Brooke may at its discretion charge interest on unpaid amounts at a rate not to exceed the maximum rate allowed by law until these amounts are paid. Brooke may at its sole discretion allow you additional time to pay amounts you owe; however, in this event, Brooke may still charge you interest until these amounts are paid. Furthermore, if you fail to pay amounts due Brooke, we may also refuse to honor check requests, commission draws and other requests you may make until the balance with any accrued interest has been paid. If you acquire agency assets from Brooke or a third party, generally, you will be required to purchase a Buyers Assistance Plan from The American Heritage, Inc. The fee includes a \$750 non-refundable retainer and a fee based upon the commissions represented or generated by the agency seller. See Exhibit C. Furthermore, fees may be assessed for additional services Brooke provides such as services provided pursuant to a Franchise Operations Agreement, Franchise Service Center Agreement, Franchise Marketing Agreement, Franchise Agent Line of Credit Agreement or Franchise Management Agreement (See Exhibits F, E, G, P(l) and H, respectively.)

Note 3: Each year, you will generally be required to participate in one or more errors and omissions loss control seminars. You may also be required to participate in additional training to maintain proper licensing.

Note 4: If you have a loan from Brooke Credit Corporation, you will be required to renew your franchise agreement and will not be allowed to terminate it during the term of the loan. If you default on your loan to BCC and BCC repossesses your agency, you will be restricted from soliciting your former clients. Exhibit P.

Note 5: Generally, all of our agreements call for mediation and arbitration of disputes.

Note 6: You must comply with all applicable laws, rules and regulations including Brooke's and supplier's rules, procedures and guidelines. For example, you must comply with all federal and state securities and insurance licensing requirements, fair trade practices laws, and privacy requirements such as those prescribed by the Gramm-Leach-Bliley Federal Privacy Act.

To access Brooke's web site, you will be required to purchase at least one personal computer with Internet access and Microsoft Internet Explorer 5.01 or greater. You will be responsible for purchasing, licensing, installing, and maintaining all computer software and equipment that you own.

You may access Brooke's web site provided it is used in accordance with Brooke's rules and procedures. You must cooperate with Brooke in maintaining the security of Brooke's web site. Although back up and disaster preparedness procedures are in place, as with all web sites, viruses and other problems may occasionally render Brooke's web site unusable.

You must obtain Brooke's written approval before relocating your agency from the address you provided in the Franchise Agreement. If you have told us that this address is a temporary location, then you must move to a permanent location within a reasonable period of time and must obtain Brooke's prior written approval of the permanent location. We also prohibit the location or relocation of your agency to any area or facility that does not have a professional appearance or which would not be acceptable to the general business community. You must obtain Brooke's written approval for any agreement to purchase additional agency assets.

You may have additional obligations if you purchase financial service agency assets from us. For example, you will generally be required to purchase a Buyers Assistance Plan from The American Heritage, Inc. (See Exhibit C). Brooke may purchase agency assets from third parties and give you a non-exclusive opportunity to consider acquiring these assets from us. Before providing you with information pertaining to the agency assets, Brooke will require that you sign an agency finder's agreement (a form of which is included in this circular as Exhibit O). This agreement requires that you maintain information provided to you pertaining to the subject agency strictly confidential. It also obligates you to pay Brooke a finder's fee, typically 10% of the total purchase price, if you decide to purchase the agency assets directly without becoming or remaining a franchise agent.

If you purchase financial service agency assets from Brooke, your obligations pursuant to the agreement for sale (a form of which is included in this circular as Exhibit L, but may vary by transaction) may include: pay purchase price; sign a franchise agreement and not terminate it for 5 years; hold us harmless for liability arising by reason of your, your director's, officer's or employee's acts and omissions; assume obligations listed. In addition, if you purchase financial service agency assets from Brooke, you must acknowledge full agreement with the terms and conditions of the agreement pursuant to which Brooke acquired the agency assets (a form of which is included in this circular as Exhibit N, but may vary by transaction). In certain circumstances, at your request, Brooke will assign to you its rights and interest in the agreement pursuant to which it acquired the agency assets (a form of assignment is included in this circular as Exhibit M) and you will assume all of our rights and obligations set forth in the acquisition agreement as if you had signed the agreement. In addition, our subsidiary The American Agency, Inc. may collect a brokerage or consulting fee in connection with the sale and/or purchase of agency assets. Also Brooke may sell you the assets for more than we purchased them.

You must provide to us, on a timely basis, copies of new account forms, order tickets, insurance applications and all other documents processed by you and related to investment, insurance, credit or banking sales. If you decide to share commissions with another Brooke franchise agent, you may be required to provide Brooke with a written commission sharing agreement in order for Brooke to process the corresponding policy or investment service.

If you obtain financing from Brooke Credit Corporation (BCC), you must sign a Franchise Agreement Addendum Regarding Lender Protection. Although many of the terms, conditions and definitions are identical to the terms, conditions and definitions of your franchise agreement, by signing this addendum you, including other provisions: (i) agree not to terminate your franchise agreement before the date you pay your loan in full or the agreement's expiration date, whichever is later, and to renew the franchise agreement until the loan is paid in full; (ii) agree that Brooke can assign its interest in the franchise agreement to another party; (iii) authorize Brooke to provide information relating to your agency to BCC and certain other persons; (iv) authorize Brooke to obtain information relating to your agency from BCC and certain other persons; (v) agree that Brooke may act in the interest of BCC and against your interest in helping BCC preserve its collateral; (vi) agree that Brooke may perform your duties under the franchise agreement if you fail to perform; (vii) agree that, in some circumstances, BCC may require that you enter into a Franchise Management Agreement, Franchise Operations Agreement or Franchise Marketing Agreement or may require that you apply payments received pursuant to a Franchise Marketing Agreement or Buyers Assistance Plan to your loan balance.

10. FINANCING:

Item Financed	Amount Financed	Down Payment	Term (Yrs.)	Percentage Rate	Monthly Payment	Prepay Penalty	Security Required	Liability Upon Default	Loss of Legal Right on Default
Initial Fee (Note 1)	\$25,000	None	Up to 12 years	Varies; Adjustable periodically	Varies depending on terms of loan	Up to 5%	Agency Assets	Unpaid Amount; Attorney Fees; Court Costs; Post & Pre-judgment Interest	Loss of Agency Assets
Land-Construction	None								
Leased Space	None								
Equipment Lease	None								
Equipment Purchase (Note 2)	\$360 to \$6,750	\$40 to \$750 (10%)	5	Varies; Adjustable periodically	Varies depending on terms of loan	Up to 5% during the first 3 years	Agency Assets and Personal Guarantee	Unpaid Amount; Attorney Fees; Court Costs; Post & Pre-judgment Interest	Loss of Agency Assets
Opening Inventory	None								
Line of Credit	Varies	None	Revolving	Varies	Varies	None	None	Unpaid Amount; Attorney Fees; Court Costs; Post & Pre-judgment Interest	
Other Financing	(Note 3)	(Note 3)	12	Varies	Varies depending on terms of loan	Up to 5% during the first 3 years	Agency Assets, Personal Guarantee and other assets based upon credit analysis	Unpaid Amount, Attorney Fees, Court Costs, Post & Pre-judgment Interest	Loss of Agency Assets & Any Other Assets Pledged & Non Exempt Property After Judgment

Financing is available through Brooke Corporation's wholly owned finance company subsidiary, Brooke Credit Corporation (BCC). However, you do not have to obtain financing from BCC. Financing may not be available in all states. The term of financing

depends on the items financed, and is generally at a monthly adjustable percentage rate of 3.5% above the New York Bank's prime interest rate using the standard forms as shown in Exhibits P, P(a)-(k). Financing may also be offered to you pursuant to a Franchise Agent Line of Credit Agreement ("LOC"). Except for LOC loans, during the month any loan is originated, the interest rate may be greater than 3.5% above the New York Bank's prime interest rate. Our standard documents may vary subject to state laws. The security BCC requires varies with the amount of credit extended and the items financed. Security always includes your agency assets (Exhibit P, pr 2) and generally a personal guaranty of you and/or other agency principals (Exhibit P, pr 4). It also may include the personal guaranty of your spouse and/or the spouse of one or more principals and additional collateral not related to the agency operation (Exhibit P, pr.4). BCC may charge a prepayment penalty of up to 5% if you prepay your loan during the first three years. If you do not pay your loan payments as required or are otherwise default, BCC may declare a default, receive commissions directly from the receipts trustee, repossess your agency assets, institute judicial proceedings to enforce BCC's rights (Exhibit P, pr. 14) and prohibit you from soliciting the agency's customers. In some cases, such as part of a loan workout or if collateral margins are inadequate, BCC may require that you enter into a Franchise Management Agreement, Franchise Operations Agreement or Franchise Marketing Agreement or may require that you apply payments received pursuant to a Franchise Marketing Agreement or Buyers Assistance Plan to your loan balance. In the event of default, you will be responsible for all costs and expenses including court costs and attorneys fees (Exhibit P, pr. 16). Upon default, you waive important rights such as a right to a jury trial and marshaling of assets (Exhibit P, pr. 39 and 40). BCC may sell your loan or a participation interest in your loan. In these cases, BCC will receive interest margins. Finally, BCC may securitize its loan portfolio from which it may derive income.

Note 1: BCC is willing to finance 100% of the initial franchise fee over at least a two-year period.

Note 2: BCC is willing to finance up to 90% of the cost of equipment purchased to open a franchise agency over a five-year period.

Note 3: In some circumstances, BCC is willing to finance the acquisition of agency assets or refinance agency assets if the loan balance does not exceed 90% of the estimated fair market value of the assets offered as collateral. Agency loans may generally be amortized over a twelve-year period. Furthermore, BCC is willing to finance the cost of Buyers Assistance Plans and Franchise Operations Agreements. These loans may generally be amortized over a twelve-year term. BCC may charge fees payable on the date of loan origination for loans to consolidate or refinance existing debt, to acquire agency assets, to acquire a Buyers Assistance Plan or a Franchise Operations Agreement. Although the amount of the fee will vary by transaction, this maximum fee is currently \$25,000.

Note 4: Brooke does not typically arrange financing from other sources. Although Brooke does not typically guarantee your obligations to third parties, in some instances Brooke or entities or persons affiliated with Brooke or its management may guarantee a franchise agent's payments to agency sellers.

Note 5: BCC may sell or assign franchise agent's note to affiliated companies, other lenders or investors. BCC may securitize its loan portfolio. Accordingly, BCC may distribute credit and other information provided by franchise agent to potential lenders or investors.

Note 6: BCC may offer financing that requires you to waive notice, confess judgment, or waive a defense against BCC or the lender.

11. BROOKE FRANCHISE CORPORATION'S OBLIGATIONS:

Except as listed below, Brooke need not provide any assistance to you.

Before you open your agency, Brooke will:

- 1) Acquire and deliver to you advertising items or office supplies that carry Brooke's logo. (Franchise Agreement paragraphs 2.13) Brooke shall pay for 50% of the estimated cost of acquiring these items.
- 2) Acquire and install for you signs that carry Brooke's logo. (Franchise Agreement paragraphs 2.6 and 2.13) Brooke shall pay for 50% of the estimated cost of acquiring and installing signs.
- 3) Endorse Brooke's insurance policy to provide errors and omissions insurance coverage for you. (Franchise Agreement paragraph 2.5)
- 4) Provide agency inspection services if you purchase our Buyers Assistance Plan (See Exhibit C, section 2)

During the operation of your agency, Brooke will:

- 1) Account for and process the investment services, insurance policies, credit services, and banking services that you sell to your customers. (Franchise Agreement paragraphs 2.1, 2.2, 2.3, 2.4). Accounting and processing information is delivered to you via the Internet.

- 2) Calculate and charge your account with Brooke commission fees and costs for any other supplies, services, and benefits provided to you by Brooke. (Franchise Agreement paragraphs 2.4, 2.5, 2.6,2.7)
- 3) Provide you with an accounting of your balance with Brooke each month. (Franchise Agreement paragraph 2.8)
- 4) Electronically credit your checking account if Brooke owes you money or electronically debit your checking account if you owe Brooke money each month. (Franchise Agreement paragraph 2.9)
- 5) Provide you with Brooke's Rules and Procedures Manual that Brooke also refers to as a Sales Support Guide. (Franchise Agreement paragraph 2.10) This manual is owned by Brooke. Brooke will update the manual when revisions are made and you will be expected to destroy any copies you have of previous versions. Brooke may deliver the Sales Support Guide and updates via the internet. You may not reproduce or copy the Sales Support Guide without our written permission. A copy of the table of contents is attached as Exhibit Z.
- 6) Update your list of approved suppliers by adding or removing suppliers or companies when Brooke determines it is appropriate. (Franchise Agreement paragraph 2.11)
- 7) Update your list of approved suppliers by providing written guidelines that restrict your authority to obligate Brooke's suppliers or companies. (Franchise Agreement paragraph 2.12)
- 8) Intentionally Omitted
- 9) Provide you with full and complete access to Brooke's records of your customer accounts at reasonable times and upon reasonable notice to us. (Franchise Agreement paragraph 2.14)
- 10) Authorize you to use Brooke's proprietary Document Management system. (Franchise Agreement paragraph 2.15) You are not required to purchase any particular computer system. To use Brooke's proprietary Document Manager system, you will be required to purchase at least one personal computer with internet access and Microsoft Internet Explorer 5.01 or greater. You will be responsible for purchasing, licensing, installing, and maintaining all computer software and equipment that you own.
- 11) Provide cash flow, marketing, operations and training assistance if you purchase a Buyers Assistance Plan (See Exhibit C, sections 3, 4 and 5).
- 12) Provide agency operations assistance if you enter into a Franchise Operations Agreement (See Exhibit F).
- 13) Provide marketing and cash flow assistance if you enter into a Franchise Marketing Agreement. (See Exhibit G)
- 14) Provide agency management assistance if Brooke agrees to enter into a Franchise Management Agreement with you. (See Exhibit H)
- 15) Provide office facilities, receptionist services, and CSR services assistance if you enter into a Franchise Service Center Agreement (See Exhibit E).
- 16) Provide funds to pay operating expenses if we enter into a Franchise Agent Line of Credit Agreement (See Exhibit P(I)).
- 17) Provide bonus commissions if we enter into a Franchise Agent Bonus Agreement (See Exhibit D).

Brooke may hold regular meetings to discuss sales, operations, accounting, promotions, and other related issues. Generally, there is no fee to attend these meetings, but you must pay all of your travel and living expenses. These meetings are not mandatory.

Other than signage and office supplies that have the Brooke logo, you are not required to advertise. (Note: If you sign a Franchise Marketing Agreement (Exhibit G) or Buyers Assistance Plan (Exhibit C), you will be required to send brochures, letters and/or flyers to your customers.) Brooke does not require and does not currently conduct a local, regional or national advertising program, but we will provide some advertising and promotional materials to you if you wish to conduct your own advertising campaign. You may also develop advertising materials for your own use, at your own cost. Brooke must approve all advertising materials in advance and in writing. (Franchise Agreement paragraph 2.6, 3.15)

Franchise agents typically open their agencies within one month after signing a franchise agreement. The factors that may affect this time period are equipment installation, sign installation, licensing requirements, acquisition of agency assets, and office space availability.

During the months before and after you are open, Brooke will provide at least eight hours of training and set-up assistance. Brooke provides a training video and sales support guide that you must view/read the week you open. Training in the use of advice forms, request forms, mail flow, work flow, deposits, and money handling is required for all franchise agent personnel and Brooke encourages all personnel to view the video and read the sales support guide. Brooke does not charge for the initial eight hours of training or training materials; however, additional training services and materials for you and your staff may be purchased from Brooke or affiliates of Brooke. Generally, all training will occur at your office. The following subjects will be discussed during training.

Subject	Time Begun	Instructional Material	Hours of Classroom Training	Hours of On the Job Training	Instructor
Processing documents	Week you open	Video and Sales Support Guide(Exhibit Z)	None	1 to 2 hours	Video and Brooke personnel familiar with subject
Customer Care	Week you open	Video and Sales Support Guide(Exhibit Z)	None	1 to 2 hours	Video and Brooke personnel familiar with subject
Agent Accounting	Week you open	Video and Sales Support Guide(Exhibit Z)	None	4 to 6 hours	Video and Brooke personnel familiar with subject
Data Base Access	Week you open	Video and Sales Support Guide(Exhibit Z)	None	1 to 2 hours	Video and Brooke personnel familiar with subject
Supplies, Regulatory, Agent Setup & E-forms	Week you open	Video and Sales Support Guide(Exhibit Z)	None	1 to 2 hours	Video and Brooke personnel familiar with subject

Brooke is not required to provide training that may be required to meet continuing education or licensing requirements even though this education is required. This training may be obtained from industry groups, professional providers, and, at our option, Brooke. Brooke will require all securities licensed individuals to meet necessary annual continuing education requirements with company, broker/dealer, general agency, regulatory agency, self regulatory agency of any and all states in which Franchise Agent sells financial services. Brooke may require that you and members of your staff periodically participate in additional training such as errors and omissions loss control seminars and may ask that you pay all or a portion of the cost of this training.

If you do not have two years of agency management experience, one of the conditions for the extension of credit by Brooke Credit Corporation may be the successful completion of a Buyers Qualification Plan provided through The American Heritage, Inc. which is comprised of several modules including training on: investment services professionalism; the franchise agent statement settlement process; errors and omissions loss control; agency operations and budgeting; customer service; and marketing plan development and implementation.

Brooke will not select the site, area or facility from which you conduct your business. However, pursuant to paragraphs 6.2(j) and (k) of your franchise agreement, you must obtain Brooke's prior approval to change the location of your office and/or to establish an additional agency office, respectively. In considering approval/disapproval, Brooke may consider general location, neighborhood, size of community, relative proximity to other franchise agents (although no exclusive territory is granted to you). Brooke will provide notice of approval or disapproval to you within 15 business days of our receipt of your request for approval and a detailed description of the location and office. If Brooke does not approve a relocation and/or the establishment of an additional office, you will be required to find an alternative acceptable location or stay at your current location until a relocation is approved.

12. TERRITORY:

You will not receive an exclusive territory. Brooke may establish other franchised or company-owned outlets that may compete with your location using our trademarks or different trademarks.

13. TRADEMARKS:

Franchises shall do business under the trademark and name of Brooke Financial Services or Brooke Insurance and Financial Services, and shall prominently display the trademark symbol in all advertising, correspondence, and signs. Certain bank-owned franchises may not be required to do business under the trade name Brooke Financial Services or Brooke Insurance and Financial Services (not available in all states). Franchise agents may also use our other current or future trademarks to operate their agency. By trademark, Brooke means trade names, trademarks, service marks, and logos used to identify your agency. Brooke Corporation registered the below trademark on the United States Patent and Trademark Office principal register on March 20, 1990:



You must follow our rules when you use these marks. You cannot use a name or mark as part of a corporate name or with modifying words, designs, or symbols except for those which Brooke licenses to you. You may not use Brooke's registered name in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by Brooke.

You must notify Brooke immediately when you learn about an infringement of or challenge to your use of our trademark. Brooke will take the action we think is appropriate. While Brooke is not required to defend you against a claim against your use of our trademark, Brooke will reimburse you for your liability and reasonable costs in connection with defending Brooke's trademark. To receive reimbursement, you must have notified Brooke immediately when you learned about the infringement or challenge.

You must modify or discontinue the use of a trademark if Brooke modifies or discontinues it. If this happens, Brooke will reimburse you for your tangible costs of compliance (for example, changing signs). You must not directly or indirectly contest our right to our trademarks, trade secrets, or business techniques that are part of our business.

No agreements limit Brooke's right to use or license the use of Brooke's trademarks. Brooke does not know of any currently effective material determinations of the patent and trademark office, trademark trial and appeal board, the trademark administrator of any state or any court; pending infringement, opposition or cancellation; pending material litigation involving the principal trademark; or infringing uses that could materially affect your use of Brooke's trademark.

14. PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION:

You do not receive the right to use an item covered by a patent or copyright, but you can use the proprietary information in Brooke's Rules and Procedures Manual. The Rules and Procedures Manual is sometimes referred to as a "Sales Support Guide". Although Brooke has not filed an application for a copyright registration for the Sales Support Guide, it claims a copyright and the information is proprietary. Item 11 describes the limitations on the use of this manual by you and your employees. You must also promptly tell us when you learn about unauthorized use of this proprietary information. Brooke is not obligated to take any action but will respond to this information as we think appropriate.

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

Brooke does not require that you personally supervise the franchised business; however, you must ensure that all of your employees respect the proprietary nature of the Sales Support Guide, comply with software licensing agreements, and comply with the terms of the franchise agreement and other agreements between you and Brooke. Although the manager need not have an ownership interest in a sole proprietor, corporate, limited liability company or partnership franchise agent, Brooke recommends you provide at least part-time "on premises" supervision. Pursuant to paragraph 3.2 of the franchise agreement, you must provide competent and qualified personnel for the sell, renewal, service and delivery of policies and to serve as liaison and contact with customer accounts; however, as stated above, we reserve the right to approve or disapprove all licensing and subagent applications. The agency manager, be it you or your designee, must view Brooke's training video and read the sales support guide. You may contact Brooke for additional copies of the video and the sales support guide may be accessed via the Internet.

16. RESTRICTIONS ON WHAT THE FRANCHISE AGENT MAY SELL:

Brooke does not restrict the type of goods or services that you may offer using trade names other than Brooke's trade name. However, you must sell products and services offered by Brooke exclusively through Brooke and you must sell only the products and services offered by Brooke when using the Brooke trade name.

17. RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION:

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

Provision	Section in Franchise Agreement	Summary
a. Term of the franchise	6.1	Term is five years ¹
b. Renewal or extension of the term	6.1	If you are in good standing you can renew for an additional five years ¹
c. Requirements for you to renew or extend	6.1	Sign new agreement ²
d. Termination by you	6.4	You may terminate for any reason and at any time by giving us 30 days notice ¹
e. Termination by Brooke without cause	none	
f. Termination by Brooke with cause	6.2	Brooke may terminate or not renew for any of the reasons listed in section 6.2 ¹⁰
g. "Cause" defined - defaults which can be cured	none	
h. "Cause" defined - defaults which cannot be cured	6.2	Brooke does not have to provide you with an opportunity to cure a default caused by the reasons listed in section 6.2
i. Your obligations on termination/non-renewal	3.16, 6.5, 6.6, 6.7, 6.8, 6.9, 6.10,6.11	Your obligations include complete de-identification, transfer of your customer accounts and payment of amounts due
j. Assignment of contract by Brooke	9.7 ³	Brooke may transfer its rights and obligations under the franchise agreement.
k. "Transfer" by you – definition	6.2(i)	Includes sale or transfer of franchise or your customer accounts ⁴
l. Brooke's approval of transfer by franchise agent	6.2(i)	Transfers may result in termination by Brooke. All new franchise agents must be approved by Brooke ⁴
m. Conditions for Brooke approval of transfer	6.2(i), 6.12	New franchise agents must meet Brooke's qualifications, initial fee paid, and new franchise agreements signed ⁴
n. Brooke's right of first refusal to acquire your business	6.12	Brooke has the right to match any offer for the franchise agent's agency assets
o. Brooke's option to purchase your business	none, 6.12	Brooke has no option to purchase but does have a first right of refusal if you decide to sell your agency
p. Your death or disability	none ⁵	
q. Non-competition covenants during the term of the franchise	none	

r. Non-competition covenants after the franchise is terminated or expires	none ⁶	
s. Modification of the agreement	2.10, 3.12	No modifications generally but your agreement may require amendments if you wish to sell policies and services outside your area of specialization and our rules and procedures are subject to change ⁷
t. Integration/merger clause/ Entire agreement	9.8 ⁸	
u. Dispute resolution by arbitration and/ or mediation	9.12, 9.13	The parties must mediate disputes. If mediation fails, the parties must arbitrate their dispute.
v. Choice of forum	9.10	Subject to mediation and arbitration provisions, litigation must be in Phillips County District Court, Phillipsburg, Kansas, a U.S. District Court with jurisdiction over Phillips County, Kansas
w. Choice of law	9.10	Kansas law applies
x. Liquidated damages	none	

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE OFFERING CIRCULAR.

Neither Brooke, any person or franchise broker in Item 2 of the UFOC is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling them from membership in such association or exchange.

Arbitration Act Section 20040.5 may still apply to any provision relating to judicial proceedings.

Section 31125 of the Franchise Investment Law requires us to give to you a disclosure document approved by the Commissioner of Corporations before we ask you to consider a material modification of your franchise agreement.

If BCC provides financing or you purchase agency assets from Brooke, additional provisions apply, including:

Note 1: You may not terminate your franchise agreement until your loan is paid in full or the term of your franchise agreement expires, whichever is later. Furthermore, you must renew your franchise agreement if you have not paid your loan in full. (Exhibit I, paragraph 1) If you purchase agency assets from us, you are not allowed to terminate your franchise agreement before its expiration. (Exhibit I, paragraph 5(a)) You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

Note 2: To renew, you will be asked to sign the standard franchise agreement used by Brooke at the time of renewal.

Note 3: Brooke may assign its rights and obligations to another entity (Exhibit B, paragraph 9.3 and Exhibit I, paragraph 3).

Note 4: Although transfer of your business may result in termination in accordance with paragraph 6.2(i), BCC or its designee may assume your rights and obligations under the franchise agreement. (Exhibit I, paragraph 2)

Note 5: Your death or disability, or that of a guarantor, may be an event of default. (Exhibit P, paragraph 13(b)(vii))

Note 6: If you default on your loan, you will be restricted from soliciting agency customers. However, your ability to compete is not otherwise restricted. (Exhibit P, paragraph 14(c))

Note 7: Material modifications cannot be made to the franchise agreement without BCC's consent. (Exhibit I, paragraph 9)

Note 8: Exhibit P, paragraph 36 provides for integration.

Note 9: You are required to use binding arbitration. The arbitration will occur in Kansas City, Missouri with the costs being borne equally by each party. This provision may not be enforceable under generally applicable contract defenses, such as fraud, duress, or unconscionability.

Note 10: The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Section 101 and following).

These states have statutes which may supersede the franchise agreement in your relationship with the Brooke Franchise Corporation including the areas of termination and renewal of your franchise: ARKANSAS [Stat. Section 70-807], CALIFORNIA [Bus. & Prof. Code Sections 20000-20043], CONNECTICUT [Gen. Stat. Section 42-133e et seq], DELAWARE [Code, tit.], FLORIDA [Fla. Stat. Title XXXIII, Chptr 559, Part VIII (559.80)], GEORGLA [Code Section 10-1-410], HAWAII [Rev. Stat. Section 482E-1], ILLINOIS [815 ILCS 705/1-44 (1999)], INDIANA [Stat. Section 23-2-2.7], IOWA [Code Sections 523H.1-523H.17], LOUISIANA [RS 51:1821], Maryland [MD. Code Ann. Sec. 14-201 et seq.], MICHIGAN [Stat. Section 19.854(27)], MINNESOTA [Stat. Section 80C.14], MISSISSIPPI [Code Section 75-24-51], MISSOURI [Stat. Section 407.400], NEBRASKA [Rev. Stat. Section 87-401], NEW JERSEY [Stat. Section 56:10-1], OKLAHOMA, [71 O.S. section 802 (OSCN 1999)], SOUTH DAKOTA [Codified Laws Section 37-5A-51], TEXAS [Business and Commerce Code, Chapter 41, Business Opportunities], UTAH [Utah Code Section 13-15-1], VIRGINIA [Code 13.1-557-574-13.1-564], WASHINGTON [Code Section 19.100.180], WISCONSIN [Stat. Section 135.03]. These and other states may have court decisions which may supersede the franchise agreement in your relationship with the Brooke Franchise Corporation, including the areas of termination and renewal of your franchise.

18. PUBLIC FIGURES:

Brooke does not use any public figure to promote its franchise.

19. EARNINGS CLAIMS:

Brooke does not furnish or authorize its salespersons to furnish any oral or written information concerning the actual or potential sales, costs, income, or profits of a Brooke Financial Services or Brooke Insurance and Financial Services agency. Actual results vary from unit to unit and Brooke cannot estimate the results of any particular franchise.

20. LIST OF OUTLETS:

Franchised Agency Status Summary For years 2002/2001/2000

State	Transfers	Canceled or Terminated	Reacquired by Brooke Franchise Corporation	Ceased Doing Business	Total (Note #2)	Franchisees Operating at Year End
Arizona	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	5/1/0
Arkansas	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0
Colorado	1/1/0	1/1/0	0/0/0	0/0/0	0/0/0	12/10/9
Florida	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	12/5/1

Georgia	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/0/0
Illinois	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/1/0
Iowa	0/0/0	0/1/0	0/1/0	0/0/0	0/0/0	1/1/0
Kansas	1/1/3	0/3/3	1/1/0	0/0/0	0/2/6	54/53/52
Louisiana	0/0/0	0/0/0	0/1/0	0/0/0	0/0/0	3/3/2
Missouri	3/0/0	0/1/0	0/1/1	0/0/0	0/1/0	26/23/20
Montana	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Nebraska	4/0/0	0/0/1	0/1/0	0/0/0	0/1/1	12/7/6
Nevada	3/0/0	0/0/0	0/0/0	0/0/0	0/0/0	4/1/0
New Mexico	0/0/0	0/0/0	0/0/0	0/0/0/	0/0/0	1/0/0
Oklahoma	0/0/0	0/0/0	0/2/0	0/0/0	0/0/0	8/7/7
Tennessee	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/0/0
Texas	0/1/0	2/1/0	0/1/0	0/0/0	0/2/0	8/5/5
Utah	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/0/0
Wyoming	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Total	2/2/3	3/4/4	1/1/1	0/0/0	0/6/7	163/118/103

Note 1: All numbers are as of December 31 for each year and include outlets of Brooke Franchise Corporation's parent company, Brooke Corporation. The above includes Property/Casualty Specialists.

Note 2: The numbers in the "Total" column may exceed the number of agencies affected because several events may have affected the same store. For example, the same agency may have terminated their franchise agreement and been reacquired by the Brooke Franchise Corporation.

**Projected Openings
as of December 31, 2002**

State	Franchise Agr. Signed but agency not opened	Projected New Company Owned Agencies next year	Projected New Franchises next year
Arkansas	0	0	0
Arizona	0	0	6
Colorado	0	0	3
Florida	0	0	6
Georgia	0	0	2
Illinois	0	0	3
Iowa	0	0	1
Kansas	0	0	3
Louisiana	0	0	1
Missouri	0	0	3
Montana	0	0	0
Nebraska	0	0	2
Nevada	0	0	2
New Mexico	0	0	2
Oklahoma	0	0	2
Tennessee	0	0	3
Texas	0	0	6
Utah	0	0	1
Wyoming	0	0	0
Total	0	0	46

Note: The above includes Property/Casualty Specialists.

Status of Company Owned Agencies for Years 2002/2001/2000

State	Agencies Closed During Year	Agencies Opened During Year	Total Agencies Operating at Year End
Arizona	0/0/0	1/0/0	1/0/0
Arkansas	0/0/0	0/0/0	0/0/0
Colorado	0/0/0	0/0/0	0/0/0
Florida	0/0/0	0/0/0	0/0/0
Georgia	0/0/0	0/0/0	0/0/0
Illinois	0/0/0	0/0/0	0/0/0
Iowa	0/0/0	0/0/0	0/0/0
Kansas	0/0/0	0/0/0	0/0/0
Louisiana	0/0/0	0/0/0	0/0/0
Missouri	0/0/0	1/1/0	1/1/0
Montana	0/0/0	0/0/0	0/0/0
Nebraska	0/0/0	1/0/0	1/0/0
Nevada	0/0/0	0/0/0	0/0/0
New Mexico	0/0/0	1/0/0	1/0/0
Oklahoma	0/0/0	0/0/0	0/0/0
Tennessee	0/0/0	0/0/0	0/0/0
Texas	0/0/0	0/1/0	0/1/0
Utah	0/0/0	0/0/0	0/0/0
Wyoming	0/0/0	0/0/0	0/0/0
Totals	0/0/0	2/0/0	2/0/0

Note: The above includes outlets of Brooke Franchise Corporation's parent company, Brooke Corporation, and Property/Casualty Specialists Franchise Agents.

Name and Last Known Home Address and Telephone Number of every Franchise who has had an Outlet Terminated, Canceled, Not Renewed or Otherwise Left the System During 2002

Joann Ross	16917 O Circle	Omaha, NE 68135	402.861.8163
Richard Connelly	405 E 9th	Ellsworth, KS 67439	785.472.3270
Keith Dent	1905 Chapelwood Road	Columbia, MO 65203	573.886.8991
Joseph Coyne	2614 Northcliff Dr.	St Peters, MO 63376	Unknown
Dan DeBeikes	9325 Lark Sparrow Drive	Highlands Ranch, CO 80126	Unknown
Vince Garth, Jr.	6645 Canyon Cove Way	Las Vegas, NV 89108	702.658.5125

Note: The above franchisees of Brooke Franchise Corporation's parent company, Brooke Corporation. The above also includes Property/Casualty Specialist Franchises.

Names of all Franchise Agents, Addresses and Telephone Numbers of all of their Outlets

Business Name	Telephone	Address	Primary Contact
	(785)243-3182	1409 Lincoln Concordia, KS 66901	Craig Ashton
	(785)527-5951	2205 M Street Belleville, KS 66935-0069	Craig Ashton
Sunflower Ins.	(785)455-3463	103 W Parallel Clifton, KS 66937	Galen Haas
Palco Insurance	(785)737-2325	402 Main Palco, KS 67657-0009	Leo VonFeldt
	(785)543-5254	110 W State Street Phillipsburg, KS 67661-0386	Brett Biggs
Alden State Agency	(620)534-2135	201 N Pioneer Alden, KS 67512	Charles Rowland
	(785)825-2112	2310 Planet Salina, KS 67401-7510	Kent Lambert
Lenorea	(785)567-4286	105 S Main Lenora, KS 67645	David Davidson
Hiawatha	(785)742-2102	610 Oregon Hiawatha, KS 66434	Cathy Henson
First National Ins.	(785)939-2150	200 Stahl Ave Goff, KS 66428	Philip Gosling
First Insurance, Inc.	(785)282-6641	133 S Main Smith Center, KS 66967	John Bailhorst
First National Ins.	(785)292-4433	124 N Kansas Frankfort, KS 66427	Joseph Kennedy
Suburban West Ins.	(316)794-2511	701 N Goddard Rd. St D Goddard, KS 67052	Myra Lewis
	(913)661-0123	10895 Grandview Dr Suite 250 Overland Park, KS 66210	Andrew Arensberg
Peoples State Bank	(785)538-2233	304 Rawlins Ave McDonald, KS 67745 100 S Range Colby, KS 67701 940 Oak Ave Hoxie, KS 67740	John Powell
Sylvan Agency, Inc.	(785)526-7155	102 N Main Sylvan Grove, KS 67481	Lois Cooper
Northeast KS Insurance	(913)886-2716 (785)945-3231	520 Main Nortonville, KS 66060 406 Broadway Valley Falls, KS 66088	Rosalind Jackson
	(620)275-7134 (620)356-1751 (620)646-5253	502 N 7th Street Garden City, KS 67846 212 S Main Ulysses, KS 67880 401 Main Fowler, KS 67844	Donald Robertson
T. A. Dudley Agency	(620)544-4314	600 S Main Hugoton, KS 67951	Neal Gillespie
Heinze & Associates	(785)698-2272 (785)525-6415	102 S Main St. Luray, KS 67649 132 S Main Lucas, KS 67648	Gregory Heinze
	(785)798-2245	119B S Pennsylvania Ave Ness City, KS 67560	Kelle Goodman
Whitewater Ins.	(316)799-2137	126 S Main Whitewater, KS 67154	Donald Patry

	(620)635-2297 (620)622-4501	713 Main Ashland, KS 67831 104 W Walnut Protection, KS 67127	Don Howell
	(785)589-2503	138 W Oak Harveyville, KS 66431	George Anshutz
	(785)738-5128	121 N Mill Beloit, KS 67420-3235	Sherri Linton
Fairview Insurance	(785)467-3560	412 W Commercial Fairview, KS 66425	Gregory Jackson
Cushing Insurance	(785)454-3315	800 Morgan Downs, KS 67437	Judith Fiala
	(316)269-1001	1210 E 1 st St Wichita, KS 67214	Dan Heinze, Jr.
Marshall County Ins.	(785)353-2298	722 Main Beattie, KS 66406	Edwin Nutt
	(785) 985-2131	111 S Main Troy, KS 66087	John Haupt
First Agency, Inc.	(785)543-6511 (785)689-7493	225 State Street Phillipsburg, KS 67661	Morris Engle
	(620)792-3611	1520 Main St Great Bend, KS 67530	Randall Hayden
	(402)463-3121	200 N Burlington, Suite 150 Hastings, NE 68902-1065	James Steider
	(620)662-4815 (316)540-0123	1520 N Main Hutchinson, KS 67504 224 N Main Cheney, KS 67025	Brad Noll
	(785)364-3366	215 W 4 th Holton, KS 66436	Judy Anweiler
Peoples Insurance	(620)582-2166	101 E Main St Coldwater, KS 67029	Linda Crowe
	(316)264-1100	800 E 1 st Ste 200 Wichita, KS 67202	Jack Cassell
	(316)283-5870	400 S Main Newton, KS 67114	Bill Hamm
	(402)643-2909 (402)759-4020	246 S Columbia Seward, NE 68434 510 ½ S 13 th Geneva, NE	Jim Steider
	(620)624-7468	412 N Washington Liberal, KS 67905	Freeman Jones
Dwight Insurance	(785)482-3229	160 Main Dwight, KS 66849	Meg Oleen
Hier Insurance Services	(785)256-4600	301 Main Maple Hill, KS 66507-0250	Nancy Hier
David Young Agency	(620)456-2346	102 N Highland Conway Springs, KS 67031-8278	David Young
	(785)472-3911	302 N Douglas Ave Ellsworth, KS 67439	Lonnie Soukup
	(402)334-8442	4612 South 143 rd Street Omaha, NE 68137	Joe Newhouse
	(316)269-1001	1210 E 1 st St Wichita, KS 67214	Bill Hudson, Jr.
	(913)661-0123	10895 Grandview Dr Bldg 24, Suite 250 Overland Park, KS 66210	Tom Arensberg
	(913)661-0123	10895 Grandview Dr Bldg. 24, Suite 250 Overland Park, KS 66210	Jim Vader
	(785)776-2211	1014 Poyntz Suite B Manhattan, KS 66502	Steve Frazier
	(913)661-0123	10895 Grandview Dr Bldg. 24, Suite 250 Overland Park, KS 66210	Geoff Gobble

(816)380-5222	601 S Independence Harrisonville, MO 64701	Jason Winter
(636)926-7970	#40 Gailwood Dr St. Peters, MO 63376	William Komlose
(785)582-5430	100 Center Drive Silver Lake, KS 66539	Wayne Kellner
(308)536-2113	330 Broadway Fullerton, NE 68638	Chuck Bowman
(308)382-8400	622 W 2 nd St Grand Island, NE 68802	Dennis Blevins
(913)661-0123	10895 Grandview Dr., Bldg 24, Suite 250 Overland Park, KS 66210	Geoffrey Gobble
(660)248-3322	124 East Morrison Fayette, MO 65248	Sonny Wayne Walker
(580)286-3348 (580)326-3393	14 N Central Idabel, OK 74745 102 N Broadway Hugo, OK 74743	Krystal Weeks
(405)872-3636	907 N Main Noble, OK 73068	Tyler Kemp
(918)423-4045	212 E Cherokee McAlester, OK 74502	Bruce Jordan
(620)792-3611	2421 10 th Street Great Bend, KS 67530-0889	Randall Hayden
(580)584-9304	300 North Broadway Broken Bow, OK 74728	Karen Dunn
(405)273-8300	2102 N Kickapoo #A Shawnee, OK 74804	Connie Mathews
(405)383-2241	312 N Clarady St Wanette, OK 74878	Linda Wallace
(405)387-4190	700 N Main St Newcastle, OK 73065	Sandra Jones
(918)253-6069	502 Krause St Jay, OK 74346	Kevin Patterson
(573)686-5001	1111 Mansion Mall Drive Poplar Bluff, MO 63901	Russell French
(573)224-3344	105 Walnut Greenville, MO 63944	Seann Howe
(417)732-2345	245 US Highway 60 W Republic, MO 65738	Anthony Taylor
(417)776-8707	1049 Cherokee Ave Seneca, MO 64865	Larry Bilke
(573)472-1111	124 E Center Sikeston, MO 63801	Donald Newton
(816)525-9848	517 SE 2 nd St Lee's Summit, MO 64063	Stephen Twiss
(417)723-5363 (417)463-2606	210 Main Street Crane, MO 65633 603A E Logan Marionville, MO 65705	Jimmy Walker
(660)744-5385	205 S Main Rock Port, MO 64482	Jim Clodfelter
(660)442-3195	610 State Street Mound City, MO 64470	Robert McCrory
(417)624-2643	1030 Murphy Blvd Joplin, MO 64801	Randal Kraft
(417)358-4041	345 S Main Carthage, MO 64836	Kelly Tommey

	(636)586-3333	123 W. Pratt De Soto, MO 63020-0309	Billy Boswell
	(636)557-5555 (816)822-9966	260 Lamp and Lantern Village Town and Country, MO 63017 404 E Banister Rd Ste B Kansas City, MO 64131	<i>Ted Rowland</i>
	(816)781-4915	339 S 291 Highway Liberty, MO 64068	Jack Stein
	(816)628-6443	196 W 92 Hwy Kearney, MO 64060	Robert Lalumondier
	(636)227-1408	260 Lamp and Lantern Village Town and Country, MO 63017	Ted Rowland
	(314)-843-9100	8460 Watson Rd #119 St Louis, MO 63119	Jeanne Komlose
	(318)687-2307 (318)872-4788	The Sterling Center 2533 Bert Kouns #108 Shreveport, LA 71118 115-N Jefferson St Mansfield, LA 71052 208 Main Street Logansport, LA 71049	Paul Moore
	(318)256-3238	230 W San Antonio Many, LA 71449	James Walsworth
	(402)564-1457	1668 33 rd Ave. Columbus, NE 68602	Donald Mroczek
	(402)391-5100	7701 Pacific Ste #1 Omaha, NE 68124	Jame Jensen
	(402)691-8118	11235 Davenport St Suite 109 Omaha, NE 68154	Jeffrey Downing
	(402)691-8118	11235 Davenport St Suite 109 Omaha, NE 68154	Michael Kroll
	(402)691-8118	11235 Davenport St Suite 109 Omaha, NE 68154	Timothy McGuire
	(402)691-8118	11235 Davenport St Suite 109 Omaha, NE 68154	Jeremy Pascale
	(402)691-8118	11235 Davenport St Suite 109 Omaha, NE 68154	William Fedde
	(618)246-1000 (618)734-1207-	206 S 9 th St Ste 202 Mt Vernon, IL 62864 225 8 th St Cairo, IL 62914-0309	Philip Beard
	(618)734-1207	225 8 th St Cairo, IL 62914-0309	James Huffinan
	(402)691-8118	11235 Davenport St Suite 109 Omaha, NE 68154	House Account
	(719)687-3500 (719)886-0456 (719)589-8911 (970)255-1234 (719)545-1075	380 Henrietta Ave, Ste 100 Woodland Park, CO 80863 517 S Cascade Colorado Springs, CO 80903 7215 Yucca Rd Alamosa, CO 81101 2754 Compass Dr Ste 301-B Grand Junction, CO 81506 427 Colorado Pueblo, CO 81004 2648 Santa Fe Suite 14 Pueblo, CO 81006	Dennis Blevins
	(303)237-1220	2575 Youngfield St Unit E Golden, CO 80401-1541	Christopher Prall

	(303)425-3210	10559 W 44 th Ave Wheat Ridge, CO 80033	Kaye (Pat) Pattison
	(303)652-2929	7960 Niwot Rd. #C11 Niwot, CO 80544-0487	Edith Cito
	(303)274-6010 (303)237-1220	6655 W Jewell Ave Ste 101 Lakewood, CO 80232 2575 Youngfield St Unit E Golden, CO 80401	James Matthes
	(303)646-4200	131 County Road 17 Elizabeth, CO 80107	Susan Merisko
	(303)346-2001 (775)333-9119	9555 S University Blvd 103 Highlands Ranch, CO 80126 115 W Plumb Lane Reno, NV 89509	<i>Bradley Stone</i>
	(303)446-8600 (970)352-4442	1645 Court Place, Ste 304 Denver, CO 80202-4507 1024 9 th Ave., Ste. 5 Greeley, CO 80631	Bruce Herbrick
	(303)644-3047 (303)644-4730	555 Palmer Bennett, CO 80102	Patricia Nettesheim
	(303)759-1449	1660 S Albion Ste 907 Denver, CO 80222	Darrell Fankhauser
	(801)377-8400	531 E 770 N Orem, UT 84097	Cindi Parmley
	(719)391-0700	145 Fontaine Blvd Colorado Springs, CO 80911	Mark Benson
	(719)263-4308	200 Main St Fowler, CO 81039	Kari VanSickle
	(303)932-2275	7735 W Long Dr #6 Littleton, CO 80123	Paul Hunt
	(515)270-1880	7517 Douglas, Ste 11 Urbandale IA 50322	Tom Plowman
	(719)545-1075	2648 Santa Fe Dr #14 Pueblo, CO 81006	Brenda Austin
	(702)222-9393	4762 E Flamingo Las Vegas, NV 89121	Vincent Garth, Jr.
	(702)895-7511	5025 S Eastern Ave #21 Las Vegas, NV 89119	David Smythe
	(702)639-0288	2102 A East Lake Mead Blvd Las Vegas, NV 89030	Maureen Shafer
	(702)452-7283	4040 S Eastern #120 Las Vegas, NV 89119	David Smythe
	(785)392-3073	116 W 2 nd Street Minneapolis, KS 67467	Susan Clanton
	(620)873-2099	203 N Fowler Meade, KS 67864	Janice Wiens
	(620)231-0860	2809 N Broadway Pittsburg, KS 66762-7518	Christopher Dhogghe
	(785)625-2820	1401 Main Street Suite A Hays, KS 67601	Don Lowry
	(620)856-2311	1108 Military Avenue Baxter Springs, KS 66713	Pamela Freitag
	(620)429-2526	111 N Kansas Columbus, KS 66725	Jon McCormick
	(316)269-1001	1210 E 1 st St Wichita, KS 67214	Bradley Hensley
	(913)661-0123	10895 Grandview Dr, Bldg. 24, Ste 250 Overland Park, KS 66210	Todd Davis

(386)755-2630	1314 W Duval Street Lake City, FL 32055	Michael McCranie
(850)526-1000	4721 Hwy 90 E Marianna, FL 32446	Janet Pooser
(850)638-3900	1391 Brickyard Rd Ste 4 Chipley, FL 32428	Frances Wilhite
(813)885-4441	6610 Hanley Road Tampa, FL 33634	Mark Werner
(352)351-5444	311 SE 17 th Place Ocala, FL 34471	Christopher Hinton
(813) 885-4441	6610 Hanley Rd Tampa, FL 33563	Mark Werner
(727)942-9363	101 Federal Place Ste 101 Tarpon Springs, FL 34689	Jennifer Dittman
(727)942-9363	101 Federal Place Ste 101 Tarpon Springs, FL 34689	Randolph Mabry
(352) 351-5444	311 SE 17 th Place Ocala, FL 34471	Mike McCranie
(813) 977-7669	14426-A North Dale Mabry Hwy Tampa, FL 33618	Rolando Prohenza
(352)-629-7283 (352)-732-7383 (352)-854-7283	40 S Pine Ave Ocala, FL 34470 1627 A E Silver Spring Blvd. Ocala, FL 34470 2453 SW 27 th Ave Ocala, FL 34474	Christopher Hinton
(904)731-7922	6035 Morrow St East, Ste 101 Jacksonville, FL 32217	Patrick Higgins
727-942-9363	101 Federal Place Ste 101 Tarpon Springs, FL 34689	Serviced by 309 Agents
(602)992-9183	14040 N Cave Creek Rd #106 Phoenix, AZ 85022	Patricia McKee
(602)265-1000	1029 E Camelback Phoenix, AZ 85014	Jim Ahlin
(480) 899-2324	598 W Chandler Blvd. Chandler, AZ 85225	Paula Purvis
(706)562-0155	3408 University Ave Ste A Columbus, GA 31907	Douglas Curry
(520)325-4444	5643 E Grant Rd Tucson, AZ 85712	Susan Merisko
(623)842-4929	5270 N 59 th Ave Ste 14 Glendale, AZ 85301	Kenneth Hauck
(386)427-1341	1131 N Dixie Freeway New Smyrna Beach, FL 32168	Randy Monroe
(505)298-6777 (505)861-0002	3737 Eubank NE Albuquerque, NM 87111 703 S Main St, Belen, NM 87002	Dan Cannady
(505) 523-1100	156 Wyatt Drive, Suite 5 Las Cruces, NM 88001	Robert McGonigle
(806)647-5244	315 S Broadway Dimmitt, TX 79027	C Todd Pebsworth
(956)546-7230	1424 W Price Rd., Suite N Brownsville, TX 78520	Bob Austin
(817)738-1185 (940)325-1303	1100 Pennsylvania Ave Ft Worth, TX 76104 1304 SE 1 st St Mineral Wells, TX 76067	Robert Wesley Shannon
(469)742-0880	1837 W Hunt St Ste B McKinney TX 75069	Charles Duane Gauden
(956)682-3153	4108 N 23 rd Street McAllen, TX 78502	Diana Moreno

(956)689-2434	456 W. Hidalgo Avenue Raymondville, TX 78580	Ernest DeLeon
(817)325-9571 (817)444-3333 (940)549-2661	1304 SE First St Mineral Wells, TX 76067 148 W Main Azle, TX 76020 609 Elm St Graham, TX 76450	Wes Shannon
(940)864-2629	12 Ave D Haskell, TX 79521	Don Welch
(210)349-7826 (210)922-0665	5139 Fredricksburg Rd San Antonio, TX 78229	Harvey Cohen
(817)807-4022	300 West Arbrook Blvd Ste A Arlington, TX 76014	Wendy McVay
(817)807-4047	300 West Arbrook Blvd Ste A Arlington, TX 76014	David Bolts
(972)335-4115	542 Haggard, Ste 502 Plano, TX 75074	Chris Arthur Fribourg
(210)826-6491	1802 NE Loop 410 Ste 440 San Antonio, TX 75074	John Skipworth
(903)759-9786	911 W Loop #211-36 Longview, TX 75604	Thomas Howard
(936)633-6929	4000 South Medford Ste 13W Lufkin TX 75901	Rick Overby
(423)476-4584	2155 Keith St NW Cleveland, TN 37311	Craig Raymond

Note: The above includes outlets of Brooke Franchise Corporation's parent company, Brooke Corporation. Unless specifically indicated, all businesses are conducted under the name Brooke Insurance and Financial Services or Brooke Financial Services.

21. FINANCIAL STATEMENTS:

Brooke Franchise Corporation's financial statements are consolidated with the audited financial statements of Brooke Corporation. Although the audited financial statements are consolidated to include its operating subsidiaries Brooke Credit Corporation, Brooke Franchise Corporation and CJD & Associates LLC, the assets of these subsidiaries are owned by each of these subsidiaries, each is a separate corporate entity, each has its own employees and each generates revenues independent of Brooke Corporation. The following financial statements are included as Exhibit A. All financial statements are audited and are for years ending December 31, 2000, 2001, and 2002.

YEARS ENDED DECEMBER 31, 2002 AND 2001:

INDEPENDENT AUDITORS' REPORT
CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATED STATEMENTS OF INCOME
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
CONSOLIDATED STATEMENTS OF CASH FLOWS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2001 AND 2000:

INDEPENDENT AUDITORS' REPORT
CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATED BALANCE SHEETS
CONSOLIDATED STATEMENTS OF INCOME
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
CONSOLIDATED STATEMENTS OF CASH FLOWS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

EXHIBIT J TO THIS OFFERING CIRCULAR CONTAINS A GUARANTY OF PERFORMANCE BY BROOKE CORPORATION, BROOKE FRANCHISE CORPORATION'S PARENT COMPANY, ABSOLUTELY AND CONDITIONALLY GUARANTEEING THE PERFORMANCE BY BROOKE FRANCHISE CORPORATION

22. CONTRACTS:

The following contracts (including exhibits), addenda and applications are copies of those contracts, addenda or applications typically required by Brooke and are included as Exhibits B through V.

- B. Franchise Agreement
- C. Buyer Assistance Plan
- D. Franchise Bonus Plan Agreement
- E. Franchise Service Center Option Agreement
- F. Franchise Operations Agreement
- G. Franchise Marketing Agreement
- H. Franchise Management Agreement
- I. Franchise Agreement Addendum Regarding Lender Protection
- J. Brooke Corporation Guaranty
- K. Franchise Agent Authorization for Pre-Authorized Collection
- L. Agreement For Sale of Insurance Agency Assets from Brooke to Franchise Agent
 - a) Bill of Sale
 - b) Listing of Office Equipment and Other Personal Property
 - c) Franchise agreement (See Exhibit B)
 - d) Agreement for Purchase of Agency Assets (See Exhibit N)
 - e) Listing of Obligations Assumed by Purchaser
- M. Assignment of Interest in Purchase Agreement from Brooke to Franchise Agent
- N. Agreement For Purchase of Insurance Agency Assets
 - a) Bill of Sale
 - b) Transfer Letter
 - c) Listing of Office Equipment and Other Personal Property
 - d) Affidavit
 - e) Listing of Agreements
 - f) Listing of Trade Names, Etc.
 - g) Listing of Obligations Assumed by Purchaser
 - h) Confidentiality Agreement
 - i) Sellers Survey
 - j) Seller's Continued Assistance
- O. Agency Finder Agreement
- P. Agreement for Advancement of Loan
 - a) Promissory Note Form
 - b) Security Agreement Form
 - c) Security Agreement Addendum

- d) UCC-1 Financing Statement Form
- e) Guaranty Form
- f) Borrower's Attorney Opinion Form
- g) Borrower's Affidavit Regarding Financial Status And Other Material Facts
- h) Borrower's Authorization to Release Information
- i) Agent Agreement Addendum Regarding Lender Protection
- j) Borrower's Settlement Statement Form
- k) Borrower's Signature Acknowledgement
- l) Franchise Agent Line of Credit Agreement
- Q. Borrower Authorization for Pre-Authorized Collection
- R. Franchise Agent Application
- S. Credit Application
- T. Licensing Application
- U. E&O Application/Questionnaire
- V. Insurance Company Notification Letter

23. Receipt:

The last page of the offering circular is a detachable document acknowledging receipt of the offering circular by you.