

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Amendment No. 2 to
Confidential Draft Submission
FORM S-1
REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933

TWFG, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of Incorporation or Organization)

6411
(Primary Standard Industrial Classification Code Number)

99-0603906
(I.R.S. Employer Identification Number)

**1201 Lake Woodlands Drive
Suite 4020
The Woodlands, Texas 77380
(281) 367-3424**

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

**Richard F. Bunch III
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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer (Do not check if a smaller reporting company)	<input checked="" type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input checked="" type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to completion, dated _____, 2024

Prospectus

shares



Class A common stock

TWFG, Inc. is offering _____ shares of its Class A common stock.

This is our initial public offering and no public market exists for our Class A common stock. We anticipate that the initial public offering price will be between \$ _____ and \$ _____ per share.

This offering is being conducted through what is commonly referred to as an “Up-C” structure, which is often used by partnerships and limited liability companies undertaking an initial public offering. The Up-C approach provides the existing owners with the tax advantage of continuing to own interests in a pass-through structure, which is tax efficient because their allocable shares of income from TWFG Holding Company, LLC will not be subject to entity-level tax. The Up-C structure will also provide potential future tax benefits for both the public company and the existing owners when they ultimately exchange their pass-through interests for shares of Class A common stock, which is expected to result in tax basis adjustments in the assets of TWFG Holding Company, LLC and produce favorable tax attributes for us. We are a holding company, and immediately after the consummation of the reorganization transactions as described herein and this offering, our principal asset will be our ownership interests in TWFG Holding Company, LLC. See “Organizational structure—Holding company structure and the tax receivable agreement.” Upon the completion of this offering, we and the Pre-IPO LLC Members (as defined herein) will hold _____ % and _____ % of TWFG Holding Company, LLC, respectively.

Upon completion of this offering, TWFG, Inc. will have three classes of common stock. The Class A common stock offered hereby will have one vote per share and the non-economic Class B common stock will have one vote per share. Each share of non-economic Class C common stock is initially entitled to ten votes per share and, upon the occurrence of certain events, will then be entitled to one vote per share. Upon completion of this offering, entities controlled by Richard F. (“Gordy”) Bunch III, our Chief Executive Officer, will hold _____ % (or _____ % if the underwriters exercise their option to purchase additional shares of Class A common stock in full) of the combined voting power of our common stock. As a result, he will be able to control any action requiring the general approval of our stockholders, including the election of our board of directors, the adoption of amendments to our certificate of incorporation and by-laws and the approval of any merger or sale of us or substantially all of our assets.

We intend to list our Class A common stock on the Nasdaq Global Select Market, or Nasdaq, under the symbol “TWFG.”

Upon completion of this offering, we will be a “controlled company” as defined in the corporate governance rules of Nasdaq and, therefore, we will qualify for, and intend to rely on, exemptions from certain Nasdaq corporate governance requirements. See “Management—Controlled company exception.”

We are an “emerging growth company” as defined under the federal securities laws and, as such, may elect to comply with certain reduced public company reporting requirements for future filings. See “Prospectus summary—Implications of being an emerging growth company.”

We have reserved up to _____ % of the shares of the Class A common stock offered by this prospectus for sale, at the initial offering price, to our directors, officers, certain employees and certain agents associated with our Branches. See “Underwriting.”

Investing in our Class A common stock involves risks. See “[Risk factors](#)” beginning on page 36.

	Per share	Total
Initial public offering price	\$ _____	\$ _____
Underwriting discounts and commissions ⁽¹⁾	\$ _____	\$ _____
Proceeds to us, before expenses	\$ _____	\$ _____

(1) See “Underwriting” for a description of compensation to be paid to the underwriters.

We have granted the underwriters the option to purchase up to an additional _____ shares of Class A common stock from us at the initial public offering price less the underwriting discounts and commissions for a period of 30 days after the date of this prospectus to cover over-allotments.

The underwriters expect to deliver the shares against payment in New York, New York on or about _____, 2024 through the book-entry facilities of The Depository Trust Company.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Joint Book-Running Managers

J.P. Morgan

BMO Capital Markets

Morgan Stanley

Piper Sandler

, 2024.

Table of contents

	<u>Page</u>
Prospectus summary	1
The offering	23
Summary historical and pro forma financial and other data	28
Risk factors	36
Special note regarding forward-looking statements	79
Organizational structure	80
Use of proceeds	86
Dividend policy	87
Capitalization	88
Unaudited pro forma financial information	90
Dilution	100
Management's discussion and analysis of financial condition and results of operations	101
Business	126
Management	148
Executive compensation	154
Certain relationships and related party transactions	159
Principal stockholders	165
Description of capital stock	168
Material U.S. federal income tax considerations to non-U.S. holders	175
Shares eligible for future sale	178
Underwriting	180
Legal matters	194
Experts	194
Where you can find more information	194
Index to consolidated financial statements	F-1

Unless we state otherwise or the context otherwise requires, in this prospectus, “TWFG,” the “Company,” “we,” “us” and “our” refer (i) prior to the consummation of the reorganization transactions described under “Organizational Structure—The reorganization transactions,” to TWFG Holding Company, LLC and its consolidated subsidiaries and affiliates and (ii) after the reorganization transactions described under “Organizational Structure—The reorganization transactions,” to TWFG, Inc. and its consolidated subsidiaries, including TWFG Holding Company, LLC, in each case, excluding the discontinued operation described in our consolidated financial statements and the notes thereto.

We and the underwriters have not authorized anyone to provide any information or to make any representations other than those contained in this prospectus or in any free writing prospectuses we have prepared. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may provide you. We are offering to sell, and seeking offers to buy, shares of Class A common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of the Class A common stock. Our business, financial condition, results of operations and prospects may have changed since the date on the front cover of this prospectus.

PROSPECTUS SUMMARY

This summary highlights certain significant aspects of our business and this offering. This is a summary of information contained elsewhere in this prospectus, is not complete and does not contain all of the information that you should consider before making your investment decision. You should carefully read the entire prospectus, including the information presented under the sections entitled “Risk factors,” “Special note regarding forward-looking statements” and “Management’s discussion and analysis of financial condition and results of operations” and the consolidated financial statements and the notes thereto, before making an investment decision. This summary contains forward-looking statements that involve risks and uncertainties. Our actual results may differ significantly from future results contemplated in the forward-looking statements as a result of certain factors such as those set forth in the sections entitled “Risk factors” and “Special note regarding forward-looking statements.” For the definitions of certain capitalized terms used in this prospectus, please refer to [“Commonly used defined terms”](#) on page 35.

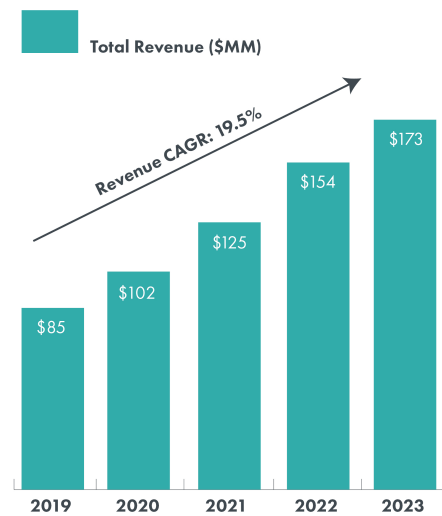
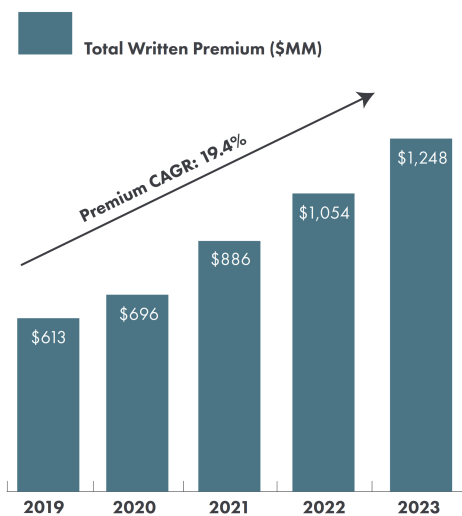
TWFG, Inc.

Who we are

We are a leading, high-growth, independent distribution platform for personal and commercial insurance in the United States. We are pioneers in the insurance industry, developing an agency model built on innovation and experience with what we believe is a more flexible approach than traditional distribution models. Our offerings are fulsome and flexible in that we offer all lines of insurance, multiple distribution contract options, M&A services, proprietary virtual assistants, proprietary technology, proprietary premium financing, unlimited continuing education, recognition programs, co-op funding, marketing support and overall lower costs to operate. Since our founding in 2001 by our Chief Executive Officer, Richard F. (“Gordy”) Bunch III, we have established a track record of creating solutions for independent agents, insurance carriers and our Clients, with sustainable growth regardless of economic and P&C pricing cycles. Our business model, developed by agents for agents, serves over 2,400 TWFG Agencies and offers a distinctive level of autonomy and entrepreneurial opportunity. We provide TWFG Agencies with resources, technology, training and insurance carrier access to succeed in an increasingly complex market. TWFG Agencies leverage our platform, long-standing relationships with insurance carriers and brand recognition in personal and commercial insurance products to win business and tailor coverage to meet our Clients’ specific needs. We operate on a singular, integrated agency management system that equips TWFG Agencies with advanced tools for efficient Client management, policy management and communication in a cost-effective manner.

We have sustained our growth primarily using cash flow from operations to improve technology, fund M&A, recruit talent, create programs and expand services to support TWFG Agencies. As a P&C distribution company, our total P&C addressable market for Total Written Premium in the United States is approximately \$868.1 billion as of 2022, according to S&P Global Market Intelligence. Based on revenue, we are the seventh largest personal lines agency in the United States and the 26th largest agency across all lines of business, according to the Insurance Journal’s 2023 Top 100 Property/Casualty Agencies.

For the three months ended March 31, 2024 and 2023 and the years ended December 31, 2023 and 2022, we generated revenue of \$46.3 million and \$39.9 million and \$172.9 million and \$153.9 million, respectively, representing quarter-over-quarter growth of 16.2% and year-over-year growth of 12.4%, including Organic Revenue Growth of 13.3% quarter-over-quarter and 11.2% year-over-year. Our compound annual growth rate, or CAGR, in Total Written Premium and total revenue for the period from January 1, 2019 through December 31, 2023 were 19.4% and 19.5%, respectively. This growth has been primarily driven by our ability to attract productive agents to our platform, TWFG Agencies’ productivity in winning new business and our ability to retain and expand renewal business. We are a profitable company with strong earnings generation and conversion of net income to Adjusted Free Cash Flow. For the three months ended March 31, 2024, we generated \$6.6 million of net income, \$5.2 million of Adjusted Net Income and \$9.0 million of Adjusted EBITDA. For the year ended December 31, 2023, we generated \$26.1 million of net income, \$25.5 million of Adjusted Net Income and \$31.3 million of Adjusted EBITDA.



We have successfully worked with independent agents for over 20 years, building a platform that now exceeds \$1.0 billion of Total Written Premium in each of the last two years. Currently, our distribution platform encompasses over 400 Branches across 17 states and the District of Columbia within our Insurance Services offering and over 2,000 MGA Agencies across 41 states within our TWFG MGA offering. Within our Insurance Services offering, we have (i) independent agencies or Agencies-in-a-Box, which we refer to as “Branches,” and (ii) branches that we wholly own, which we refer to as “Corporate Branches.” Both Branches and Corporate Branches have TWFG branding and can only write insurance business through TWFG. Clients can access all of our agencies with TWFG branding, i.e., Branches and Corporate Branches, through our website at TWFG.com. MGA Agencies are independent agencies that contract with our TWFG MGA offering to obtain access to additional insurance carriers or programs. MGA Agencies do not include TWFG branding and are not exclusive to TWFG. We maintain contracts with over 300 insurance carriers to support TWFG Agencies and drive our growth. We believe we offer a strong value proposition when compared to the thousands of independent agencies and captive agents across the country and that we are part of the future of insurance distribution.

We have meticulously crafted our model and strategy to address the shortcomings of two distinct insurance distribution channels: (1) the captive agency channel, or agents that are part of the selling force of a particular insurance carrier and generally limited to selling insurance products from such insurance carrier and (2) the independent agency channel, or agencies that distribute insurance products from multiple insurance carriers but, depending on their size, can face difficulty in obtaining the level of insurance carrier access typically enjoyed by larger platforms like ours. Our independent distribution platform differs from the captive agency channel and the independent agency channel because we both support TWFG Agencies with the resources, technology, training and M&A growth opportunities that they need to build and scale their businesses and provide these agencies with access to multiple insurance carriers. We believe that our commission structure serves as a significant draw for skilled insurance professionals. Once part of TWFG, TWFG Agencies benefit from extensive training and development initiatives that are tailored to the individual agent based on the lines of business the agent wishes to pursue. Equipped with a comprehensive product portfolio, strong organizational backing and aligned incentives, TWFG Agencies are well positioned to expand our Books of Business and penetrate new market segments, which enhances our organic growth.

Clients benefit from our industry-leading mobile application, and Branches benefit from our administrative and strategic support and access to markets, which helps them to better serve our Clients. Branches have the ability to choose from a wide range of products and services to help customize solutions for our Clients and grow their business. Our commitment to a Client-first approach results in high revenue retention in our

Insurance Services offering, reinforcing TWFG's brand reputation and our ability to recruit new agents. TWFG employs 44 insurance agents in its 14 Corporate Branches. All other agents are non-employees.

For insurance carriers, our high-quality, national network of motivated agents, collaborative nature, geographic diversity and the strength of our distribution channels make TWFG an attractive company to work with. Although a significant portion of our business is concentrated in Texas, California and Louisiana, we are licensed in 49 states and have a physical presence in 41 states and the District of Columbia across our Insurance Services and TWFG MGA offerings. Our insurance carriers benefit from the expertise of TWFG Agencies, including our over 400 Branches, which are led by Branch principals with an average of approximately 17 years of insurance industry experience. We maintain relationships with more than 300 insurance carriers to create tailored solutions and develop expansive coverage options. TWFG works with insurance carriers to offer agents specialized training so they can stay informed on changing underwriting requirements and risk appetites. As a result of our broad insurance carrier relationships, TWFG Agencies have more insurance products and solutions to offer our Clients, leading to higher Client satisfaction that promotes long-term relationships. We consider innovation a core competency, and we seek to collaborate with our insurance carriers and agents to anticipate and respond to market appetite shifts.

We represent and assist insurance carriers in placing insurance contracts with our Clients. We have agency agreements with over 300 insurance carriers, which establish the terms of our agency relationship, define our authority, and set compensation for the services we provide. Commission rates vary across insurance carriers, states, and lines of business and typically range from 7% to 22%. Our average commission rate for 2023 was approximately 12%. The commission income that we receive from insurance carriers is a significant portion of our total revenues, comprising approximately 92% and 91% of our total revenues we earned in 2023 and 2022, respectively. We believe our expansive agency relationships with insurance carriers have enabled us to provide a wide variety of insurance products to sell to our Clients that are responsive to their needs at competitive prices. In certain cases, in our capacity as agent to the insurance carriers, we have the authority to underwrite risks on behalf of certain insurance carriers. However, we do not retain the risks related to any of the underlying insurance contracts we place on behalf of the insurance carriers.

We derive our commission revenues from the placement of individual insurance contracts between insurance carriers and our Clients, pursuant to which our Clients enter into contracts with insurance carriers and we act as both the agent for our Clients as well as the appointed representative of the insurance carrier. We receive a percentage of the premium for each policy based on the commission rates determined by the insurance carriers, which may change at the discretion of the carrier at renewal. We share a percentage of commission revenue with our Branches and MGA Agencies based on the terms of the Branch Agreement or MGA Agency Agreement. The share of commission revenue we pay to our Branches or MGA Agencies is a commission expense and a component of our overall expenses. To the extent that a carrier changes commission rates, those changes are also reflected in the share of commissions we pay to Branches and MGA Agencies. The commission expenses paid to Branches and MGA Agencies are a component of our overall expenses, and therefore the greater the commission expense remitted, the lower our potential profitability. We retain 100% of the commission income received from insurance carriers and are responsible for 100% of the Corporate Branches' expenses.

Our independent distribution platform offers our Branches and MGA Agencies a choice of contracts to execute with us, including Branch contracts, MGA contracts and producer contracts, and our programs include admitted and non-admitted insurance products, personal, commercial, life, and health lines of business, as well as proprietary programs only available through TWFG. We also participate in M&A activities with our Branches as part of our commitment to support their continued growth.

TWFG Agencies are fundamentally entrepreneurial, and focused on building and scaling their business, and we provide them with speed to market, the benefits of scale, administrative support, training, tools, insurance carrier access and M&A growth opportunities that enable TWFG Agencies to take their agency to the next level and better assist our Clients.

We embrace a simple philosophy: "Our Policy is Caring," which is more than a motto. This philosophy informs the way we interact with all of our stakeholders and the communities in which they live and work.

We seek to attract partners who come in every day with the commitment to making a difference in the lives of the people and communities we interact with. We treat our Clients, employees and stakeholders like family.

Our business

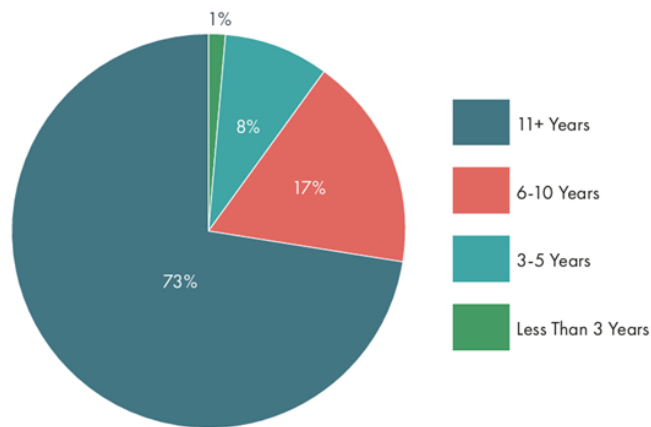
As a retail and wholesale distributor, we operate within the broader P&C distribution market. Retail and wholesale insurance brokers facilitate the placement of P&C insurance products in the admitted insurance markets, which are regulated in each state by the respective state's government, and E&S markets, which are often inaccessible by small agencies. We primarily distribute personal P&C lines insurance and commercial P&C lines insurance (8.0% and 11.6% industry premium growth in 2022, respectively, according to data provided by S&P Global Market Intelligence). Based on revenue, we are the seventh largest personal lines agency in the United States, according to the Insurance Journal's 2023 Top 100 Property/Casualty Agencies.

The demand for our products is significant and expanding. As a distributor of these products, we compete based on reputation, Client service, industry insights, product offerings, ability to tailor our services to the specific needs of a Client and offering competitive options and services.

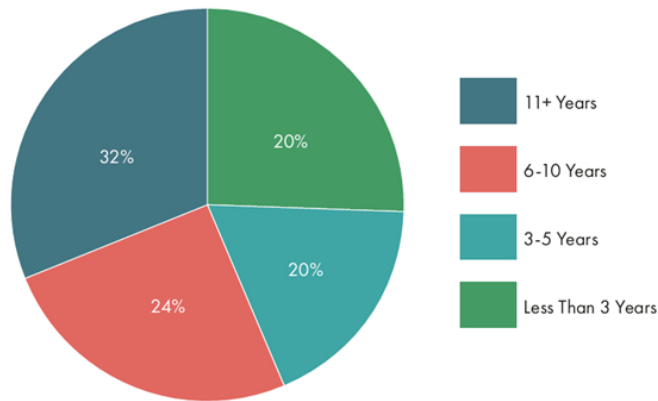
We operate through two primary offerings: (1) Insurance Services, through TWFG's exclusive Branch agreements or what we refer to as "Agency-in-a-Box" (over 400 agencies) and through Corporate Branches (approximately 14 agencies) and (2) TWFG MGA (over 2,000 agencies).

Insurance Services (81% of 2023 Revenue): Branch principals have approximately 17 years of insurance industry experience, on average, with established local relationships and deep ties to their communities.

TWFG Branch Agency Principals Insurance Industry Experience



TWFG Branch Agency Tenure



Agency-in-a-Box (77% of 2023 Revenue)

As a turnkey solution for new Branches, we facilitate the administrative work of operating an agency, allowing agents to focus on growing their business and serving our Clients. Our solution includes an agency management system, insurance carrier access, MGA access, training, mobile technology, virtual assistants, marketing tools, agency commission processing, agency bill accounting and M&A support.

Central to our best-in-class value proposition is a revenue and work sharing model that is efficient and mutually beneficial to the agents and to us. This arrangement acts as a powerful incentive, motivating agents to broaden our Books of Business, add new business lines and emphasize Client retention. Our model not only improves agents' income but offers a compelling built-in succession plan at fair market value that encourages long-term Client relationships, high-quality service and growth.

Unlike some other insurance distribution models, the operating costs incurred by our Branches do not transfer to TWFG. Instead, we receive all commission revenue and subsequently pay and record a commission expense to each Branch based on the relevant exclusive Branch agreement. The Branch is responsible for its operating costs, including fees for technology, E&O coverage and other services charged by us. This approach results in a streamlined and cost-effective operation, allowing us to concentrate on providing support, technology, marketing tools and additional growth opportunities to Branches. We believe our strategic approach to revenue sharing, expense management and growth is a cornerstone of our collective success.

Setting up an agency from scratch requires significant investment upfront in agency management systems and infrastructure, marketing and support functions, as well as a significant time investment in securing insurance carrier appointments, negotiating contracts, and training and development. Our Agency-in-a-Box offering is designed to assist independent and experienced captive agents with all of the foregoing and achieve scale and efficiency operating as a Branch.

Corporate Branches (4% of 2023 Revenue)

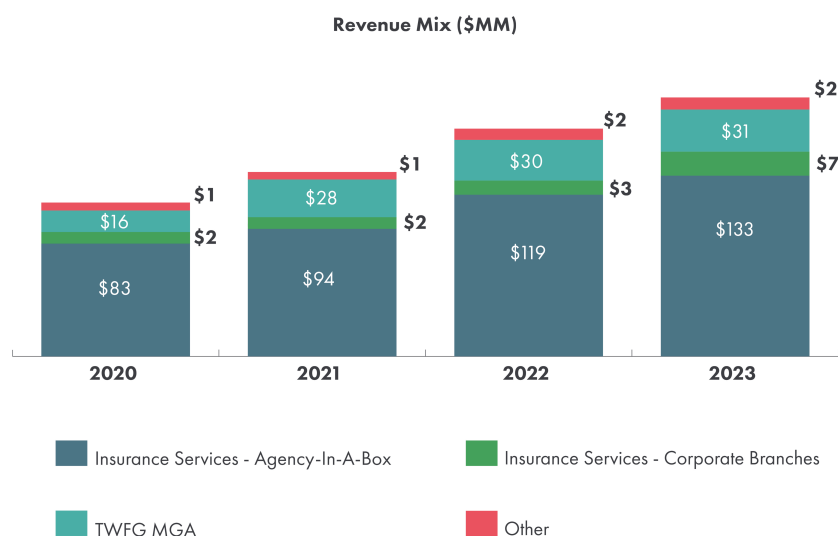
A portion of our branches are wholly owned by TWFG. These Corporate Branches were developed organically or acquired from third parties, and we retain 100% of the commission income received from insurance carriers and are responsible for 100% of the Corporate Branches' expenses. We have two compensation structures for our agents within our Corporate Branches. Our employee agents receive salaries, employee benefits and bonuses for services rendered, while our non-employee agents receive commission payments.

Our Branch agreements contain provisions that give our Branches the right to be acquired by us if we pursue an initial public offering of our common stock. We offered all of our existing Branches the opportunity to be acquired by us for consideration consisting of a combination of cash and our equity. We performed diligence

on the Branches that elected to be purchased in order to establish valuations, and we negotiated pricing for the acquisitions based on multiples of revenue or Adjusted EBITDA, growth rates and loss ratios of the Branches. In January 2024, we acquired nine of our Branches for a total purchase price of \$40.8 million and converted them into Corporate Branches or employees, which will be additive to our net income and Adjusted EBITDA. Separately, in 2023, we completed five asset acquisitions in excess of \$0.5 million in annual revenue for a total purchase price of \$19.4 million. These acquisitions were added to our Corporate Branches, which increased our 2023 revenues by \$2.3 million. We expect to have sufficient financial resources for the next 12 months to provide any necessary capital to the Branches that we acquired in 2023 and 2024 and converted into Corporate Branches. See Note 4, "Intangible Assets" to our consolidated financial statements included elsewhere in this prospectus for information regarding the accounting for these acquired assets and their impact on our consolidated financial condition. Also see "Management's Discussion and Analysis of Financial Condition and Results of Operations" for the impact of these acquisitions on our results of operations.

We review acquisition opportunities and consider whether the acquisition would be beneficial as a Corporate Branch or a Branch operating through our Agency-in-a-Box offering. Branches with annual revenues greater than \$1.0 million in a geography where we currently do not have a physical location may be considered as a candidate for a Corporate Branch acquisition. Branches with less than \$1.0 million in annual revenues and near another Branch are considered as candidates for acquisition by another Branch in the same geographic area. Until recently, we have not sought to acquire our existing Branches and instead have preferred combining an existing Branch with another Branch operating through our Agency-in-a-Box offering or with a new Branch joining the TWFG organization.

TWFG MGA (18% of 2023 Revenue): Through our TWFG MGA offering, we facilitate the placement of traditional and hard-to-place personal and commercial insurance risks. We provide access to insurance carrier relationships and products in both the admitted market and the E&S markets, which are often inaccessible by small agencies. We provide third-party administration, insurance carrier access and brokerage services, allowing MGA Agencies across the country to place business through markets they would otherwise not have access to based on their size relative to minimum volume requirements various insurance carriers use to offer new agent appointments. Similar to our Agency-in-a-Box offering, we receive all commission revenue earned by MGA Agencies and subsequently pay and record a commission expense to MGA Agencies based on the relevant MGA agreement. None of the operating costs incurred by the MGA Agencies are assumed by TWFG.

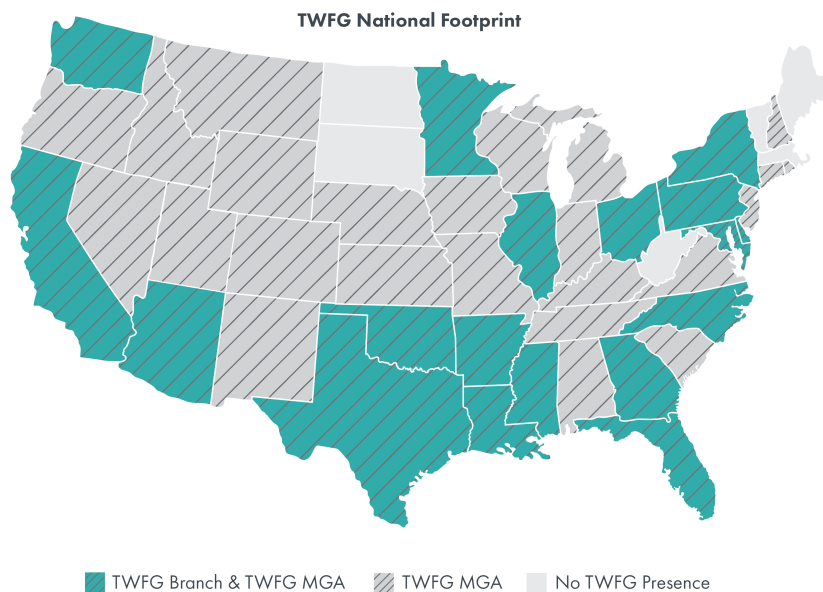


For additional information related to the breakdown of revenues and for a breakdown of commission income by offering for the three months ended March 31, 2024, and for the years ended December 31, 2023 and

2022, please see “Management’s discussion and analysis of financial condition and results of operations—Consolidated results of operations.”

Our geographic presence

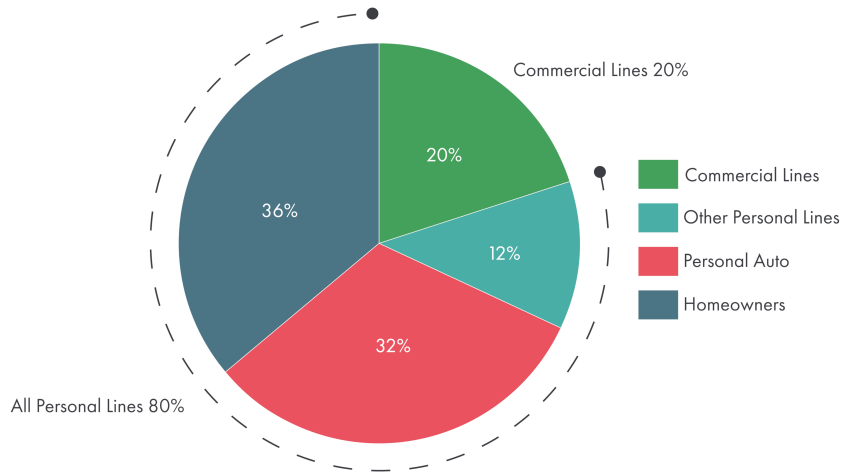
Although a significant portion of our business is concentrated in Texas, California and Louisiana (representing 54.7%, 16.2% and 12.4%, respectively, of our Total Written Premiums in 2023), we are licensed in 49 states and have a physical presence in 41 states and the District of Columbia across our Insurance Services and TWFG MGA offerings. We have mitigated our concentration risk by demonstrating that we can expand across the United States, as evidenced by our entry into the Ohio, Illinois and North Carolina markets in 2023.



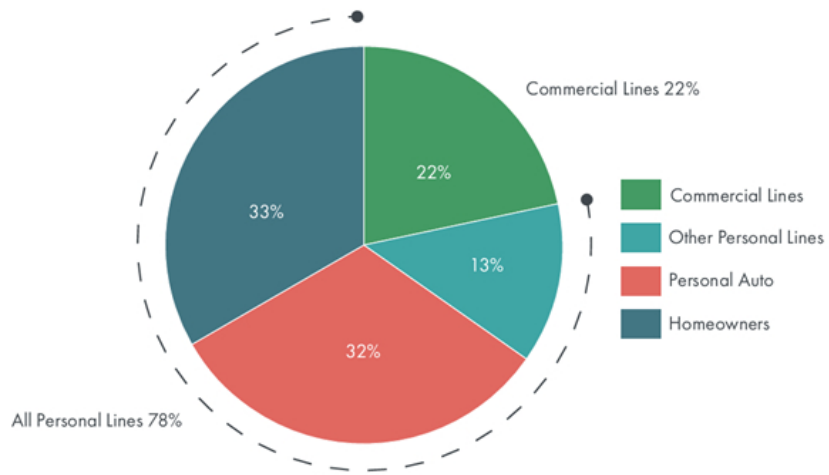
Our products

The insurance products we distribute primarily consist of personal and commercial lines, including auto, home, renters, life, health, motorcycle, umbrella, boat, recreational vehicles, flood, wind, event, luxury items, general liability, property, business auto, workers’ compensation, business owner policy, professional liability, commercial bonds and group benefits. Through our TWFG MGA, we also provide access to admitted insurance markets, which are regulated in each state by the respective state’s government, and E&S markets, which are often inaccessible by small agencies. We offer exclusive programs in certain niches, including catastrophe-exposed property and high value homes, within our footprint. The insurance products that we distribute are binding contracts between our Clients and the insurance carriers. In certain cases, we collect premiums on behalf of the insurance carriers. We do not underwrite risks in exchange for premiums. We placed \$1,248.1 million of Total Written Premium in 2023 in both of our offerings and are constantly evaluating opportunities to enhance our capacity.

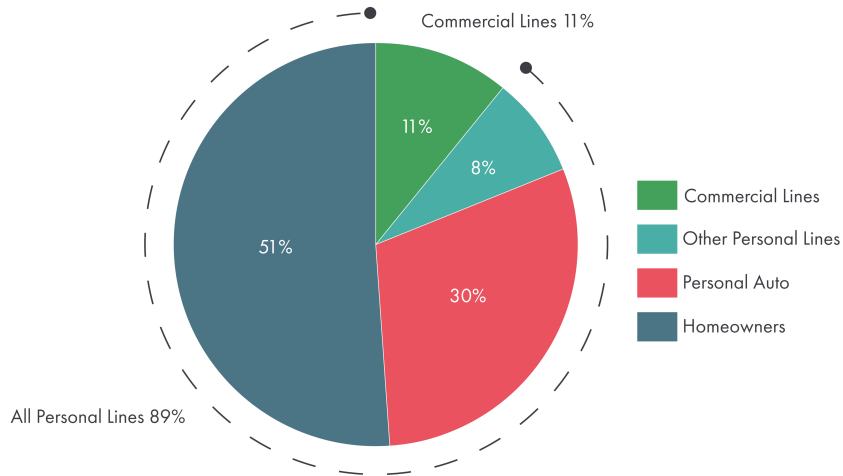
**All Written Premium Mix by Line of Business
2023**



**All Insurance Services Premium Mix by Line of Business
2023**



**All TWFG MGA Premium Mix by Line of Business
2023**



Our competitive strengths

We have an established track record of sustainable growth regardless of economic and P&C pricing cycles.

For over two decades we have successfully navigated economic cycles to generate Organic Revenue Growth and healthy Adjusted Free Cash Flow. We believe that our growth is a function of our value proposition to agents, our reputation for consistency and fairness, our efficient operations, and our positioning relative to an industry shift in distribution from the captive model to the independent agent model.

Three structural shifts in insurance distribution that have supported our growth are gaining additional momentum: (1) insurance carriers are continuing to pivot their business models away from captive distribution; (2) direct-to-consumer insurance carriers are working with independent agents to access an additional distribution channel; and (3) smaller agencies are facing difficulties in securing appointments with insurance carriers as they look to be more efficient in their distribution. We believe that these persistent structural shifts, coupled with our business model, serve as tailwinds for our business and make us well positioned to continue to benefit from the accelerating momentum toward the independent agency model.

Innovation is a core tenet of our business, and we have a demonstrated ability to swiftly innovate when challenges or opportunities surface. Our revenue and work sharing model is an innovation in itself and offers agents an alternative to traditional distribution models. At each inflection point in our history, we have sought to create novel solutions for TWFG Agencies and our Clients.

We offer a proven, turnkey Agency-in-a-Box solution to captive and independent agents seeking choice for Clients, expanded insurance carrier access, accelerated growth, independence and succession planning.

We consider our Agency-in-a-Box offering to be one of the most compelling value propositions in the market for entrepreneurial agents. In addition to removing much of the administrative burden of operating an independent agency and providing access to additional markets, our solution offers an exceptional revenue sharing model that allows our Branches to staff their businesses adequately, provide excellent Client service and enjoy profitable growth. Our offerings also provide the opportunity to sell all lines of insurance, grow through M&A and formulate succession strategies that we believe could be mutually beneficial for the Branch principal and TWFG.

We believe our differentiated value proposition makes TWFG the partner of choice for independent agents as well as captive agents looking to become independent. Many of our agents come from a captive agency background and are a large source of our current agent pipeline. Branches have access to administrative support and an expansive inventory of personal and commercial lines products, many of which they might not otherwise be able to write. We couple product access with tools that typically would be cost prohibitive to an independent agent, including an intuitive agency management system, scaled technology infrastructure, an integrated marketing solution and easy-to-use web and mobile application-based Client tools. These capabilities help drive efficiencies and allow Branches to focus their time on expanding their business and providing high-quality Client service.

We are trusted by insurance carriers, offering them efficient, effective and experienced distribution on a national scale.

Our twenty-plus year track record, expanding agent footprint, consistent growth and collaborative approach to managing portfolios provides our over 300 insurance carriers access to a profitable, efficient distribution channel.

By providing centralized insurance carrier relations, third-party administrative services and managing our network's premium volume and commissions, we make it easy for insurance carriers to operate with us. For certain lines of business, insurance carriers delegate underwriting duties to us, which include the authority to bind a policy within negotiated limits and criteria. These underwriting duties are regulated by the contract with, and underwriting guidelines established by, the insurance carriers.

TWFG's Branch principals average approximately 17 years of insurance industry experience and have deep ties with their respective communities. Agents' long-standing relationships with our Clients allow them to conduct business with an understanding of local nuances and preferences. We believe these relationships, coupled with access to the wide range of insurance carriers and products offered by TWFG, allows TWFG Agencies to find optimal solutions for our Clients.

We have a proven, experienced management team supported by a strong culture.

Our cohesive management team has extensive industry experience and has successfully grown our company since our formation in 2001. Our founder and Chief Executive Officer, Richard F. ("Gordy") Bunch III, a former insurance agent and executive, created TWFG with a mantra of "Built by Agents, for Agents." He identified the frictions inherent to captive distribution and set out to build a platform with tools and support functions that could better serve independent agents looking to run their own businesses. This foresight has positioned TWFG to benefit from a decades-long structural shift to independent agents that continues to gain momentum today. Our executive management team has an average of over 25 years of insurance industry experience and is supported by a deep bench of talented managers with extensive skillsets across operations, marketing, finance, distribution, recruiting and technology. We enjoy a close-knit, collaborative culture with a long history of internal career advancement and giving back to our community.

Key elements of our growth strategy

Attracting new agents to our platform: We attract a diverse mix of agents to our platform, particularly those with experience, some of whom are in the prime of their "growth years" and some of whom are interested in succession planning and eventual monetization of the business they have built. We seek experienced agents who add to the growth, expertise and culture of our company. Experienced agents come to us with an existing Book of Business or work with us to quickly develop a Book of Business based on their existing centers of influence, which often translates to near-term productivity and accelerated revenue generation. We believe our approach cultivates deeper, longer-term relationships between the agent and our Client, as well as between the agent and TWFG. We also believe the brand awareness from being a public company will result in more recruiting and M&A opportunities.

TWFG offers a financially compelling and thoughtful pathway for agents who have built stable Books of Business and are contemplating long-term succession planning. To facilitate succession planning, we offer TWFG Agencies that are Branches or MGA Agencies the ability to sell their Books of Business to TWFG,

enabling a smooth handover of Client relationships and operational responsibilities. The transitioning Branch principal continues to operate the business while mentoring the next generation to replace them at exit or retirement. This approach ensures the smooth continuity of service for Clients and provides a rewarding exit for the retiring agent. TWFG Agencies that are MGA Agencies and that sell their Books of Business to us can either become part of our Agency-in-a-Box offering or become Corporate Branches. In general, Books of Business purchased in specific locations are placed with the existing Branch in such locations.

Expanding our product portfolio: As we increase our Branch count and expand our expertise and offerings, we move closer to evolving our platform into one that can meet the needs of a much broader population of potential Clients. We are strategically expanding our reach in specialty distribution through wholesale and MGA distribution channels. Our structured agreements with MGAs, who in turn have established agreements with leading wholesale brokers and insurance carriers, form an expansive product offering that allows us to broaden our specialty insurance product offerings. This network enhances our value proposition to insurance carriers and Clients alike and expands growth beyond personal lines products. Finally, we are constantly surveying the insurance landscape for M&A opportunities that provide expertise and scale in areas outside of personal lines and small business insurance.

Helping our Branches grow: We support organic growth for our Branches through product expansion, training opportunities and centralized resources. We offer a corporate marketing team with extensive experience in crafting local strategies and content to support our Branches. Our automated marketing campaign tools across mediums and numerous marketing initiatives throughout the year help maintain Client relationships and grow new Client relationships. We encourage a proactive approach to growing local presence for our Branches, such as civic engagement, formal center of influence referral agreements, lead generation and producer hiring. Many TWFG Agencies further expand their sphere of influence by participating in local Business Network International (BNI) networks and civic organizations.

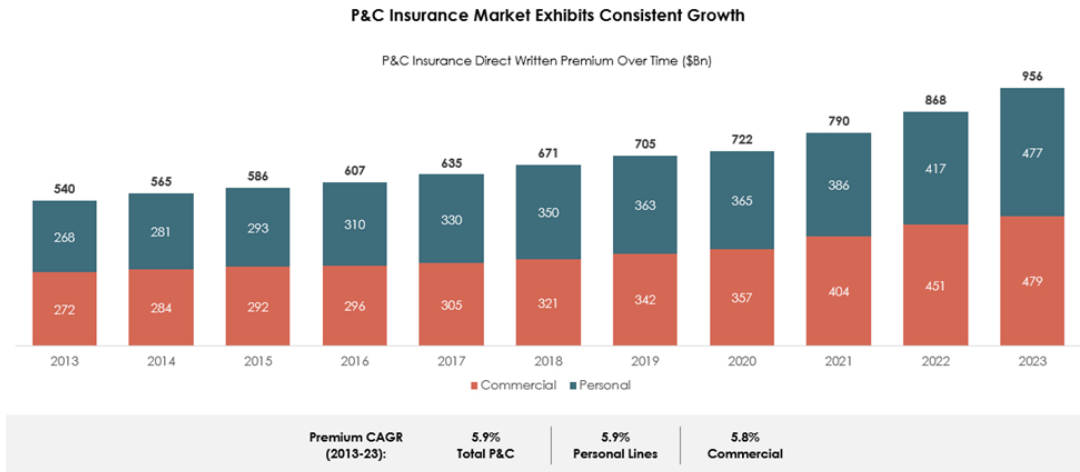
TWFG also works with our Branches to enable them to expand their own Books of Business through M&A support. Our Branches acquire smaller-sized agencies that allow them to grow, add new talent and provide additional services. TWFG provides due diligence and post-acquisition integration, so the Branch can focus on retaining and expanding the acquired Client relationships.

Partner of choice for M&A targets: In a highly fragmented industry with approximately 40,000 independent agencies and brokerages as of 2022, our objective is to stand out as a preferred partner for agencies seeking accelerated growth and succession planning. We believe that the fragmented industry landscape presents us with the opportunity to continue acquiring high-quality targets. We focus on agencies that enhance our capabilities and that can be integrated in the TWFG ecosystem. Our M&A strategy entails crafting a compelling value proposition for agencies, including a robust operational backbone, a wide array of insurance products and markets, a collaborative culture that values individual legacies and the opportunity for long-term growth. We also prioritize a transparent and equitable transaction process to help ensure a good relationship and alignment from the beginning.

Our deal structures offer payment up front, providing agency sellers certainty of payment value, while at the same time limiting our contingent liabilities or future earnout payments. TWFG is well positioned with a strong balance sheet and healthy Adjusted Free Cash Flow, offering our M&A targets comfort that they are transitioning to an organization that strives for sustainable growth and opportunity. Our past acquisitions help lead to referrals and testimonials, creating a flywheel effect for new agencies considering joining TWFG, whereby the more transactions we complete, the more we have access to. Our past acquisitions have become a meaningful part of our future organic growth through integration onto our platform. We expect this dynamic to continue well into the future. While we are planning to continue to focus on our Agency-in-a-Box offering, we also expect to grow our Corporate Branches (organically or through third-party acquisitions).

Industry overview

According to S&P Global Market Intelligence, the P&C insurance distribution market grew at a 5.9% CAGR from 2013 to 2023. Personal lines insurance experienced a 14.3% industry premium growth in 2023 and commercial P&C insurance experienced a 6.3% industry premium growth in 2023.

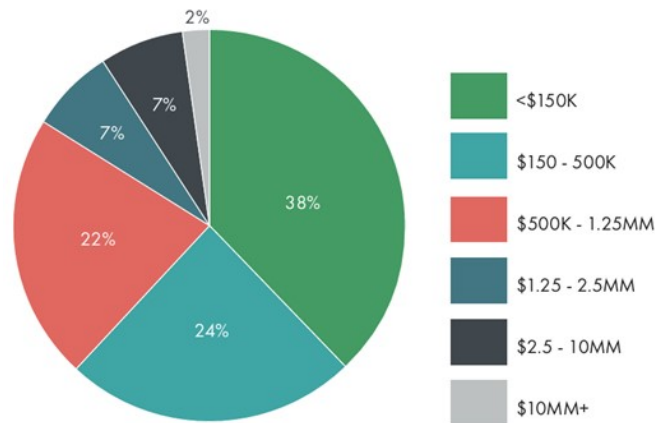


Source: S&P Global Market Intelligence

Within the personal lines offering, there are three primary sales offerings:

Independent agencies: (38% personal lines market share in 2022 according to the Independent Insurance Agents & Brokers of America). Independent agencies are "independent" of any one insurance carrier and can offer insurance products from multiple insurance carriers to their clients. The industry is highly fragmented with approximately 40,000 independent insurance agencies in the United States, according to the Agency Universe Study, which is ripe for consolidation. Many of the largest insurance agencies focus primarily on commercial lines.

Agency Distribution by Scale



Agency Lines Distribution

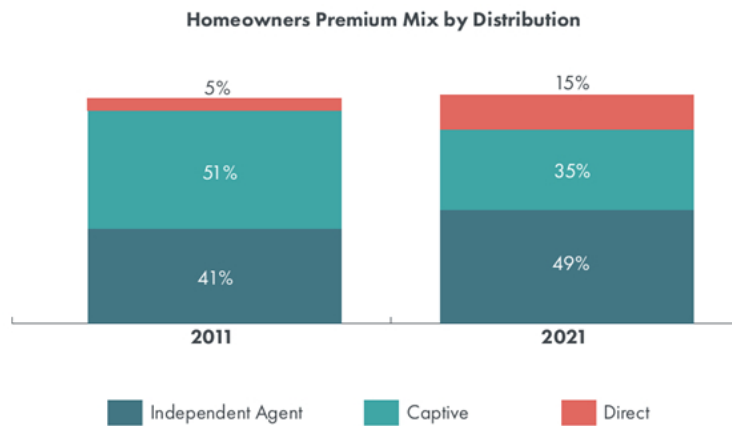


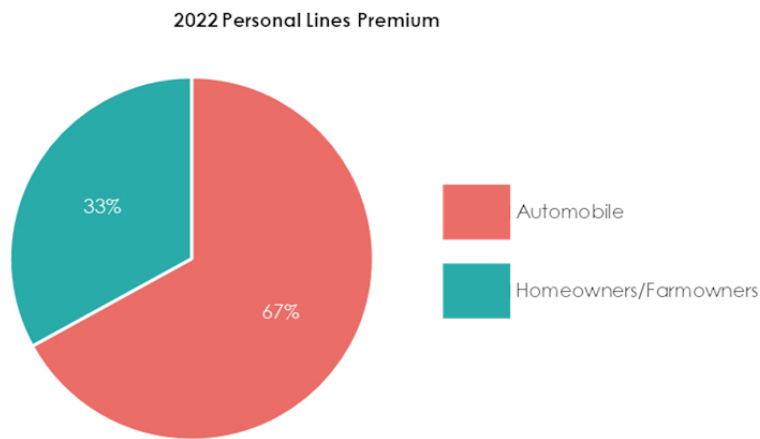
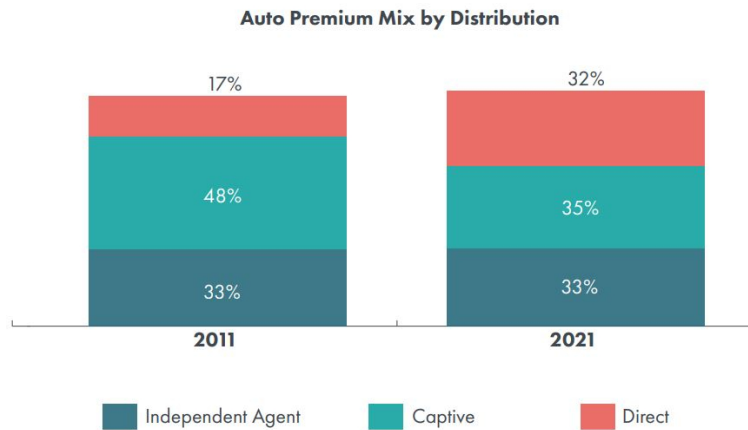
Captive agencies: (35% personal lines market share in 2022 according to the Independent Insurance Agents & Brokers of America). Captive agencies sell products for only one insurance carrier. The insurance carrier compensates the captive agency through sales commissions based on premiums placed on behalf of clients, and in some cases salary structures. The insurance carrier also provides the captive agency with operational support including advertising and certain back-office functions.

Direct distribution: (26% personal lines market share in 2022 according to the Independent Insurance Agents & Brokers of America). Certain insurance carriers market their products directly to clients. Historically, this strategy has been most effective for targeting clients who require auto insurance only, with clients seeking bundled solutions relying on advice from independent and captive agents. The largest insurance carriers that sell directly to clients include Berkshire Hathaway (via GEICO) and Progressive. Berkshire Hathaway and Progressive also distribute through independent agencies, including TWFG.

Historically, the majority of insurance agents in the United States were “captive” to a particular insurance carrier and limited to selling insurance products from that single insurance carrier. Captive agents face several challenges, including lack of product choice for their clients, outdated legacy systems, shrinking commissions, forced cross selling of investment and ancillary products, and susceptibility to insurance carrier decisions to withdraw from certain markets. Many of these challenges make it more difficult for the agent to produce the best outcome for the agent’s clients and the agent’s own business. These challenges have intensified in recent years and have accelerated the shift of insurance distribution towards alternative offerings, including (1) independent agencies selling commercial and personal lines products from multiple insurance carriers and (2) insurance carriers selling directly to their clients online and through call centers. Direct-to-consumer writers have increasingly established distribution relationships with independent agents and platforms like ours to increase their addressable market by serving their clients whose more complex needs require a consultative approach and open architecture.

The insurance landscape is experiencing a significant transition from captive agents to independent agents and direct-to-consumer distribution, a shift driven both by the evolving preferences of their clients and insurance carriers.





Source: © A.M. Best — used with permission.

Insurance carriers that once supported thousands of captive agents are steadily making strategic decisions to transition their once captive agents to an independent agent model to lower distribution costs and focus on core underwriting operations. To replace the captive agents that historically sold the insurance carrier’s products, insurance carriers are distributing their products through independent agents and, increasingly, platforms that have consolidated independent agents in order to reach the most end clients with the fewest points of distribution.

Relationship with RenaissanceRe

RenaissanceRe Holdings Ltd., through its wholly owned subsidiary RenaissanceRe Ventures U.S. LLC, has been an investor in the Company since 2018, and is represented on our board of directors.

Summary of risk factors

Our business is subject to a number of risks of which you should be aware before making an investment decision. Some of the more significant challenges and risks relating to an investment in our Class A common stock include those associated with the following:

- an overall decline in economic activity;
- changes in prevailing interest rates or U.S. monetary policies that affect interest rates could adversely affect our ability to generate new business;
- volatility, declines in premiums, or other adverse trends in the insurance industry that may undermine profitability;
- decreases in premiums and commissions set by insurance carriers;
- the cyclical nature of, and the economic conditions, in the markets in which we operate;
- decreases in contingent commissions;
- risks associated with international operations;
- the occurrence of natural or man-made disasters resulting in declines in business and increases in claims;
- pandemics or other outbreaks of disease impacting the global economy and normal business operations;
- climate risks and risks associated with physical effects of climate change;
- risks related to legal proceedings, governmental inquiries, regulation by state insurance departments, and changes in applicable laws and regulations;
- risks associated with E&O claims;
- significant competitive pressure in the insurance industry;
- consolidation within the retail insurance brokerage industry;
- the termination of our relationships with our primary insurance carriers;
- failure to raise additional capital or generate cash flows harming our ability to compete;
- impairment of intangible assets;
- handling of Client funds and surplus lines taxes and related fiduciary regulation;
- changes in the mode of compensation in the insurance industry;
- risks related to effectively applying technology-based solutions and reliance on third parties for technology services;
- unavailability or inaccuracy of data provided by Clients, third parties and insurance carriers;
- risks related to our outstanding indebtedness, which is secured by substantially all of our assets (including rights to future commissions) and the ability to borrow significantly greater amounts under our Revolving Credit Agreement (as defined below), all of which subject us to restrictions and limitations that could significantly affect our ability to operate, refinance or service our indebtedness;
- changes to our ownership, including the ownership of TWFG Holding Company, LLC or our other subsidiaries could trigger a change of control default under our Credit Agreements (as defined below);
- changes in interest rates or deterioration of credit quality;

- termination of or changes to our MGA programs;
- delays in remittance from insurance carriers and our inability to collect receivables from insurance carriers;
- risks associated with the acquisition or disposition of businesses and the integration of acquired businesses;
- any failure to maintain, protect and enhance our brand or prevent damage to our reputation;
- increasing scrutiny from investors, Clients and employees with respect to ESG practices;
- risks related to our independent branch business;
- failure to protect our intellectual property rights, or allegations that we have infringed on the intellectual property rights of others;
- we are a “controlled company” under the Nasdaq rules, and as a result, qualify for, and will rely on, exemptions from certain corporate governance requirements; and
- we are controlled by Bunch Holdings whose interests in our business may be different than yours. Due to the high vote stock held by Bunch Holdings, we will continue to be controlled by Bunch Holdings even though it may in the future own less than a majority of our common stock outstanding.

Before you invest in our Class A common stock, you should carefully consider all the information in this prospectus, including matters set forth under the heading “Risk factors.”

Our corporate governance

We intend to continue to grow profitably by following the same successful approach to managing our business that we have used historically. As a public company, however, we will also implement corporate governance practices designed to ensure alignment between the interests of our management and stockholders. Notable features of our governance practices will include:

- At the time of this offering, we intend to have a board of directors with a fully independent audit committee;
- For so long as Bunch Holdings (as defined below) holds at least 10% of the voting power of our common stock, which we refer to as the “Substantial Ownership Requirement,” Bunch Holdings will be able to designate a majority of the nominees for election to our board of directors, including the nominee for election to serve as Chairman of our board of directors;
- As a “controlled company” for purposes of the Nasdaq listing rules, we intend to rely on certain exemptions to the Nasdaq corporate governance requirements. Accordingly, at the time of this offering, we do not intend to have director nominees selected or recommended for our board of directors be approved by either a majority of our independent directors or a nominating committee;
- Initially and for so long as Bunch Holdings holds at least a majority of the voting power of our common stock, which we refer to as the “Majority Ownership Requirement,” our board of directors will not be classified, and each of our directors will be subject to re-election annually; however, following the time when the Majority Ownership Requirement is no longer met, our board of directors will be divided into three classes of directors, with each class as equal in number as possible, serving staggered three-year terms, and such directors will be removable only for cause. See “Management—Board structure—Composition”;
- Our independent directors will meet regularly in executive sessions without the presence of our management and our non-independent directors;
- Our independent directors will appoint a “lead independent director,” whose responsibilities will include, among others, calling meetings of the independent directors, presiding over executive sessions of the

independent directors, participating in the formulation of board and committee agendas and, if requested by stockholders, ensuring that he or she is available, when appropriate, for consultation and direct communication; and

- Following this offering, Bunch Holdings will hold a number of shares of our non-economic Class C common stock equal to the number of LLC Units Bunch Holdings owns. Our common stock will have what is commonly referred to as a “high/low vote structure,” which means that shares of our non-economic Class C common stock will initially have ten votes per share, while shares of our Class A common stock and shares of our non-economic Class B common stock will have one vote per share. Upon the occurrence of certain events, each share of non-economic Class C common stock will then be entitled to one vote per share. This high/low vote structure will enable Richard F. (“Gordy”) Bunch III, our Chief Executive Officer, to control the outcome of matters submitted to our stockholders for approval, including the election of our directors, as well as the overall management and direction of our company. Furthermore, Bunch Holdings will continue to exert a significant degree of influence, or actual control, over matters requiring stockholder approval. We believe that maintaining this control by Bunch Holdings will help enable Richard F. (“Gordy”) Bunch III, our Chief Executive Officer, to successfully guide the implementation of our Company’s growth strategies and strategic vision. Meanwhile, holders of our Class A common stock will have economic and voting rights similar to those of holders of common stock of non-Up-C structured public companies that have a high/low vote structure, while Pre-IPO LLC Members who hold non-economic Class B common stock will have voting rights similar to those of holders of common stock of non-Up-C structured public companies that have a high/low vote structure, but no economic rights. See “Description of capital stock.”
- Future transfers of LLC Units by the holder of non-economic Class C common stock will result in the corresponding shares of non-economic Class C common stock converting into shares of non-economic Class B common stock, subject to limited exceptions, including transfers to Richard F. (“Gordy”) Bunch III, his family members or affiliates of Bunch Holdings or that are effected for estate planning purposes. The high/low vote structure of the non-economic Class C common stock will terminate and each share of non-economic Class C common stock will be entitled to one vote per share automatically (i) 12 months following the death or disability of Richard F. (“Gordy”) Bunch III or (ii) upon the first trading day on or after such date that the outstanding shares of non-economic Class C common stock represent less than 10% of the then-outstanding Class A, non-economic Class B and non-economic Class C common stock, which, in either instance, may be extended to 18 months upon affirmative approval of a majority of the independent directors.
- Except for certain permitted transfers, including transfers to us or to other certain permitted transferees or transfers approved by TWFG, Inc. as the sole managing member of TWFG Holding Company, LLC, the Pre-IPO LLC Members are not permitted to sell, transfer or otherwise dispose of any LLC Units (as defined below) or shares of non-economic Class B common stock or non-economic Class C common stock.

Organizational structure

We currently conduct our business through TWFG Holding Company, LLC and its subsidiaries and affiliates. Following this offering, TWFG, Inc. will be a holding company and its sole material asset will be a direct controlling ownership interest in TWFG Holding Company, LLC.

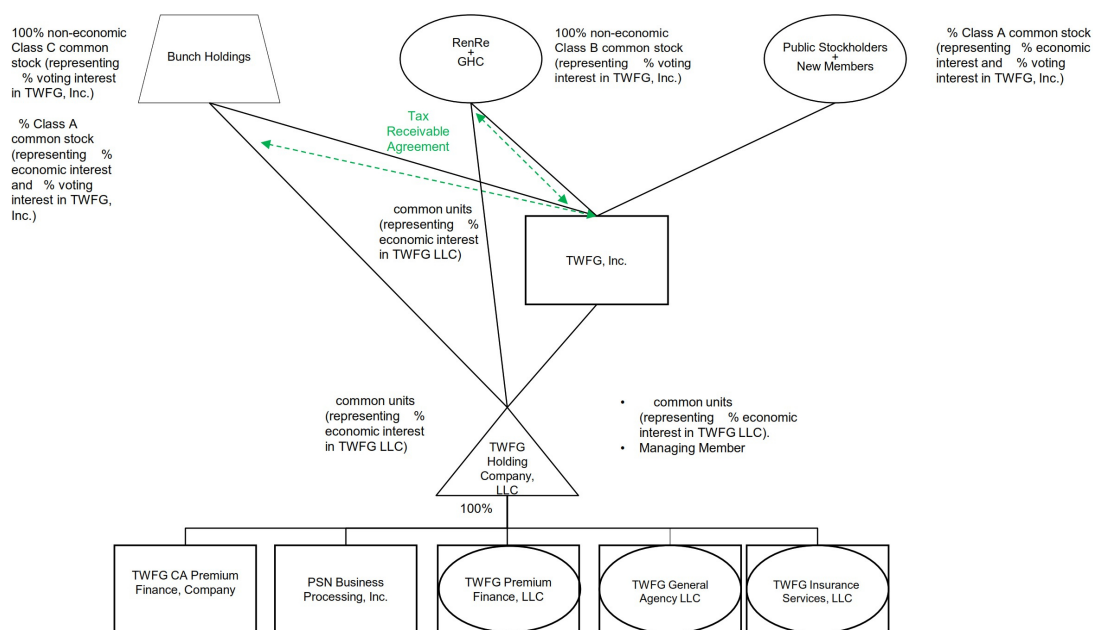
Prior to the consummation of the reorganization transactions described below and this offering, substantially all of TWFG Holding Company, LLC’s outstanding ownership interests, including its Class A interests, Class B interests and Class C interests, are owned beneficially by the following persons, whom we refer to, together with their permitted transferees, collectively as the “Pre-IPO LLC Members”:

- Bunch Family Holdings, LLC (“Bunch Holdings”), which is owned by Richard F. (“Gordy”) Bunch III, our Chief Executive Officer and founder;
- RenaissanceRe Ventures U.S. LLC (“RenRe”), a subsidiary of RenaissanceRe Holdings Ltd.; and
- GHC Woodlands Holdings LLC (“GHC”), a subsidiary of Griffin Highline Capital, LLC.

Prior to the reorganization transactions described below, less than 5% of TWFG Holding Company, LLC's outstanding ownership interests will be owned by new members that received Class A interests as consideration in transactions in which TWFG Holding Company, LLC acquired insurance services businesses owned by such new members (the "New Members"). The Class A interests held by the New Members will be exchanged in the reorganization transactions for our Class A common stock.

In connection with this offering, we intend to enter into a series of transactions to implement an internal reorganization, which we collectively refer to as the "reorganization transactions" as described under "Organizational structure—The reorganization transactions."

The following diagram depicts our organizational structure immediately following the reorganization transactions and this offering. This chart is provided for illustrative purposes only and does not purport to represent all legal entities within our organizational structure:



(1) Upon completion of this offering, TWFG, Inc. will have three classes of common stock. The Class A common stock offered hereby will have one vote per share and the non-economic Class B common stock will have one vote per share. Each share of non-economic Class C common stock is initially entitled to ten votes per share. Each share of non-economic Class C common stock will be entitled to one vote per share automatically (i) 12 months following the death or disability of Richard F. ("Gordy") Bunch III or (ii) upon the first trading day on or after such date that the outstanding shares of non-economic Class C common stock represent less than 10% of the then-outstanding Class A, non-economic Class B and non-economic Class C common stock, which, in either instance, may be extended to 18 months upon affirmative approval of a majority of the independent directors.

(2) Upon completion of this offering, the Pre-IPO LLC Members, excluding Bunch Holdings, will hold % of the voting power in TWFG, Inc. and Bunch Holdings will hold % of the voting power in TWFG, Inc. If the Pre-IPO LLC Members redeemed or exchanged all of their LLC Units for a corresponding number of shares of Class A common stock (on a one-for-one basis) and their corresponding shares of non-economic Class B common stock or non-economic Class C common stock (on a one-for-one basis) were cancelled, they would hold % of the outstanding shares of Class A common stock. In addition to being the managing member of TWFG Holding Company, LLC, TWFG, Inc. would then hold all of the outstanding LLC Units, representing 100% of the economic interests in TWFG Holding Company, LLC.

Upon the completion of this offering and the application of the net proceeds from this offering, assuming no exercise of the underwriters' option to purchase additional shares of Class A common stock, we will hold approximately % of the outstanding LLC Units (which includes % of the outstanding LLC Units acquired in connection with the issuance of shares of Class A common stock in this offering and % of the outstanding LLC Units acquired in connection with the reorganization transactions) and the Pre-IPO LLC Members will hold approximately % of the outstanding LLC Units and the Pre-IPO LLC Members,

excluding Bunch Holdings, will collectively hold approximately % of the combined voting power of our outstanding Class A common stock, non-economic Class B common stock and non-economic Class C common stock, which we refer to collectively as our “common stock,” and Bunch Holdings will hold approximately % of the combined voting power of our common stock. Investors in this offering will hold approximately % of the combined voting power of our common stock. See “Organizational structure,” “Certain relationships and related party transactions” and “Description of capital stock” for more information on the rights associated with our common stock and the LLC Units.

In connection with this offering, we intend to enter into the following series of transactions to implement an internal reorganization, which we collectively refer to as the “reorganization transactions”:

- the TWFG LLC Agreement will be amended and restated prior to this offering to, among other things, appoint TWFG, Inc. as the sole managing member of TWFG Holding Company, LLC and modify the TWFG Holding Company, LLC capital structure by reclassifying the interests currently held by the Pre-IPO LLC Members and the New Members into a single new class of non-voting common interest units that we refer to as “LLC Units”;
- as sole managing member of TWFG Holding Company, LLC, TWFG, Inc. will have sole authority to determine the amount and timing of distributions from TWFG Holding Company, LLC. Because we will manage and operate the business and control the strategic decisions and day-to-day operations of TWFG Holding Company, LLC and will also have a substantial financial interest in TWFG Holding Company, LLC, we will consolidate the financial results of TWFG Holding Company, LLC, and a portion of our net income will be allocated to the non-controlling interest to reflect the entitlement of the Pre-IPO LLC Members to a portion of TWFG Holding Company, LLC’s net income. In addition, because TWFG Holding Company, LLC will be under the common control of the Pre-IPO LLC Members before and after the reorganization transactions, we will account for the reorganization transactions as a reorganization of entities under common control and will initially measure the interests of the Pre-IPO LLC Members in the assets and liabilities of TWFG Holding Company, LLC at their carrying amounts as of the date of the completion of these reorganization transactions;
- TWFG, Inc.’s certificate of incorporation will authorize the issuance of three classes of common stock: Class A common stock, non-economic Class B common stock and non-economic Class C common stock, which we refer to collectively as our “common stock.” Each share of Class A common stock will entitle its holder to one vote per share on all matters submitted to a vote of our stockholders, each share of non-economic Class B common stock will entitle its holder to one vote per share on all matters submitted to a vote of our stockholders and each share of non-economic Class C common stock will initially entitle its holder to ten votes per share on all matters submitted to a vote of our stockholders. Each share of non-economic Class C common stock will be entitled to one vote per share automatically (i) 12 months following the death or disability of Richard F. (“Gordy”) Bunch III or (ii) upon the first trading day on or after such date that the outstanding shares of non-economic Class C common stock represent less than 10% of the then-outstanding Class A, non-economic Class B and non-economic Class C common stock, which, in either instance, may be extended to 18 months upon affirmative approval of a majority of the independent directors. See “Description of capital stock”;
- LLC Units held by Bunch Holdings will be exchanged into shares of Class A common stock of TWFG, Inc.;
- Bunch Holdings will be issued non-economic Class C common stock in an amount equal to the remaining number of LLC Units then held by Bunch Holdings and each of the other Pre-IPO LLC Members will be issued shares of our non-economic Class B common stock in an amount equal to the number of LLC Units then held by each such Pre-IPO LLC Member;
- the LLC Units held by the New Members will be exchanged into shares of Class A common stock of TWFG, Inc.;

- under the TWFG LLC Agreement, the Pre-IPO LLC Members will have the right, from and after the completion of this offering (subject to the terms of the TWFG LLC Agreement), to require TWFG Holding Company, LLC to redeem all or a portion of their LLC Units for, at our election, newly-issued shares of Class A common stock on a one-for-one basis or a cash payment equal to the volume weighted average market price of one share of our Class A common stock for each LLC Unit redeemed (subject to customary adjustments, including for stock splits, stock dividends and reclassifications) in accordance with the terms of the TWFG LLC Agreement. Additionally, in the event of a redemption request by a holder of LLC Units, we may, at our option, effect a direct exchange of cash or Class A common stock for LLC Units in lieu of such a redemption. Shares of non-economic Class B common stock or non-economic Class C common stock, as applicable, will be cancelled on a one-for-one basis if we, following a redemption request of a holder of LLC Units, redeem or exchange LLC Units of such holder of LLC Units pursuant to the terms of the TWFG LLC Agreement. See “Certain relationships and related party transactions—Amended and restated TWFG Holding Company, LLC agreement.” Except for transfers to us pursuant to the TWFG LLC Agreement or to certain permitted transferees, the holders of LLC Units are not permitted to sell, transfer or otherwise dispose of any LLC Units or shares of non-economic Class B common stock or non-economic Class C common stock;
- we intend to use the net proceeds from this offering (including net proceeds received if the underwriters exercise their option to purchase additional shares of Class A common stock) to acquire a number of newly-issued LLC Units equal to the number of shares of Class A common stock issued in this offering from TWFG Holding Company, LLC, at a purchase price per LLC Unit equal to the initial public offering price of Class A common stock after underwriting discounts and commissions. See “Use of proceeds”;
- we intend to cause TWFG Holding Company, LLC to use the proceeds it receives from the sale of LLC Units to TWFG, Inc. to pay fees and expenses of approximately \$ million in connection with this offering and the reorganization transactions, to repay in full outstanding debt under our Revolving Credit Agreement in the amount of \$41.0 million, for potential strategic acquisitions of, or investments in, other businesses or technologies that we believe will complement our current business and expansion strategies and for general corporate purposes. See “Use of proceeds”; and
- we will enter into a tax receivable agreement that will obligate us to make payments to the Pre-IPO LLC Members and any future party to the tax receivable agreement generally equal to 85% of the applicable cash savings that we actually realize as a result of certain tax basis adjustments resulting from the purchase of LLC Units from any of the Pre-IPO LLC Members using the net proceeds from any future offering, future taxable redemptions or exchanges of LLC Units by the holders of LLC Units and from payments made under the tax receivable agreement, as well as tax benefits related to imputed interest resulting from payments made under the tax receivable agreement. We will retain the benefit of the remaining 15% of these tax savings.

Implications of being an emerging growth company

As a company with less than \$1.235 billion in revenue during our last fiscal year, we qualify as an “emerging growth company” under the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. The JOBS Act provides that an “emerging growth company” can use the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended (the “Securities Act”), for complying with new or revised accounting standards. As an emerging growth company, we intend to, and may for up to five years, take advantage of specified exemptions from reporting and other regulatory requirements that are otherwise applicable generally to public companies. These exemptions include:

- in contrast to our Securities Exchange Act of 1934 (as amended, the “Exchange Act”) reports after we are public, the presentation in this prospectus includes only two years of audited financial statements and only two years of related Management’s discussion and analysis of financial condition and results of operations;
- exemption of the auditor attestation requirement on the effectiveness of our system of internal control over financial reporting;

- exemption to obtain a non-binding advisory vote from our stockholders on executive compensation or golden parachute arrangements (commonly referred to as the “say-on-pay,” “say-on frequency” and “say-on-golden-parachute” votes);
- exemption from certain executive compensation disclosure provisions requiring a pay-for-performance graph and chief executive officer pay ratio disclosure;
- eligibility to claim longer phase-in periods for the adoption of new or revised financial accounting standards under §107 of the JOBS Act; and
- no requirement for our independent registered public accounting firm to conduct an audit of our internal control over financial reporting.

We may take advantage of these provisions until we are no longer an emerging growth company, which will occur on the earliest of (i) the last day of the fiscal year following the fifth anniversary of this offering, (ii) the last day of the fiscal year in which we have equal to or more than \$1.235 billion in annual revenue, (iii) the date on which we issue more than \$1.0 billion of non-convertible debt over a three-year period or (iv) the date on which we are deemed to be a “large accelerated filer,” as defined in Rule 12b-2 promulgated under the Exchange Act.

Principal executive offices and internet address

Our principal executive offices are located at 1201 Lake Woodlands Drive, Suite 4020, The Woodlands, Texas 77380, and our telephone number is (281) 367-3424. Our website address is www.twfg.com. We expect to make our periodic reports and other information filed with or furnished to the Securities and Exchange Commission (“SEC”) available, free of charge, through our website, as soon as reasonably practicable after those reports and other information are electronically filed with or furnished to the SEC. Information on our website or any other website is not incorporated by reference into this prospectus and does not constitute a part of this prospectus.

THE OFFERING

This summary highlights information presented in greater detail elsewhere in this prospectus. This summary is not complete and does not contain all the information you should consider before investing in our shares of Class A common stock. You should carefully read this entire prospectus before investing in our shares of Class A common stock including "Risk factors" and our consolidated financial statements.

Class A common stock offered by us

_____ shares (or _____ shares if the underwriters exercise their option to purchase additional shares of Class A common stock in full).

Class A common stock to be outstanding after this offering

_____ shares (or _____ shares if all outstanding LLC Units held by the Pre-IPO LLC Members were redeemed or exchanged for a corresponding number of newly-issued shares of Class A common stock).

If the underwriters exercise their option to purchase additional shares of Class A common stock in full, _____ shares (or _____ shares if all outstanding LLC Units held by the Pre-IPO LLC Members were redeemed or exchanged for a corresponding number of newly-issued shares of Class A common stock) would be outstanding.

Voting power held by holders of Class A common stock after giving effect to this offering

_____ % (or 100% if all outstanding LLC Units held by the Pre-IPO LLC Members were redeemed or exchanged for a corresponding number of newly-issued shares of Class A common stock). Investors in this offering will hold approximately _____ % of the combined voting power of our common stock.

Voting power held by the Pre-IPO LLC Members as holders of all outstanding shares of non-economic Class B common stock and non-economic Class C common stock after giving effect to this offering

_____ % (or _____ % if all outstanding LLC Units were redeemed or exchanged for a corresponding number of newly-issued shares of Class A common stock).

Voting power held by Bunch Holdings as holder of all outstanding shares of non-economic Class C common stock after giving effect to this offering

_____ % (or _____ % if all outstanding LLC Units were redeemed or exchanged for a corresponding number of newly-issued shares of Class A common stock).

Voting rights after giving effect to this offering

Each share of our Class A common stock will entitle its holder to one vote per share; accordingly, the outstanding shares of Class A common stock will represent an aggregate of % of the combined voting power of our issued and outstanding common stock upon the completion of this offering (or % if the underwriters exercise their option to purchase additional shares of Class A common stock in full). Investors in this offering will hold approximately % of the combined voting power of our common stock (or % if the underwriters exercise their option to purchase additional shares of Class A common stock in full).

Each share of non-economic Class B common stock entitles its holder to one vote per share; accordingly, the outstanding shares of non-economic Class B common stock will represent an aggregate of % of the combined voting power of our issued and outstanding common stock upon the completion of this offering (or % if the underwriters exercise their option to purchase additional shares of Class A common stock in full).

Each share of non-economic Class C common stock entitles its holder to ten votes per share; accordingly, the outstanding shares of non-economic Class C common stock will represent an aggregate of % of the combined voting power of our issued and outstanding common stock upon the completion of this offering (or % if the underwriters exercise their option to purchase additional shares of Class A common stock in full). Future transfers of LLC Units by the holder of non-economic Class C common stock will result in the corresponding shares of non-economic Class C common stock converting into shares of non-economic Class B common stock, subject to limited exceptions, including transfers to Richard F. ("Gordy") Bunch III, his family members or affiliates of Bunch Holdings or that are effected for estate planning purposes. The high/low vote structure of the non-economic Class C common stock will terminate and each share of non-economic Class C common stock will be entitled to one vote per share automatically (i) 12 months following the death or disability of Richard F. ("Gordy") Bunch III or (ii) upon the first trading day on or after such date that the outstanding shares of non-economic Class C common stock represent less than 10% of the then-outstanding Class A, non-economic Class B and non-economic Class C common stock, which, in either instance, may be extended to 18 months upon affirmative approval of a majority of the independent directors.

Class A common stock, non-economic Class B common stock and non-economic Class C common stock generally vote together as a single class on all matters submitted to a vote of our stockholders. For so long as the Substantial Ownership Requirement is met, Bunch Holdings will be able to designate a majority of the nominees for election to our board of directors, including the nominee for election to serve as Chairman of the board of directors. See ["Description of capital stock."](#)

Redemption rights of holders of LLC Units Under the third amended and restated TWFG Holding Company, LLC agreement (“TWFG LLC Agreement”), the Pre-IPO LLC Members will have the right, from and after the completion of this offering (subject to the terms of the TWFG LLC Agreement), to require TWFG Holding Company, LLC to redeem all or a portion of their LLC Units for, at our election, newly-issued shares of Class A common stock on a one-for-one basis or a cash payment equal to the volume weighted average market price of one share of our Class A common stock for each LLC Unit redeemed (subject to customary adjustments, including for stock splits, stock dividends and reclassifications) in accordance with the terms of the TWFG LLC Agreement. See “Certain relationships and related party transactions—Amended and restated TWFG Holding Company, LLC agreement.” Additionally, in the event of a redemption request by a Pre-IPO LLC Member, we may, at our option, effect a direct exchange of cash or Class A common stock for LLC Units in lieu of such a redemption. Shares of non-economic Class B common stock and non-economic Class C common stock will be cancelled on a one-for-one basis if we, at the election of a Pre-IPO LLC Member, redeem or exchange LLC Units of such Pre-IPO LLC Member pursuant to the terms of the TWFG LLC Agreement. See “[Certain relationships and related party transactions—Amended and restated TWFG Holding Company, LLC agreement.](#)”

Except for certain permitted transfers, including transfers to us or to certain other permitted transferees or transfers approved by TWFG, Inc. as the sole managing member of TWFG Holding Company, LLC, the Pre-IPO LLC Members are not permitted to sell, transfer or otherwise dispose of any LLC Units or shares of non-economic Class B common stock or non-economic Class C common stock.

Use of proceeds We estimate that our net proceeds from this offering will be approximately \$ (or approximately \$ if the underwriters exercise their option to purchase additional shares of Class A common stock in full), after deducting underwriting discounts and commissions of approximately \$ (or approximately \$ if the underwriters exercise their option to purchase additional shares of Class A common stock in full).

We intend to use the net proceeds from this offering (including net proceeds received if the underwriters exercise their option to purchase additional shares of Class A common stock) to acquire a number of newly-issued LLC Units equal to the number of shares of Class A common stock, issued in this offering from TWFG Holding Company, LLC, at a purchase price per LLC Unit equal to the initial public offering price of Class A common stock after underwriting discounts and commissions. We intend to cause TWFG Holding Company, LLC to use the proceeds it receives from the sale of LLC Units to TWFG, Inc. to pay fees and expenses in connection with this offering and the reorganization transactions, to repay in full outstanding debt under our Revolving Credit Agreement and for potential strategic acquisitions of, or investments in, other businesses or technologies that we believe will complement our current business and expansion strategies and for general corporate purposes.

We estimate that the offering expenses (other than the underwriting discounts and commissions) will be approximately \$. See “[Use of proceeds.](#)”

Controlled company Upon the closing of this offering, Bunch Holdings will beneficially own more than 50% of the voting power for the election of members of our board of directors and we will be a “controlled company” under the Nasdaq rules. As a controlled company, we qualify for, and intend to rely on, exemptions from certain corporate governance requirements of the Nasdaq rules. See “[Management—Controlled company exception.](#)”

Tax receivable agreement Pursuant to a tax receivable agreement we expect to enter into with the Pre-IPO LLC Members, we will pay to the Pre-IPO LLC Members 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax or franchise tax that we actually realize from certain increases in tax basis with respect to the assets of TWFG Holding Company, LLC resulting from certain acquisitions, redemptions or exchanges of LLC Units held by the Pre-IPO LLC Members and from payments made under the tax receivable agreement. See "[Certain relationships and related party transactions—Tax receivable agreement.](#)"

Dividend policy The declaration and payment by us of any future dividends to holders of our Class A common stock will be at the sole discretion of our board of directors. Holders of our non-economic Class B common stock or non-economic Class C common stock are not entitled to participate in any cash dividends declared by our board of directors.

Following this offering and subject to funds being legally available, we intend to cause TWFG Holding Company, LLC to make pro rata distributions to the Pre-IPO LLC Members and us in an amount at least sufficient to allow us and the Pre-IPO LLC Members to pay all applicable taxes, to make payments under the tax receivable agreement we will enter into with the Pre-IPO LLC Members, and to pay our unreimbursed corporate and other overhead expenses. See "[Dividend policy.](#)"

Directed share program At our request, the underwriters have reserved up to _____ shares of Class A common stock, or _____ % of the shares of Class A common stock to be offered by this prospectus for sale, at the initial public offering price, through a directed share program for directors, officers, certain employees, and certain agents associated with our Branches. We will offer these shares to the extent permitted under applicable regulations in the United States. Pursuant to the underwriting agreement we have entered into with the underwriters, the sales will be made by Morgan Stanley & Co. LLC through a directed share program. We do not know if these persons will choose to purchase all or any portion of these reserved shares, but any purchases they do make will reduce the number of shares of Class A common stock available for sale to the general public. Any reserved shares that are not so purchased will be offered by the underwriters to the general public on the same terms as the other shares of Class A common stock offered by this prospectus. Any of our directors, officers and other stockholders that have entered into lock-up agreements with the underwriters prior to the commencement of this offering and buy shares of Class A common stock through the directed share program will be subject to a 180-day lock-up period with respect to such shares. See "Underwriting." We agreed to indemnify Morgan Stanley & Co. LLC in connection with the directed share program, including for the failure of any participant to pay for its shares. Other than the underwriting discount described on the front cover of this prospectus, the underwriters will not be entitled to any commission with respect to shares of Class A common stock sold pursuant to the directed share program.

Proposed stock symbol TWFG.

Risk factors You should carefully read and consider the information set forth under the heading "[Risk factors](#)" and all other information set forth in this prospectus before deciding to invest in our Class A common stock.

Unless we indicate otherwise throughout this prospectus, the number of shares of our Class A common stock outstanding after this offering excludes:

- _____ shares of Class A common stock reserved for issuance upon the redemption or exchange of LLC Units that will be held by the Pre-IPO LLC Members.
- _____ shares of our Class A common stock issuable upon exercise of the underwriters' option to purchase additional shares of Class A common stock from us.

- shares of Class A common stock reserved for issuance under our Omnibus Incentive Plan and Employee Stock Purchase Plan. See “Executive compensation—2024 Long-Term Incentive Plan” for more information regarding the vesting schedules related to Pre-IPO Equity Grants (as defined below).

Unless we indicate otherwise throughout this prospectus, all information in this prospectus:

- assumes an initial public offering price of \$ per share (the midpoint of the estimated public offering price range set forth on the cover page of this prospectus).
- assumes no exercise of the underwriters’ option to purchase additional shares.

SUMMARY HISTORICAL AND PRO FORMA FINANCIAL AND OTHER DATA

The following tables set forth summary historical financial and other data of TWFG Holding Company, LLC and consolidated subsidiaries and combined affiliates for the periods presented. TWFG, Inc. was incorporated as a Delaware corporation on January 8, 2024 and has not, to date, conducted any activities other than those incident to its formation and the preparation of this prospectus and the registration statement of which this prospectus forms a part.

The statement of operations data for the years ended December 31, 2023 and 2022 and statement of financial position data as of December 31, 2023 and 2022 have been derived from TWFG Holding Company, LLC's consolidated audited financial statements included elsewhere in this prospectus. The statement of operations data for the three months ended March 31, 2024 and 2023 and statement of financial position data as of March 31, 2024 have been derived from TWFG Holding Company, LLC's unaudited condensed financial statements included elsewhere in this prospectus.

The pro forma statements of operations for the year ended December 31, 2023 and the three months ended March 31, 2024 gives effect to the reorganization and the offering transactions described in "Unaudited pro forma financial information," as if each had occurred on January 1, 2023.

The pro forma statement of financial position as of March 31, 2024 gives effect to the reorganization and the offering transactions described in "Unaudited pro forma financial information," as if each had occurred on March 31, 2024. See "Unaudited pro forma financial information" and "Capitalization."

The summary historical and pro forma financial and other data presented below do not purport to be indicative of the results that can be expected for any future period and should be read together with "Capitalization," "Unaudited pro forma financial information," "Management's discussion and analysis of financial condition and results of operations" and our and TWFG Holding Company, LLC's financial statements and related notes thereto included elsewhere in this prospectus.

	TWFG Holding Company, LLC				Pro forma TWFG, Inc.	
	Three Months Ended March 31,		Years Ended December 31,		Three Months Ended March 31,	Year Ended December 31,
	2024	2023	2023	2022	2024	2023
Selected Statement of Operations Data (in thousands, except per unit data)						
Revenues:						
Commission income	\$ 42,545	\$ 36,687	\$ 158,679	\$ 139,488	\$	\$
Contingent income	1,076	985	4,085	4,620		
Fee income	2,232	2,028	8,311	8,296		
Other income	460	156	1,859	1,517		
Total revenues	46,313	39,856	172,934	153,921		
Expenses:						
Commission expense	26,443	27,496	116,847	104,911		
Salaries and employee benefits	6,254	3,336	13,970	12,240		
Other administrative expenses	3,130	2,495	10,973	9,705		
Depreciation and amortization	3,013	1,061	4,862	3,302		
Total operating expenses	38,840	34,388	146,652	130,158		
Operating income	7,473	5,468	26,282	23,763		
Interest expense	(842)	(85)	(1,003)	(398)		
Other non-operating expense, net	(2)	(11)	(17)	(18)		
Net income from continuing operations	6,629	5,372	25,262	23,347		
Net income (loss) from discontinued operation, net of tax		834	834	(2,733)		
Net income	\$ 6,629	\$ 6,206	\$ 26,096	\$ 20,614	\$	\$
Weighted average units used in the computation of net income (loss) per unit^(a)						
Basic	659,439	631,750	631,750	631,750		
Diluted	659,439	631,750	631,750	631,750		
Net income (loss) per Common unit (2022), Class A Common unit (2024), Class B Common and Class C Common units (2024 and 2023)^(a)						
Net income from continuing operation per unit - basic	\$ 10.05	\$ 8.50	\$ 39.99	\$ 36.96		
Net income from continuing operation per unit - diluted	\$ 10.05	\$ 8.50	\$ 39.99	\$ 36.96		
Net income (loss) from discontinued operation per unit - basic	\$	\$ 1.32	\$ 1.32	\$ (4.33)		
Net income (loss) from discontinued operation per unit - diluted	\$	\$ 1.32	\$ 1.32	\$ (4.33)		
Net income per unit - basic	\$ 10.05	\$ 9.82	\$ 41.31	\$ 32.63		
Net income per unit - diluted	\$ 10.05	\$ 9.82	\$ 41.31	\$ 32.63		

(a) See the unaudited pro forma consolidated and combined statement of operations in "Unaudited pro forma financial information" for the description of the assumptions underlying the pro forma net income (loss) per share calculations.

Selected Statement of Financial Position Data (in thousands)	TWFG Holding Company, LLC			Pro forma TWFG, Inc. March 31, 2024
	March 31, 2024	December 31,		
		2023	2022	
Cash and cash equivalents	\$ 22,555	\$ 39,297	\$ 22,330	\$
Commissions receivable	19,735	19,082	15,042	
Total assets	146,042	115,437	114,153	
Short-term debt	2,235	2,437	2,643	
Long-term debt	46,446	46,919	8,356	
Carrier liabilities	10,483	8,731	9,033	
Total liabilities	80,713	84,386	56,367	

Key Performance Indicators (in thousands)	TWFG Holding Company, LLC				Pro forma TWFG, Inc.	
	Three Months Ended March 31,		Years Ended December 31,		Three Months Ended March 31, 2024	Year Ended December 31, 2023
	2024	2023	2023	2022		
Written Premium:						
Personal lines	\$ 254,864	\$ 206,570	\$ 997,431	\$ 843,272	\$	\$
Commercial lines	66,402	58,814	250,664	211,192		
Total Written Premium	\$ 321,266	\$ 265,384	\$ 1,248,095	\$ 1,054,464		
Non-GAAP Financial Measures (in thousands)						
Organic Revenue	\$ 41,078	\$ 36,256	\$ 154,627	\$ 139,113	\$	\$
Organic Revenue Growth	13.3 %	14.9 %	11.2 %	23.2 %	%	%
Adjusted Net Income	\$ 5,152	\$ 5,379	\$ 25,483	\$ 23,347	\$	\$
Adjusted Net Income Margin	11.1 %	13.5 %	14.7 %	15.2 %	%	%
Adjusted EBITDA	\$ 9,007	\$ 6,525	\$ 31,348	\$ 27,047	\$	\$
Adjusted EBITDA Margin	19.4 %	16.4 %	18.1 %	17.6 %	%	%
Adjusted Free Cash Flow	\$ 7,327	\$ 7,187	\$ 19,733	\$ 15,972	\$	\$

For the definition of Written Premium, see “Key performance indicators” below. For the definitions of Organic Revenue, Organic Revenue Growth, Adjusted Net Income, Adjusted Net Income Margin, Adjusted EBITDA, Adjusted EBITDA Margin and Adjusted Free Cash Flow, see “Non-GAAP financial measures” below. The following table shows a reconciliation of Organic Revenue to revenue, Adjusted Net Income and

Adjusted EBITDA to net income and Adjusted Free Cash Flow to cash flows from operating activities for the three months ended March 31, 2024 and 2023 and the years ended December 31, 2023 and 2022:

Organic Revenue and Organic Revenue Growth (in thousands)				
Reconciliation of Organic Revenue and Organic Revenue Growth to Revenue and Revenue Growth Rate				
	Three Months Ended March 31,		Years Ended December 31,	
	2024	2023	2023	2022
Total revenues	\$ 46,313	\$ 39,856	\$ 172,934	\$ 153,921
Acquisition adjustments ⁽¹⁾	(1,467)	(431)	(4,052)	(375)
Contingent income	(1,076)	(985)	(4,085)	(4,620)
Fee income	(2,232)	(2,028)	(8,311)	(8,296)
Other income	(460)	(156)	(1,859)	(1,517)
Organic Revenue	\$ 41,078	\$ 36,256	\$ 154,627	\$ 139,113
Organic Revenue Growth ⁽²⁾	\$ 4,822	\$ 4,705	\$ 15,514	\$ 26,209
Revenue Growth Rate ⁽³⁾	16.2 %	15.9 %	12.4 %	23.2 %
Organic Revenue Growth Rate ⁽²⁾	13.3 %	14.9 %	11.2 %	23.2 %

Adjusted Net Income and Adjusted Net Income Margin (in thousands)				
Reconciliation of Adjusted Net Income and Adjusted Net Income Margin to Net Income and Net Income Margin				
	Three Months Ended March 31,		Years Ended December 31,	
	2024	2023	2023	2022
Total revenues	\$ 46,313	\$ 39,856	\$ 172,934	\$ 153,921
Net income	\$ 6,629	\$ 6,206	\$ 26,096	\$ 20,614
Acquisition-related expenses	—	—	204	—
Restructuring and related expenses	—	7	17	—
Discontinued operation (income) loss	—	(834)	(834)	2,733
Equity-based compensation	—	—	—	—
Other non-recurring items ⁽⁴⁾	(1,477)	—	—	—
IPO related expenses	—	—	—	—
Adjusted Net Income	\$ 5,152	\$ 5,379	\$ 25,483	\$ 23,347
Net Income Margin	14.3 %	15.6 %	15.1 %	13.4 %
Adjusted Net Income Margin	11.1 %	13.5 %	14.7 %	15.2 %

Adjusted EBITDA and Adjusted EBITDA Margin (in thousands)				
Reconciliation of Adjusted EBITDA and Adjusted EBITDA Margin to Net Income (Loss) and Net Income Margin				
	Three Months Ended March 31,		Years Ended December 31,	
	2024	2023	2023	2022
Total revenues	\$ 46,313	\$ 39,856	\$ 172,934	\$ 153,921
Net income	\$ 6,629	\$ 6,206	\$ 26,096	\$ 20,614
Interest expense	842	85	1,003	398
Depreciation and amortization	3,013	1,061	4,862	3,302
EBITDA	10,484	7,352	31,961	24,314
Acquisition-related expenses	—	—	204	—
Restructuring and related expenses	—	7	17	—
Discontinued operation (income) loss	—	(834)	(834)	2,733
Equity-based compensation	—	—	—	—
Other non-recurring items ⁽⁴⁾	(1,477)	—	—	—
IPO related expenses	—	—	—	—
Adjusted EBITDA	\$ 9,007	\$ 6,525	\$ 31,348	\$ 27,047
Net Income Margin	14.3 %	15.6 %	15.1 %	13.4 %
Adjusted EBITDA Margin	19.4 %	16.4 %	18.1 %	17.6 %

Adjusted Free Cash Flow (in thousands)				
Reconciliation of Adjusted Free Cash Flow to Cash Flow from Operating Activities				
	Three Months Ended March 31,		Years Ended December 31,	
	2024	2023	2023	2022
Cash Flow from Operating Activities	\$ 9,754	\$ 9,791	\$ 30,154	\$ 25,755
Purchase of property and equipment	(8)	(24)	(260)	(115)
Tax distribution to members ⁽⁵⁾	(2,419)	(1,741)	(9,526)	(6,007)
Acquisition-related expenses	—	—	204	—
Net cash flow provided by operating activities from discontinued operation	—	(839)	(839)	(3,661)
Adjusted Free Cash Flow	\$ 7,327	\$ 7,187	\$ 19,733	\$ 15,972

(1) Represents revenues generated from the acquired businesses during the first 12 months following an acquisition.

(2) Organic Revenue for the three months ended March 31, 2024 and 2023, and for the years ended December 31, 2022 and 2021, used to calculate Organic Revenue Growth for the years ended December 31, 2023 and 2022, was \$36.3 million, \$31.6 million, \$139.1 million and \$112.9 million, respectively, which is adjusted to reflect revenues from acquired businesses with over \$0.5 million in annualized revenue that reached the twelve-month owned mark during the year ended December 31, 2023 and 2022, respectively. Organic Revenue for the year ended December 31, 2021 is comprised of \$125.0 million in total revenue less contingent income of \$4.5 million, fee income of \$7.4 million and other income of \$0.2 million. Organic Revenue Growth represents the period-to-period change in Organic Revenue divided by the total adjusted Organic Revenue in the prior period.

(3) Represents the period-to-period change in total revenues divided by the total revenues in the prior period.

(4) Represents a one-time adjustment reducing commission expense, which resulted from the branch conversions. In January 2024, nine of our Branches converted to Corporate Branches. Upon conversion, agents of the newly converted Corporate Branches became employees and received salaries, employee benefits, and bonuses for services rendered instead of commissions. As a result, we released a portion of the unpaid commissions related to the converted branches that we no longer are required to settle.

(5) Tax distributions to members represents the amount distributed to the members of TWFG Holding Company, LLC in respect of their income tax liability related to the net income of TWFG Holding Company, LLC allocated to its members.

Market and industry data

This prospectus includes industry and market data that we obtained from periodic industry publications, third-party studies and surveys, including from A.M. Best Company, Inc. (“AM Best”), OPTIS Partners LLC (“OPTIS Partners”), Independent Insurance Agents & Brokers of America, Inc. (“Independent Insurance Agents & Brokers of America”) and S&P Global Market Intelligence Inc. (“S&P Global Market Intelligence”), as well as from filings of public companies in our industry, insurance carrier-provided information and internal company surveys. These sources include industry sources. Industry publications and surveys generally state that the information contained therein has been obtained from sources believed to be reliable. Although we believe the industry and market data to be reliable as of the date of this prospectus, this information could prove to be inaccurate. Industry and market data could be wrong because of the method by which sources obtained their data and because information cannot always be verified with complete certainty due to the limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties. In addition, we do not know all of the assumptions regarding general economic conditions or growth that were used in preparing the forecasts from the sources relied upon or cited herein.

Unless otherwise indicated, throughout this prospectus we reference our relative market positioning and performance as compared to the U.S. P&C industry. The industry group metrics are based on the latest date for which complete financial data are publicly available such as a 2022 Future One Agency Universe Case Study containing 2022 industry data conducted by the Independent Insurance Agents & Brokers of America (the “Agency Universe Study”).

Trademarks and trade names

This prospectus may contain trademarks, service marks and trade names of third parties, which are the property of their respective owners. Our use or display of third parties’ trademarks, service marks, trade names or products in this prospectus is not intended to, and should not be read to, imply a relationship with or endorsement or sponsorship of us. Solely for convenience, the trademarks, service marks and trade names referred to in this prospectus may appear without the ®, TM or SM symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the right of the applicable licensor to these trademarks, service marks and trade names.

Key performance indicators

“Total Written Premium” represents, for any reported period, the total amount of current premium (net of cancellation) placed with insurance carriers. We utilize Total Written Premium as a key performance indicator when planning, monitoring and evaluating our performance. We believe Total Written Premium is a useful metric because it is the underlying driver of the majority of our revenue.

Non-GAAP financial measures

This prospectus contains certain financial measures and ratios, including, Organic Revenue, Organic Revenue Growth, Adjusted Net Income, Adjusted Net Income Margin, Adjusted EBITDA, Adjusted EBITDA Margin and Adjusted Free Cash Flow, that are not required by, or presented in accordance with, generally accepted accounting principles in the United States (“GAAP”). We refer to these measures as “non-GAAP financial measures.” We use these non-GAAP financial measures when planning, monitoring and evaluating our performance. We consider these non-GAAP financial measures to be useful metrics for management and investors to facilitate operating performance comparisons from period to period by excluding potential differences caused by variations in capital structures, tax position, depreciation, amortization and certain other items that we believe are not representative of our core business.

The non-GAAP financial measures we use herein are defined by us as follows:

- “Organic Revenue” is total revenue (the most directly comparable GAAP measure) for the relevant period, excluding contingent income, fee income, other income and those revenues generated from

acquired businesses with over \$0.5 million in annualized revenue that have not reached the twelve-month owned mark.

- “Organic Revenue Growth” is the change in Organic Revenue period-to-period, with prior period results adjusted to include revenues that were excluded in the prior period because the relevant acquired businesses had not reached the twelve-month-owned mark but have reached the twelve-month owned mark in the current period. We believe Organic Revenue Growth is an appropriate measure of operating performance because it eliminates the impact of acquisitions, which affects the comparability of results from period to period.
- “Adjusted Net Income” is a supplemental measure of our performance and is defined as net income (the most directly comparable GAAP measure) before non-recurring or non-operating income and expenses, including equity-based compensation. We believe Adjusted Net Income is a useful measure because it adjusts for the after-tax impact of significant one-time, non-recurring items and eliminates the impact of any transactions that do not directly affect what management considers to be our ongoing operating performance in the period. These adjustments generally eliminate the effects of certain items that may vary from company to company for reasons unrelated to overall operating performance.
- “Adjusted Net Income Margin” is Adjusted Net Income divided by total revenues. We believe that Adjusted Net Income Margin is a useful measurement of operating profitability for the same reasons we find Adjusted Net Income useful and also because it provides a period-to-period comparison of our after-tax operating performance.
- “Adjusted EBITDA” is a supplemental measure of our performance and is defined as EBITDA adjusted to exclude equity-based compensation and other non-operating items, including, certain nonrecurring or non-operating gains or losses. EBITDA is defined as net income (the most directly comparable GAAP measure) before interest, income taxes, depreciation and amortization. We believe that Adjusted EBITDA is an appropriate measure of operating performance because it adjusts for significant one-time, non-recurring items and eliminates the ongoing accounting effects of certain capital spending and acquisitions, such as depreciation and amortization, that do not directly affect what management considers to be our ongoing operating performance in the period. These adjustments generally eliminate the effects of certain items that may vary from company to company for reasons unrelated to overall operating performance.
- “Adjusted EBITDA Margin” is Adjusted EBITDA divided by total revenue. We believe that Adjusted EBITDA Margin is a useful measurement of operating profitability for the same reasons we find Adjusted EBITDA useful and also because it provides a period-to-period comparison of our operating performance.
- “Adjusted Free Cash Flow” is a supplemental measure of our performance. We define Adjusted Free Cash Flow as cash flows from operating activities (the most directly comparable GAAP measure) less cash payments for tax distributions, purchases of property, plant, and equipment and acquisition-related costs. We believe Adjusted Free Cash Flow is a useful measure of operating performance because it represents the cash flow from the business that is within our discretion to direct to activities including investments, debt repayment, and returning capital to stockholders.

Organic Revenue, Organic Revenue Growth, Adjusted Net Income, Adjusted Net Income Margin, Adjusted EBITDA, Adjusted EBITDA Margin and Adjusted Free Cash Flow are not measures of financial performance under GAAP and should not be considered substitutes for GAAP measures, including revenues (for Organic Revenue and Organic Revenue Growth), net income (for Adjusted Net Income, Adjusted Net Income Margin, Adjusted EBITDA and Adjusted EBITDA Margin), and cash flows from operating activities (for Adjusted Free Cash Flow) which we consider to be the most directly comparable GAAP measures. These non-GAAP financial measures have limitations as analytical tools, and when assessing our operating performance, you should not consider these non-GAAP financial measures in isolation or as substitutes for revenues, net income, operating cash flow or other consolidated financial statement data prepared in accordance with GAAP. Other companies may calculate any or all of these non-GAAP financial measures differently than we do, limiting their usefulness as comparative measures.

For more information regarding these non-GAAP financial measures and a reconciliation of such measures to comparable GAAP financial measures, see information presented in “Summary Historical and Pro Forma Financial and Other Data.”

Commonly used defined terms

- **Admitted:** The insurance market comprising insurance carriers licensed to write business on an “admitted” basis by the insurance commissioner of the state in which the risk is located. Insurance rates and forms in this market are highly regulated by each state and coverages are largely uniform.
- **Book of Business:** Active Client list.
- **Branch:** An independent agency that contracts with our Insurance Services offering, operates its agency through TWFG’s “Agency-in-a-Box” and with TWFG’s branding, and receives all benefits of working with TWFG, including a work and revenue share, TWFG back-office support, marketing and access to a fully integrated agency management system. TWFG branding is restricted to the Branches and Corporate Branches, all of which are listed on our website and can be found using the location filter. Branches and Corporate Branches are exclusive to TWFG, meaning that they can only write insurance business through TWFG.
- **Client:** Individual or entity that purchases an insurance policy or seeks to purchase an insurance policy from TWFG Agencies.
- **Corporate Branch:** An agency within our Insurance Services offering that is wholly owned by TWFG.
- **E&O:** Errors and omissions.
- **E&S:** Excess and surplus lines. In this insurance market, insurance carriers are licensed on a “non-admitted” basis. The excess and surplus lines market often offers insurance carriers more flexibility in terms, conditions and rates than does the admitted market.
- **M&A:** Mergers and acquisitions.
- **MGA:** Managing general agency.
- **MGA Agencies:** Independent agencies that contract with TWFG MGA to obtain access to additional insurance carriers or programs. TWFG MGA Agencies do not include TWFG branding and are not exclusive to TWFG.
- **P&C:** Property and casualty insurance.
- **TWFG Agencies:** Branches, Corporate Branches and MGA Agencies.
- **TWFG MGA:** TWFG’s managing general agency.

RISK FACTORS

An investment in our Class A common stock involves a high degree of risk. You should carefully consider the following risks, as well as the other information contained in this prospectus, before making an investment in our Class A common stock. If any of the following risks actually occur, our business, financial condition and results of operations may be materially adversely affected. In such an event, the trading price of our shares of Class A common stock could decline and you could lose part or all of your investment.

Risks relating to our business

An overall decline in economic activity could have a material adverse effect on the financial condition and results of operations of our business.

Factors, such as business revenue, economic conditions, including adverse conditions resulting from uncertainty concerning government shutdowns, debt ceilings or funding, the volatility and strength of the capital markets, the recent resurgence of inflation, expected interest rate increases and public health emergencies such as the COVID-19 pandemic, can affect the business and economic environment. For example, in 2022, the global economic environment was characterized by persistent inflation, rising interest rates, volatility in global financial markets (leading to, among other things, a decline in equity prices), supply chain complications, recessionary fears, and geopolitical uncertainty regarding the war between Russia and Ukraine, and also in 2023, the war between Israel and Hamas, and these wars' impacts on global security and markets.

The demand for P&C generally rises as the overall level of household income increases and generally falls as household income decreases, affecting both the commissions and fees generated by our business. The economic activity that impacts P&C is most closely correlated with employment levels, corporate revenue and asset values. Additionally, insurance carrier losses from persistent inflation, rising interest rates and natural or man-made disasters could impact our contingent income, which is primarily driven by insurance carrier underwriting results and, to a lesser extent, the volume of business we place with them, as determined by the loss ratios determined by the insurance carriers. For example, our contingent income decreased by \$0.5 million, or 11.6%, to \$4.1 million in 2023 from \$4.6 million in 2022, which may be attributable, in part, to rising inflation, rising interest rates, and natural or man-made disasters. In addition, an increase in consumer preference for car- and ride-sharing services, as opposed to automobile ownership, may result in a long-term reduction in the number of vehicles per capita, and consequently the automobile insurance industry. Downward fluctuations in the year-over-year insurance premium charged by insurance carriers to protect against the same risk, referred to in the industry as softening of the insurance market, could adversely affect our business as a significant portion of the commissions and fees we earn is paid as a percentage of premium charged to our Clients. Insolvencies and consolidations associated with an economic downturn, especially insolvencies in the insurance industry, could adversely affect our brokerage business through the loss of Clients by hampering our ability to place insurance business. Also, some of our Clients may experience liquidity problems or other financial difficulties in the event of a prolonged deterioration in the economy, which could have an adverse effect on our collectability of receivables or our Clients may have less need for insurance coverage, cancel existing insurance policies, modify their coverage or not renew the policies they hold with us. In addition, E&O claims against us may increase in economic downturns, also adversely affecting our brokerage business. A decline in economic activity could have a material adverse effect on our business, financial condition and results of operations.

Furthermore, a portion of our operating expenses refers to employee compensation and benefits, which are sensitive to inflation. To maintain our ability to successfully compete for the best talent, rising inflation rates may require us to provide compensation increases beyond historical increases, which may increase our compensation costs. Consequently, inflation is expected to increase our operating expenses over time and may adversely impact our results of operations.

Changes in prevailing interest rates or U.S. monetary policies that affect interest rates could adversely affect our ability to generate new business.

The demand for P&C generally rises as the overall level of household income increases, and generally falls as household income decreases, affecting both the commissions and fees generated by our business. Major slowdowns in the various housing markets we serve, including as a result of changes in prevailing interest rates or U.S. monetary policies that affect interest rates, could adversely impact our ability to generate new business. For example, this may impact the market for new homes or autos, which could adversely impact our personal lines Clients or the market for small business start-ups, which could adversely impact our commercial lines Clients. Additionally, changes in macroeconomic and political conditions, such as the impact from rising inflation and interest rates could also shift demand to services for which we do not have a competitive advantage, and this could negatively affect the amount of business that we are able to obtain. Interest rate increases, the recent resurgence of inflation, and the risk that the U.S. economy will decelerate into a recession, affect the financial services industry and may reduce demand for our services or depress pricing for those services, which could have a material adverse effect on our costs and results of operations. Any changes in U.S. trade policy could trigger retaliatory actions by affected countries, resulting in “trade wars,” which could affect the volume of economic activity in the U.S., including demand for our services. Furthermore, during inflationary periods, interest rates have historically increased, which would have a direct effect on the interest expense in case we decide to refinance our existing long-term borrowings, or incur in any additional indebtedness.

Volatility or declines in premiums or other adverse trends in the insurance industry may seriously undermine our profitability.

We derive most of our revenue from commissions and fees. We do not determine the insurance premiums on which our commissions are generally based. Moreover, insurance premiums are cyclical in nature and may vary widely based on market conditions. Because of market cycles for insurance product pricing, which we cannot predict or control, our commission revenues and profitability can be volatile or remain depressed for significant periods of time. In addition, there have been and may continue to be various trends in the insurance industry toward alternative insurance markets including, among other things, greater levels of self-insurance, captives, rent-a-captives, risk retention groups and non-insurance capital markets-based solutions to traditional insurance.

As traditional risk-bearing insurance carriers continue to outsource the production of premium revenue to non-affiliated brokers or agents, those insurance carriers may seek to further minimize their expenses by reducing the commission rates payable to insurance agents or brokers. The reduction of these commission rates, along with general volatility or declines in premiums, may significantly affect our revenues and, therefore, our profitability.

Because we do not determine the timing or extent of premium pricing changes, it is difficult to precisely forecast our commission revenues, including whether they will significantly decline. As a result, we may have to adjust our budgets for future acquisitions, capital expenditures, dividend payments, loan repayments and other expenditures to account for unexpected changes in revenues, and any decreases in premium rates may adversely affect our business, financial condition and results of operations.

Because the revenue we earn on the sale of certain insurance products is based on premiums and commission rates set by insurance carriers, any decreases in these premiums or commission rates, or actions by insurance carriers seeking repayment of commissions, could result in revenue decreases or expenses to us.

Insurance carriers or their affiliates may under certain circumstances seek the chargeback or repayment of commissions as a result of a policy lapse, surrender, cancellation, rescission, default, or upon other specified circumstances. As a result of the chargeback or required repayment of commissions, we may incur an expense in a particular period related to revenue previously recognized in a prior period and reflected in our financial statements. Such an expense could have a material adverse effect on our results of operations and financial condition, particularly if the expense is greater than the amount of related revenue retained by us.

The commission rates are set by insurance carriers and are based on the premiums that the insurance carriers charge. The potential for changes in premium rates is significant, due to pricing cyclicity in the insurance market. In addition, the insurance industry has been characterized by periods of intense price competition due to excessive underwriting capacity and periods of favorable premium levels due to shortages of capacity.

Capacity could also be reduced by insurance carriers failing or withdrawing from writing certain coverages that we offer our Clients. Commission rates and premiums can change based on prevailing legislative, economic and competitive factors that affect insurance carriers. These factors, which are not within our control, include the capacity of insurance carriers to place new business, underwriting and non-underwriting profits of insurance carriers, consumer demand for insurance products, the availability of comparable products from other insurance carriers at a lower cost and the availability of alternative insurance products, such as government benefits and self-insurance products, to consumers. We cannot predict the timing or extent of future changes in commission rates or premiums or the effect any of these changes will have on our business, financial condition and results of operations.

We derive a significant portion of our insurance carrier capacity from a limited number of insurance carriers. If one or more of these insurance carriers terminated their arrangement with us, it could result in less favorable arrangements with new insurance carriers and additional expense.

For the three months ended March 31, 2024, five insurance carriers accounted for 45.7% of our Total Written Premium and for the years ended December 31, 2023 and 2022, five insurance carriers accounted for 43.1% of our Total Written Premium and four insurance carriers accounted for 38.8% of our Total Written Premium, respectively. For the three months ended March 31, 2024, The Progressive Corporation accounted for 13% of our total revenues, and for the year ended December 31, 2023, The Progressive Corporation and The Travelers Companies, Inc. accounted for 11% and 10% of our total revenues, respectively. For the year ended December 31, 2022, none of the insurance carriers individually accounted for 10% or more of our total revenues. Should any of these insurance carriers seek to terminate their arrangement with us, we could be forced to move our business to another insurance carrier, which could result in less favorable arrangements and additional expense.

Additionally, portions of our receivables are increasingly concentrated in certain businesses and geographies and the loss of significant insurance carrier relationships that serve such businesses or geographies could result in a more severe negative affect on our business, results or operations with respect to such businesses or geographies.

We may be negatively affected by the cyclicity of and the economic conditions in the markets in which we operate, including changes to the financial strength of insurance carriers.

The insurance market in which we operate has historically been cyclical based on the underwriting capacity of the insurance carriers operating in this market, general economic conditions, state regulatory responses to market conditions and natural disasters and other social, economic and business factors. In a period of decreasing insurance capacity or higher than typical loss ratios across an insurance segment or segments, insurance carriers may raise premium rates. This type of market frequently is referred to as a "hard" market. In a period of increasing insurance capacity or lower than typical loss ratios across an insurance segment or segments, insurance carriers may reduce premium rates and business might migrate away from the E&S market and into the admitted market. This type of market frequently is referred to as a "soft" market. Our results of operations are affected by this cyclicity of the market. The frequency and severity of natural disasters, other catastrophic events (such as hurricanes, wildfires and pandemics), social inflation, and reductions or increases in insurance capacity can affect the timing, duration and extent of industry cycles for many of the product lines we distribute. It is very difficult to predict the severity, timing or duration of these cycles and the related responses of insurance carriers and regulators.

If insurance intermediaries or insurance carriers experience liquidity problems, insolvency or other financial difficulties, or do not timely provide required information or payments to us, we could encounter delays in payments owed to us, the loss of insurance carrier appointments, E&O claims and difficulty collecting receivables owed to us by insurance carriers. These conditions may adversely affect our revenue and make it

difficult for us to accurately predict our future results, which could harm our business, financial condition and results of our operations.

Contingent commissions we receive from insurance carriers are less predictable than standard commissions, and any decrease in the amount of these kinds of commissions we receive could adversely affect our results of operations.

Typically an average of 3.5% of our total revenue consists of contingent commissions we receive from insurance carriers. Contingent commissions are paid by certain insurance carriers based upon the profitability, volume or growth of the business placed with those insurance carriers during the prior year. If, due to the current economic environment or for any other reason, including weather-related factors, we are unable to meet applicable profitability, volume or growth thresholds, or if one or more insurance carriers increase their estimate of loss reserves (over which we have no control), contingent commissions we receive could be less than anticipated, which could adversely affect our business, financial condition and results of operations.

Our international operations pose certain risks to our business that may be different from risks associated with our domestic operations.

We have employees and operations in the Philippines, vendors in other countries, and we may in the future expand our operations to other countries. While these arrangements may lower operating costs, they also subject us to the uncertain political climates, including political unrest and uncertainty, and potential disruptions in international trade, including export control laws and any amendments to those laws, as well as potentially increased data security and privacy risks and local economic and labor conditions.

Our oversight aimed at ensuring adherence to applicable quality and compliance standards may be more difficult with employees, operations or vendors located outside of the United States and may both make it more difficult for us to achieve our operational objectives and expose us to additional liability. Countries outside of the United States may be subject to relatively higher degrees of political and social instability and may lack the infrastructure to withstand political unrest or natural disasters. The occurrence of natural disasters, pandemics or political or economic instability in these countries or regions could interfere with work performed by these labor sources or could result in our having to replace or reduce these labor sources. Our operations or vendors in other countries could potentially shut down suddenly for any reason, including financial problems or personnel issues. Such disruptions could decrease efficiency, increase our costs, and have an adverse effect on our business and results of operations.

The practice of utilizing labor based in foreign countries has come under increased scrutiny in the United States. Governmental authorities could seek to impose financial costs or restrictions on foreign companies providing services to clients or companies in the United States. Governmental authorities may attempt to prohibit or otherwise discourage us from sourcing services from offshore labor. In addition, insurance carriers may require us to use labor based in the United States for regulatory or other reasons. To the extent that we are required to use labor based in the United States, we may face increased costs as a result of higher-priced U.S.-based labor.

Compliance with applicable U.S. and foreign laws and regulations, such as import and export requirements, anti-corruption laws, tax laws, foreign exchange controls, data privacy and data localization requirements, labor laws, and anti-competition regulations, increases the costs of operating in foreign jurisdictions. Although we have implemented policies and procedures to comply with these laws and regulations, a violation by our employees or operations vendors could nevertheless occur. In some cases, compliance with the laws and regulations of one country could violate the laws and regulations of another country. Violations of these laws and regulations could materially adversely affect our brand, growth efforts and business.

Furthermore, if the U.S. dollar were to weaken in relation to the currencies used in these foreign countries, that may also reduce the savings achievable through our strategy of contracting out certain services and could have an adverse effect on our business, financial condition and results of operations. Our failure to successfully manage our international operations and the associated risks effectively could limit the future growth of our business.

The occurrence of natural or man-made disasters could result in declines in business and increases in claims that could adversely affect our financial condition, results of operations and cash flows.

We are exposed to various risks arising out of natural disasters, including earthquakes, hurricanes, fires, floods, landslides, tornadoes, typhoons, tsunamis, hailstorms, explosions, climate events or weather patterns and pandemic health events (such as the COVID-19 pandemic), as well as man-made disasters, including acts of terrorism, military actions, security breaches, cyberattacks and other similar incidents, explosions and biological, chemical or radiological events. The continued threat of terrorism and ongoing military actions may cause significant volatility in global financial markets, and a natural or man-made disaster could trigger an economic downturn in the areas directly or indirectly affected by the disaster. These consequences could, among other things, result in a decline in business and increased claims from those areas. They could also result in reduced underwriting capacity of our insurance carriers, making it more difficult for our agents to place business. Disasters also could disrupt public and private infrastructure, including communications and financial services, which could disrupt our normal business operations. Any increases in insurance carrier loss ratios due to natural or man-made disasters could impact our contingent commissions, which are primarily driven by both growth and profitability metrics.

A natural or man-made disaster also could disrupt the operations of our counterparties or result in increased prices for the products and services they provide to us. Finally, a natural or man-made disaster could increase the incidence or severity of E&O claims against us.

Our inability to successfully recover should we experience a disaster or other business continuity problem could cause material financial loss, loss of human capital, regulatory actions, reputational harm or legal liability.

Our operations are dependent upon our ability to protect our personnel, offices, and technology infrastructure against damage from business continuity events that could have a significant disruptive effect on our operations. Should we experience a local or regional disaster or other business continuity problem, such as an earthquake, hurricane, terrorist attack, pandemic, protest or riot, security breach, cyberattack or other similar incident, power loss, telecommunications failure or other natural or man-made disaster, our continued success will depend, in part, on the availability of personnel, office facilities, and the proper functioning of computer, telecommunication and other related systems and operations. We could potentially lose key executives, personnel, and Client data, or experience material adverse interruptions to our operations or delivery of services to Clients in a disaster recovery scenario. Our inability to successfully recover should we experience a disaster or other business continuity problem, could materially interrupt our business operations and cause material financial loss, loss of human capital, regulatory actions, reputational harm, damaged Client relationships, or legal liability. Our insurance coverage with respect to natural disasters is limited and is subject to deductibles and coverage limits. Such coverage may not be adequate, or may not continue to be available at commercially reasonable rates and terms.

Pandemics or other outbreaks of contagious diseases and efforts to mitigate their spread have had, and could in the future have, widespread impacts on the way we operate.

The spread of COVID-19 and mitigating measures caused unprecedented disruptions to the global economy and normal business operations across sectors and countries, including the sectors and countries in which we, our Clients, insurance carriers, suppliers and other third parties operate. A resurgence of the COVID-19 pandemic, including as a result of new variants, or future pandemics or other outbreaks of contagious diseases may result in similar or worse economic implications and disruptions.

Climate risks, including the risk of an economic crisis, risks associated with the physical effects of climate change and disruptions caused by the transition to a low-carbon economy, could adversely affect our business, results of operations and financial condition.

The effects of climate change continue to create an alarming level of concern for the state of the global environment. As a result, the global business community has increased its political and social awareness surrounding the issue, and the United States has entered into international agreements in an attempt to

reduce global temperatures, such as reentering the Paris Agreement. Further, the U.S. Congress, state legislatures and federal and state regulatory agencies continue to propose numerous initiatives to supplement the global effort to combat climate change. If new legislation or regulation is enacted, we could incur increased costs and capital expenditures to comply, which may impact our financial condition and operating performance.

In addition, the U.S. Federal Reserve recently identified climate change as a systemic risk to the economy. It also reported that a gradual change in investor sentiment regarding climate risk introduces the possibility of abrupt tipping points or significant swings in sentiment, which could create unpredictable follow-on effects in financial markets, and we may be negatively impacted by a general economic decline.

Moreover, if our insurance carriers fail or withdraw from offering certain lines of coverage because of large payouts related to climate change, overall risk-taking capital capacity could be negatively affected, which could reduce our ability to place certain lines of coverage and, as a result, reduce our revenues and profitability.

Furthermore, climate change may pose physical risks to our business, since it may exacerbate the frequency and intensity of unfavorable weather conditions, such as fires, hurricanes, tornadoes, drought, water shortages, rainfall or unseasonably warm weather. Overall, climate change, its effects and the resulting, unknown impact could have a material adverse effect on our financial condition and results of operations.

Our business is subject to risks related to legal proceedings and governmental inquiries.

We are subject to litigation, regulatory investigations and claims arising in the normal course of our business operations. The risks associated with these matters often may be difficult to assess or quantify and the existence and magnitude of potential claims often remain unknown for substantial periods of time. While we have insurance coverage for some of these potential claims, others may not be covered by insurance, insurance carriers may dispute coverage or any ultimate liabilities may exceed our coverage.

We may be subject to actions and claims relating to the sale of insurance, including the suitability of such products and services. Actions and claims may result in the rescission of such sales; consequently, insurance carriers may seek to recoup commissions paid to us, which may lead to legal action against us. The outcome of such actions cannot be predicted and such claims or actions could have a material adverse effect on our business, financial condition and results of operations.

We are subject to laws and regulations, as well as regulatory investigations. The insurance industry has been subject to a significant level of scrutiny by various regulatory bodies, including state attorneys general and insurance departments, concerning certain practices within the insurance industry. From time to time, we receive informational requests from governmental authorities. We have cooperated and will continue to cooperate fully with all governmental agencies.

There have been a number of revisions to existing, or proposals to modify or enact new, laws and regulations regarding insurance agents and brokers. These actions have imposed or could impose additional obligations on us with respect to our products sold. Some insurance carriers have agreed with regulatory authorities to end the payment of contingent commissions on insurance products, which could impact our commissions that are based on the volume, consistency and profitability of business generated by us.

We cannot predict the impact that any new laws, rules or regulations may have on our business and financial results. Given the current regulatory environment and the number of Branches operating in local markets throughout the country, it is possible that we will become subject to further governmental inquiries and subpoenas and have lawsuits filed against us. Regulators may raise issues during investigations, examinations or audits that could, if determined adversely, have a material impact on us. The interpretations of regulations by regulators may change and statutes may be enacted with retroactive impact. We could also be materially adversely affected by any new industry-wide regulations or practices that may result from these proceedings.

Our involvement in any investigations and lawsuits would cause us to incur additional legal and other costs and, if we were found to have violated any laws, we could be required to pay fines, damages and other

costs, perhaps in material amounts. Regardless of final costs, these matters could have a material adverse effect on us by exposing us to negative publicity, reputational damage, harm to Client relationships, or diversion of personnel and management resources.

Our business, financial condition and results of operations may be negatively affected by E&O claims.

We have significant insurance agency and brokerage operations, and are subject to claims and litigation in the ordinary course of business resulting from alleged and actual errors and omissions in placing insurance and rendering coverage advice. These activities, if any, could involve substantial amounts of money. Since E&O claims against us may allege our liability for all or part of the amounts in question, claimants may seek large damage awards. These claims can involve significant defense costs. Errors and omissions could include failure, whether negligently or intentionally, to place coverage on behalf of Clients, to provide insurance carriers with complete and accurate information relating to the risks being insured, or to appropriately apply funds that we hold in trust. It is not always possible to prevent or detect errors and omissions, and the precautions we take may not be effective in all cases. Given the unpredictability of E&O claims and of litigation that could flow from them, it is possible that an adverse outcome in a particular matter could have a material adverse effect on our results of operations, financial condition or cash flow in a given quarterly or annual period.

We have E&O insurance coverage to protect against the risk of liability resulting from our alleged and actual errors and omissions. If we exhaust or materially deplete our coverage under our E&O policy, it would have a significant adverse financial impact. Prices for this insurance and the scope and limits of the coverage terms available are dependent on our claims history as well as market conditions that are outside of our control. While we endeavor to purchase coverage that is appropriate to our assessment of our risk, we are unable to predict with certainty the frequency, nature or magnitude of claims for direct or consequential damages or whether our E&O insurance will cover such claims.

Competition in our industry is intense and, if we are unable to compete effectively, we may lose Clients and our financial results may be negatively affected.

The business of providing insurance products and services is highly competitive and we expect competition to intensify. To the extent that the financial services industry experiences further consolidation, we may experience increased competition from insurance carriers and the financial services industry, as a growing number of larger financial institutions increasingly, and aggressively, offer a wider variety of financial services, including insurance intermediary services. We compete for Clients on the basis of reputation, Client service, program and product offerings and our ability to tailor products and services to meet the specific needs of a Client.

We actively compete with numerous integrated financial services organizations and technology companies as well as insurance carriers and brokers, producer groups, individual insurance agents, investment management firms, independent financial planners and broker-dealers. Competition may reduce the fees that we can obtain for services provided, which would have an adverse effect on revenue and margins. Many of our competitors have greater financial and marketing resources than we do and may be able to offer products and services that we do not currently offer and may not offer in the future.

In addition, in recent years, private equity sponsors have invested tens of billions of dollars into the insurance sector, transforming existing players and creating new ones to compete with large brokers. These new competitors, alliances among competitors or mergers of competitors could emerge and gain significant market share, and some of our competitors may have or may develop a lower cost structure, adopt more aggressive pricing policies or provide services that gain greater market acceptance than the services that we offer or develop. Competitors may be able to respond to the need for technological changes and innovate faster, or price their services more aggressively. They may also compete for skilled professionals, finance acquisitions, fund internal growth and compete for market share more effectively than we do. To respond to increased competition and pricing pressure, we may have to lower the cost of our services or decrease the level of service provided to Clients, which could have an adverse effect on our business, financial condition

and results of operations. In addition, a number of insurance carriers are engaged in the direct sale of insurance, primarily to individuals, and do not pay commissions to brokers or other market intermediaries. Furthermore, we compete with various other companies that provide risk-related services or alternatives to traditional insurance services, including insurtech start-up companies, which are focused on using technology and innovation, including artificial intelligence, digital platforms, data analytics, robotics and blockchain, to simplify and improve the Client experience, increase efficiencies, alter business models and effect other potentially disruptive changes in the industries in which we operate.

Underwriting management and binding authority are dependent upon contracts between us and the insurance carriers. Those contracts can be terminated by the insurance carrier with little advance notice. Moreover, upon expiration of the contract term, insurance carriers may choose to let those agreements lapse or request changes in the terms of the program, including the scope of our underwriting authority or the amount of commissions we receive, which could reduce our revenues from the program.

Poor risk selection, failure to maintain robust pricing models and failure to monitor claims activity could adversely affect our ability to renew contracts or to develop new products with new or existing insurance carriers. The termination of the services of our specialties, or a change in the terms of any of these programs, could harm our business and operating results, including the opportunity to receive contingent commissions.

Some of our competitors may be able to sustain the costs of litigation more effectively than we can because they have substantially greater resources. In the event any of such competitors initiate litigation against us, such litigation, even if without merit, could be time-consuming and costly to defend and may divert management's attention and resources away from our business and adversely affect our business, financial condition and results of operations.

Similarly, any increase in competition due to new legislative or industry developments could adversely affect us. These developments may include:

- Increased capital raising by insurance carriers, which could result in new capital in the industry, which in turn may lead to more competition and lower insurance premiums and commissions;
- Increased sales of insurance by insurance carriers directly to Clients without the involvement of a broker or other intermediary;
- Termination of the services of our specialties, or a change in the terms of any of these programs, including the opportunity to receive contingent commissions;
- Changes in our business compensation model as a result of regulatory or competitive developments;
- Federal and state governments establishing programs to provide property insurance in catastrophe-prone areas or other alternative market types of coverage that compete with, or completely replace, insurance products offered by insurance carriers;
- Climate change regulation in the United States and around the world moving us toward a low-carbon economy, which could create new competitive pressures around innovative insurance solutions; and
- Increased competition from new market participants such as banks, accounting firms, consulting firms and Internet or other technology firms offering risk management or insurance brokerage services, or new distribution channels for insurance such as payroll firms.

New competition as a result of these or other competitive or industry developments could cause the demand for our products and services to decrease, which could in turn adversely affect our business, financial condition and results of operations.

We may lose Clients or business in our TWFG MGA offering as a result of consolidation within the retail insurance brokerage industry.

We derive a substantial portion of our TWFG MGA business from our relationships with retail insurance brokerage firms. There has been considerable consolidation in the retail insurance brokerage industry, driven primarily by the acquisition of small and mid-size retail insurance brokerage firms by larger brokerage firms, financial institutions or other organizations. We expect this trend to continue. As a result, we may lose all or a substantial portion of the business we obtain from retail insurance brokerage firms that are acquired by other firms who have their own wholesale insurance brokerage operations or established relationships with other wholesale insurance brokerage firms. To date, our business has not been materially affected by consolidation among retail insurance brokers. However, we cannot be assured that we will not be affected by industry consolidation that occurs in the future, particularly if any of our significant retail insurance brokerage Clients are acquired by retail insurance brokers with their own wholesale insurance brokerage operations or preferred relationships with wholesalers other than TWFG.

Our failure to raise additional capital or generate cash flows necessary to expand our operations and invest in new technologies in the future could reduce our ability to compete successfully and harm our competitive position and results of operations.

We may need to raise additional funds, and we may not be able to obtain additional debt or equity financing on favorable terms or at all. If we raise additional equity financing, our security holders may experience significant dilution of their ownership interests. If we raise additional debt financing, we may be required to accept terms that restrict our ability to incur additional indebtedness, force us to maintain specified liquidity or other ratios or restrict our ability to pay dividends or make acquisitions. If we need additional capital and cannot raise it on acceptable terms, or at all, we may not be able to, among other things:

- develop and enhance our product offerings;
- continue to expand our organization;
- hire, train and retain employees;
- respond to competitive pressures or unanticipated working capital requirements; or
- pursue acquisition opportunities.

An impairment of intangible assets could have a material adverse effect on our financial condition and results of operations.

As of March 31, 2024 and December 31, 2023, intangible assets represented 55.1% and 31.6%, respectively, of our total assets. Intangible assets are stated at cost, less accumulated amortization, and are amortized on the straight-line method over their respective estimated useful lives. We also evaluate our intangible assets for impairment whenever events or changes in circumstances indicate that the carrying value may no longer be recoverable. If we determine that intangible assets are impaired, we would be required to write down the value of these assets.

We may in the future be required to take additional intangible asset impairment charges. Any such non-cash charges could have a material adverse effect on our financial condition and results of operations.

Regulations affecting insurance carriers with which we place business affect how we conduct our operations.

Insurance carriers are also regulated by state insurance departments and are subject to reserve and other requirements. We cannot guarantee that all insurance carriers with which we do business comply with regulations instituted by state insurance departments. We may need to expend resources to address questions or concerns regarding our relationships with these insurance carriers, diverting resources away from operating our business and adversely affecting our business, financial condition and results of operations.

Because our business is highly concentrated in Texas, California and Louisiana, adverse economic conditions, natural disasters, or regulatory changes in these states could adversely affect our financial condition.

A significant portion of our business is concentrated in Texas, California and Louisiana, representing 54.7%, 16.2% and 12.4%, respectively, of our Total Written Premiums in 2023. The insurance business is primarily a state-regulated industry, and therefore, state legislatures may enact laws that adversely affect the insurance industry. Because our business is concentrated in the states identified above, we face greater exposure to unfavorable changes in regulatory conditions in those states than insurance intermediaries whose operations are more diversified through a greater number of states. In addition, the occurrence of adverse economic conditions, natural or other disasters, or other circumstances specific to or otherwise significantly impacting these states could adversely affect our financial condition, results of operations and cash flows. We are susceptible to losses and interruptions caused by hurricanes (particularly in Texas, where our headquarters and several offices are located), earthquakes, power shortages, telecommunications failures, water shortages, floods, fire, extreme weather conditions, geopolitical events such as terrorist acts and other natural or man-made disasters. Our insurance coverage with respect to natural disasters is limited and is subject to deductibles and coverage limits. Such coverage may not be adequate, or may not continue to be available at commercially reasonable rates and terms.

Non-compliance with or changes in laws, regulations or licensing requirements applicable to us could restrict our ability to conduct our business.

The industry in which we operate is subject to extensive regulation. We are subject to regulation and supervision both federally and in each applicable local jurisdiction. In general, these regulations are designed to protect Clients, insurance carriers and other parties and to protect the integrity of the financial markets, rather than to protect stockholders or creditors. Our ability to conduct business in these jurisdictions depends on our compliance with the rules and regulations promulgated by federal regulatory bodies and other regulatory authorities. Failure to comply with regulatory requirements, or changes in regulatory requirements or interpretations, could result in actions by regulators, potentially leading to fines and penalties, adverse publicity and damage to our reputation in the marketplace. There can be no assurance that we will be able to adapt effectively to any changes in law. In extreme cases, revocation of our or a subsidiary's authority to do business in one or more jurisdictions could result from failure to comply with regulatory requirements. In addition, we could face lawsuits by Clients, insurance carriers and other parties for alleged violations of certain of these laws and regulations. It is difficult to predict whether changes resulting from new laws and regulations, as well as changes in interpretation of current laws and regulations, will affect the industry or our business and, if so, to what degree.

TWFG Agencies and employees who engage in the solicitation, negotiation or sale of insurance, or provide certain other insurance services, generally are required to be licensed individually. Insurance laws and regulations govern whether licensees may share commissions with unlicensed entities and individuals. We believe that any payments we make to third parties are in compliance with applicable laws. However, should any regulatory agency take a contrary position and prevail, we will be required to change the manner in which we pay fees to such employees or principals or require entities receiving such payments to become registered or licensed.

State insurance laws grant supervisory agencies, including state insurance departments, broad administrative authority. State insurance regulators and the National Association of Insurance Commissioners continually review existing laws and regulations, some of which affect our business. These supervisory agencies regulate many aspects of the insurance business, including the licensing of insurance brokers and agents and other insurance intermediaries, the handling of third-party funds held in trust, and trade practices, such as marketing, advertising and compensation arrangements entered into by insurance brokers and agents. This legal and regulatory oversight could reduce our profitability or limit our growth by increasing the costs of legal and regulatory compliance, and by limiting or restricting the products or services we sell, the markets we serve or enter, the methods by which we sell our products and services, and the form of compensation we can accept from our Clients, insurance carriers and third parties. Moreover, in response to perceived

excessive cost or inadequacy of available insurance, states have from time to time created state insurance funds and assigned risk pools, which compete directly, on a subsidized basis, with private insurance providers.

In the United States, the California Consumer Privacy Act (the "CCPA") came into effect in January 2020 and introduced several new concepts to local privacy requirements, including increased transparency and rights such as access and deletion and an ability to opt out of the "sale" of personal information. Following the passage of the CCPA, multiple other U.S. states have introduced similar bills, some more comprehensive than the CCPA. This, along with a growing number of other U.S. states that are proposing new privacy laws, has created the need for multi-state compliance. We continue to monitor and adapt to this evolving privacy landscape. Additionally, also in California, one of the laws effective in 2023, the California Privacy Rights Act (the "CPRA") has imposed additional data protection obligations on companies doing business in California, including additional consumer rights processes, limitations on data uses, new audit requirements for higher risk data, and opt outs for certain uses of sensitive data. The CPRA also created a new California data protection agency authorized to issue substantive regulations and could result in increased privacy and information security enforcement. New regulations under the CPRA are expected to impose more specific requirements under the law.

At the federal level, we are subject to, among other laws, rules and regulations, the Gramm-Leach-Bliley Act ("GLBA"), which requires financial institutions, including insurance carriers, to, among other things, periodically disclose their privacy policies and practices relating to sharing personal information and, in some cases, enables retail clients to opt out of the sharing of certain personal information with unaffiliated third parties. The GLBA also requires financial institutions to implement an information security program that includes administrative, technical and physical safeguards to ensure the security and confidentiality of client records and information. We are also subject to the rules and regulations promulgated under the authority of the Federal Trade Commission ("FTC"), which regulates unfair or deceptive acts or practices, including with respect to data privacy and cybersecurity. Moreover, the U.S. Congress has recently considered, and is currently considering, various proposals for more comprehensive data privacy and cybersecurity legislation, to which we may be subject if passed.

There is also continued legislative interest in passing a federal privacy law. In addition to data protection laws, countries and states in the United States are enacting cybersecurity laws and regulations. For example, the New York State Department of Financial Services issued in 2017 cybersecurity regulations which imposed an array of detailed security measures on covered entities. Amendments have been proposed to these regulations that are expected to impose additional data security requirements on entities licensed to do business in New York, including the requirement to use an independent third party for audits and risk assessments. A number of states have also adopted laws covering data collected by insurance licensees that include security and breach notification requirements. All of these evolving compliance and operational requirements impose significant costs that are likely to increase over time, may divert resources from other initiatives and projects and could restrict the way services involving data are offered, all of which may adversely affect our results of operations.

Our acquisitions of new businesses and our continued operational changes and entry into new jurisdictions and new service offerings increase our legal and regulatory compliance complexity, as well as the type of governmental oversight to which we may be subject.

Our continuing ability to provide insurance brokerage and underwriting services in the jurisdictions in which we operate depends on our compliance with the rules and regulations promulgated from time to time by the regulatory authorities in each of these jurisdictions. Also, we can be affected indirectly by the governmental regulation and supervision of insurance carriers. For instance, if we are providing our managing general underwriting services for an insurance carrier, we may have to contend with regulations affecting our Clients.

Federal, state and other regulatory authorities have focused on, and continue to devote substantial attention to, the insurance industry as well as to the sale of products or services to seniors. Regulatory review or the issuance of interpretations of existing laws and regulations may result in the enactment of new laws and regulations that could adversely affect our operations or our ability to conduct business profitably. We are

unable to predict whether any such laws or regulations will be enacted and to what extent such laws and regulations would affect our business.

Changes in tax laws or regulations that are applied adversely to us or our Clients may have a material adverse effect on our business, cash flow, financial condition or results of operations.

We are subject to taxation at the federal, state and local levels in the United States and the Philippines. Our future effective tax rate and cash flows could be affected by changes in the composition of earnings in jurisdictions with differing tax rates, changes in statutory rates and other legislative changes, changes in the valuation of our deferred tax assets and liabilities, changes in determinations regarding the jurisdictions in which we are subject to tax, and our ability to repatriate earnings from foreign jurisdictions. From time to time, U.S. federal, state and local and foreign governments make substantive changes to tax rules and their application, which could result in materially higher corporate taxes than would be incurred under existing tax law and could adversely affect our financial condition or results of operations. We are subject to ongoing and periodic tax audits and disputes in U.S. federal and various state, local and foreign jurisdictions. An unfavorable outcome from any tax audit could result in higher tax costs, penalties and interest, thereby adversely affecting our financial condition or results of operations. In addition, changes in tax laws in the United States could materially affect the amount of payments that we are obligated to make under the tax receivable agreement.

In addition, we are directly and indirectly affected by new tax legislation and regulation and the interpretation of tax laws and regulations worldwide. Changes in such legislation, regulation or interpretation could increase our taxes and have an adverse effect on our operating results and financial condition. For example, the Organization for Economic Co-operation and Development and numerous jurisdictions have had an increased focus on issues concerning the taxation of multinational businesses and several related reforms have been put forth (including the implementation of a global minimum tax rate of at least 15% for large multinational businesses). These rules, should they be implemented via domestic legislation of countries or via international treaties, could have a material impact on our effective tax rate or result in higher cash tax liabilities. There can be no assurance that our tax payments, tax credits, or incentives will not be adversely affected by these or other initiatives.

Proposed tort reform legislation, if enacted, could decrease demand for casualty insurance, thereby reducing our commission revenues.

Legislation concerning tort reform has been considered, from time to time, in the U.S. Congress and in several state legislatures. Among the provisions considered in such legislation have been limitations on damage awards, including punitive damages, and various restrictions applicable to class action lawsuits. Enactment of these or similar provisions by Congress, or by states in which we sell insurance, could reduce the demand for casualty insurance policies or lead to a decrease in policy limits of such policies sold, thereby reducing our commission revenues.

Our handling of Client funds and surplus lines taxes exposes us to complex fiduciary regulations.

In certain cases, within our Insurance Services offering, we collect premiums from Clients of all of our agencies and, after deducting our commissions and fees, remit the premiums to insurance carriers. We also collect surplus line taxes for remittance to state taxing authorities. Additionally, within TWFG MGA, we have agreements with certain insurance carriers whereby we remit claim payments or premium refunds to the Clients on behalf of the insurance carriers. Consequently, at any given time, we may hold funds of our Clients, insurance carriers and taxes, and we are subject to various laws and regulations governing the holding, management, and investing of these Client and tax funds. Any loss, theft or misappropriation of these funds, caused by employee or third-party fraud, execution of unauthorized transactions, errors relating to transaction processing, or other events could subject us, in addition to claims brought forth by Clients, insurance carriers and insurance intermediaries, to fines, penalties and reputational risk as a result of fiduciary breach and adversely affect our results of operations.

While we are in possession of Client and insurance carrier premiums and surplus line taxes, we may invest those funds in interest-bearing demand deposit accounts with banks. If the bank with which they are held experiences any illiquidity or insolvency event, we may not be able to access Client funds timely, if at all, which could significantly affect our results of operations and financial condition and expose us to additional legal and regulatory fines or sanctions. See also “—We could incur substantial losses from our cash and investment accounts if one of the financial institutions that we use fails or is taken over by the U.S. Federal Deposit Insurance Corporation (“FDIC”).”

Regulatory oversight generally also includes licensing of insurance brokers and agents, MGA or general underwriting operations, and the regulation of the handling and investment of Client, insurance carrier and tax funds held in trust.

Our results may be adversely affected by changes in the mode of compensation in the insurance industry.

In the past, state regulators have scrutinized the manner in which insurance brokers are compensated. For example, in October 2004, the Attorney General of the State of New York brought charges against members of the insurance brokerage community. Given that the insurance brokerage industry has faced scrutiny from regulators in the past over its compensation practices, and the transparency and disclosure to Clients regarding brokers' compensation, it is possible that regulators may choose to revisit the same or other practices in the future. If they do so, compliance with new regulations along with any sanctions that might be imposed for past practices deemed improper could have an adverse impact on our future results of operations and inflict significant reputational harm on our business.

If we are unable to apply technology effectively in driving value for our Clients through technology-based solutions or gain internal efficiencies and effective internal controls through the application of technology and related tools, our operating results, Client relationships, growth and compliance programs could be adversely affected.

Our future success depends, in part, on our ability to anticipate and respond effectively to the threat of digital disruption and other technology change. These may include new applications or insurance-related services based on artificial intelligence, machine learning, robotics, blockchain or new approaches to data mining. We may be exposed to competitive risks related to the adoption and application of new technologies by established market participants (for example, through disintermediation) or new entrants such as technology companies, insurtech start-up companies and others. We must also develop and implement technology solutions and technical expertise among our employees that anticipate and keep pace with rapid and continuing changes in technology, industry standards, Client preferences and internal control standards. We may not be successful in anticipating or responding to these developments on a timely and cost-effective basis, and our ideas may not be accepted in the marketplace. Additionally, the effort to gain technological expertise and develop new technologies in our business requires us to incur significant expenses. If we cannot offer new technologies as quickly as our competitors, or if our competitors develop more cost-effective technologies or product offerings, we could experience a material adverse effect on our operating results, Client relationships, growth and compliance programs.

In some cases, we depend on key vendors and other third parties to provide technology and other support for our strategic initiatives. If these third parties fail to perform their obligations or cease to work with us, our ability to execute on our strategic initiatives could be adversely affected.

Our business performance and growth plans could be negatively affected if we are not able to gain internal efficiencies through the application of technology or effectively apply technology in driving value for our Clients through innovation and technology-based solutions. Conversely, investments in internal systems or innovative product offerings may fail to yield sufficient return to cover their investments and the attention of the management team could be diverted.

Our success depends, in part, on our ability to develop and implement technology-based solutions that anticipate or keep pace with rapid and continuing changes in technology, industry standards, and Client

preferences. We may not be successful in anticipating or responding to these developments on a timely and cost-effective basis. The effort to gain technological expertise, develop new technologies in our business, keep pace with technologies, and achieve internal efficiencies through technology require us to incur significant expenses and attract talent with the necessary skills. There is no assurance that our technological investments in internal systems and digital distribution platforms will achieve the intended efficiencies, and such unrealized savings or benefits could affect our results of operations. There is no assurance that our technological investments will properly facilitate our operational needs, and any failure of technology and automated systems to function or perform as expected could harm our operations, business and financial condition.

Additionally, if we cannot offer new technologies as quickly as our competitors, if our competitors develop more cost-effective technologies, or if our ideas are not accepted in the marketplace, it could have a material adverse effect on our ability to obtain and complete Client engagements.

We are continually developing and investing in innovative and novel service offerings that we believe will address needs that we identify in the markets. Nevertheless, for those efforts to produce meaningful value, we are reliant on a number of other factors, some of which are outside of our control. For example, starting each de novo MGA or insurance program takes a certain amount of investment before we are able to secure insurance carriers to support the underwriting, which is a precursor to entering the marketplace. Even after securing insurance carriers, we may not be able to compete effectively with other products in the marketplace on pricing, terms and conditions in order to be successful. The development and implementation of these offerings also may divert the attention of our management team.

We rely on the availability and performance of information technology services provided by third parties.

While we maintain some of our critical information technology systems, we are also dependent on third-party service providers to provide important information technology services relating to, among other things, agency management services, sales and service support, electronic communications and certain finance functions. If the service providers to which we outsource these functions do not perform effectively, we may not be able to achieve the expected cost savings and may have to incur additional costs to correct errors made by such service providers. Depending on the function involved, such errors may also lead to business disruption, processing inefficiencies, the loss of or damage to intellectual property through security breach, the loss of confidential proprietary or personal data (including sensitive personal data) through a security breach, or otherwise. While we or any of our third-party service providers have not experienced any material disruption, failure or breach impacting our or their information technology systems, any such disruption, failure or breach could adversely affect our business, financial condition and results of operations.

We rely on data from our Clients, third parties and insurance carriers for pricing and underwriting our insurance policies, the unavailability or inaccuracy of which could limit the functionality of our products and disrupt our business.

We use data, technology and intellectual property licensed from unaffiliated third parties in certain of our products, including insurance industry proprietary information that we license from third parties, and we may license additional third-party technology and intellectual property in the future. Any errors or defects in this third-party technology and intellectual property could result in errors that could harm our brand and business. In addition, licensed technology and intellectual property may not continue to be available on commercially reasonable terms, or at all. Also, should any third party refuse to license its proprietary information to us on the same terms that it offers to our competitors, we could be placed at a significant competitive disadvantage.

Further, although we believe that there are currently adequate replacements for the third-party technology and intellectual property we presently use, the loss of our right to use any of this technology and intellectual property could result in delays in producing or delivering affected products until equivalent technology or intellectual property is identified, licensed or otherwise procured, and integrated. Our business would be disrupted if any technology and intellectual property we license from others or functional equivalents of this

software were either no longer available to us or no longer offered to us on commercially reasonable terms. In either case, we would be required either to attempt to redesign our products to function with technology and intellectual property available from other parties or to develop these components ourselves, which would result in increased costs and could result in delays in product sales and the release of new product offerings. Alternatively, we might be forced to limit the features available in affected products. Any of these results could harm our business, results of operations and financial condition.

We have debt outstanding, and the ability to borrow significantly greater amounts under our Revolving Credit Agreement (as defined below), which could adversely affect our financial flexibility, and our Credit Agreements (as defined below) subject us to restrictions and limitations that could significantly impact our ability to operate our business.

As of the date of this prospectus, we had total debt outstanding under our Credit Agreements of approximately \$, consisting of \$ outstanding under our Revolving Credit Agreement and \$ outstanding under our Term Loan Credit Agreement, which total debt is secured by substantially all of our assets including rights to future commissions. For the three months ended March 31, 2024 and the year ended December 31, 2023, we had debt servicing costs of \$0.8 million and \$1.0 million, respectively, all of which were attributable to interest and fees. In addition, under our Revolving Credit Agreement, we have the ability to borrow from time to time up to a principal amount of \$50,000,000. The level of debt we have outstanding during any period could adversely affect our financial flexibility. We also bear risk at the time the debt matures. Our ability to make interest and principal payments, to refinance our debt obligations and to fund our planned capital expenditures will depend on our ability to generate cash from operations. Our ability to generate cash from operations is, to a certain extent, subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control, such as an environment of rising interest rates. The need to service our indebtedness will also reduce our ability to use cash for other purposes, including working capital, dividends to stockholders, acquisitions, capital expenditures, share repurchases, and general corporate purposes. Any failure to make payments of interest on or principal of our outstanding indebtedness on a timely basis would likely result in a reduction of our credit worthiness, which would also harm our ability to incur additional indebtedness. If we cannot service our indebtedness, we may have to take actions such as selling assets, seeking additional equity or reducing or delaying capital expenditures, strategic acquisitions, and investments, any of which could impede the implementation of our business strategy or prevent us from entering into transactions that would otherwise benefit our business. Additionally, we may not be able to effect such actions, if necessary, on favorable terms, or at all. We may not be able to refinance any of our indebtedness on favorable terms, or at all, which may not permit us to meet our scheduled debt service obligations. Any refinancing of our indebtedness could be at higher interest rates and may require us to comply with more onerous covenants. In the absence of such cash flows and resources, we could face substantial liquidity problems and might be required to sell material assets or operations to attempt to meet our debt service obligations. If we cannot meet our debt service obligations, the holders of our indebtedness may accelerate such indebtedness and, to the extent such indebtedness is secured, foreclose on our assets. In such an event, we may not have sufficient assets to repay all of our indebtedness.

The Credit Agreements governing our debt contain covenants that, among other things and subject to certain exceptions, restrict our ability to make restricted payments, incur additional debt, engage in asset sales, mergers, acquisitions or similar transactions, create liens on assets, engage in certain transactions with affiliates, change our business or make investments. In addition, the Credit Agreements contain financial covenants that require us, subject to certain exceptions, to maintain a Consolidated Debt Service Coverage Ratio (as defined in the Revolving Credit Agreement) of at least 1.50 to 1.00 and a Consolidated Leverage Ratio (as defined in the Revolving Credit Agreement) of not more than 2.00 to 1.00, in each case, calculated as of the end of each fiscal quarter for the four fiscal quarters then ended, and as of March 31, 2024 and December 31, 2023, we are in compliance with each such covenant. The restrictions in the Credit Agreements governing our debt may prevent us from taking actions that we believe would be in the best interest of our business and our stockholders and may make it difficult for us to execute our business strategy successfully or effectively compete with companies that are not similarly restricted. We may also incur future debt obligations that might subject us to additional or more restrictive covenants that could affect our financial and operational flexibility, including our ability to pay dividends. We cannot make any assurances

that we will be able to refinance our debt or obtain additional financing on terms acceptable to us, or at all. A failure to comply with the restrictions under the Credit Agreements could result in a default or could require us to obtain waivers from our lenders for failure to comply with these restrictions. The occurrence of a default that remains uncured or the inability to secure a necessary consent or waiver could cause our obligations with respect to our debt to be accelerated and have a material adverse effect on our business, financial condition and results of operations.

Changes to TWFG Holding Company, LLC's ownership, that of the guarantors under the Credit Agreements or our ownership could trigger a change of control default under our Credit Agreements.

Following this offering, a change of control default under our Credit Agreements will be triggered if: (i) any person or group (other than Richard F. ("Gordy") Bunch III and his affiliates) acquires beneficial ownership (within the meaning of Rule 13d-3 and 13d-5 under the Exchange Act) of more than 35% of our then outstanding voting stock, (ii) we cease to be the managing member of TWFG Holding Company, LLC, (iii) any person other than us or the Pre-IPO LLC Members owns more than 35% of the membership interests of TWFG Holding Company, LLC or (iv) TWFG Holding Company, LLC shall cease to own, free and clear of all liens or other encumbrances (other than Permitted Liens as defined in our Credit Agreements), 100% of the outstanding voting equity interests of each guarantor (other than us) on a fully diluted basis, except as a result of a merger, consolidation or disposition permitted under the Credit Agreement. Such a default could result in the acceleration of repayment of our and our subsidiaries' indebtedness, including borrowings under our Term Loan Credit Agreement (as defined below) and any amounts then outstanding under the Revolving Credit Agreement if not waived by the lenders under our Credit Agreements. Any acceleration of repayment of our and our subsidiaries' indebtedness may negatively affect our financial condition and operating results. In addition, we may not have sufficient funds to finance repayment of any of such indebtedness upon any such change of control.

Any acceleration of repayment of our and our subsidiaries' indebtedness may negatively affect our financial condition and operating results. In addition, we may not have sufficient funds to finance repayment of any of such indebtedness upon any such change of control.

We may require additional debt financing in the future, which may not be available or may be available only on unfavorable terms.

We may need to raise additional funds through debt financings or access funds through existing or new credit facilities. Any debt financing or refinancing, if available at all, may be on terms that are not favorable to us. Our access to funds under our Credit Agreements are dependent on the ability of the banks that are parties to Credit Agreements to meet their funding commitments. If we cannot obtain adequate capital or sources of credit on favorable terms, or at all, our business, results of operations, and financial condition could be adversely affected.

Our business, and therefore our results of operations and financial condition, may be adversely affected by further changes in the U.S.-based credit markets.

Although we are not currently experiencing any limitation of access to our Credit Agreements and are not aware of any issues impacting the ability or willingness of our lenders under such Credit Agreements to honor their commitments to extend us credit, the failure of a lender could adversely affect our ability to borrow under those Credit Agreements, which over time could negatively impact our ability to consummate acquisitions or make other capital expenditures. Tightening conditions in the credit markets could adversely affect the availability and terms of future borrowings or renewals or refinancing.

Our credit ratings are subject to change.

Our credit ratings are an assessment by rating agencies of our ability to pay our debts when due. Consequently, real or anticipated changes in our credit ratings will generally affect the market value of our securities. Agency ratings are not a recommendation to buy, sell or hold any security, and may be revised or

withdrawn at any time by the issuing agency. Each agency's rating should be evaluated independently of any other agency's rating.

Changes in interest rates and deterioration of credit quality could reduce the value of our cash balances and adversely affect our financial condition or results.

Operating funds available for corporate use were \$22.6 million and \$39.3 million at March 31, 2024 and December 31, 2023, respectively, and are reported in cash and cash equivalents. Restricted cash held on behalf of Clients and insurance carriers was \$8.9 million and \$7.2 million at March 31, 2024 and December 31, 2023, respectively, are reported as restricted cash on the statement of financial position. We may experience reduced investment earnings on our cash and short-term investments of restricted and operating funds if the yields on investments deemed to be low risk remain at or near their current low levels or fall below their current levels, or if negative yields on deposits or investments are experienced. On the other hand, higher interest rates could result in a higher discount rate used by investors to value our future cash flows thereby resulting in a lower valuation of the Company. In addition, during times of stress in the banking industry, counterparty risk can quickly escalate, potentially resulting in substantial losses for us as a result of our cash or other investments with such counterparties, as well as substantial losses for our Clients and the insurance carriers with which we work.

Our premium finance referral business is exposed to some of the economic risks of premium finance companies, including a higher risk of delinquency or collection, and could expose us to losses.

We assist in the placement of premium finance solutions through IPFS Corporation ("IPFS"), an entity licensed to refer premium financing arrangements, for the payment of premiums due on insurance coverage. While we are licensed to originate loans, at present we exclusively distribute on behalf of third-party capital providers. Nonetheless, as a participant in the placement of premium financing, IPFS is dependent upon the success of the companies to which we make referrals. Insurance premium finance arrangements involve a different, and possibly higher, risk of delinquency or collection than our other operations because these loans are originated, and many times funded, through relationships with unaffiliated insurance retail brokers and agent. If our referrals default on premium finance arrangements at a rate which is found to be unacceptable, premium finance companies might in the future refuse to accept referrals from us.

We could incur substantial losses from our cash and investment accounts if one of the financial institutions that we use fails or is taken over by the U.S. Federal Deposit Insurance Corporation ("FDIC").

We maintain cash and investment balances, including funds held in trust, at a limited number of depository institutions in amounts that are significantly in excess of the limits insured by the FDIC. If one or more of the depository institutions with which we maintain significant cash balances were to fail or be taken over by the FDIC, our ability to access these funds might be temporarily or permanently limited, and we could face material liquidity problems and potential material financial loss.

If any of our MGA programs are terminated or changed, our business and operating results could be harmed.

In our underwriting management specialty, we act as an MGA for insurance carriers that have given us authority to underwrite and bind coverage on their behalf. Our underwriting management specialty generated 18% and 20% of our consolidated total revenue for 2023 and 2022, respectively. Our MGA programs are governed by contracts between us and the participating insurance carriers. These contracts establish, among other things, the underwriting and pricing guidelines for the program, the scope of our authority and our commission rates for policies that we underwrite under the program. These contracts typically can be terminated by the insurance carrier with very little advance notice. Moreover, upon expiration of the contract term, insurance carriers may request changes in the terms of the program, including the amount of commissions we receive, which could reduce our revenues from the program. The termination of any of our MGA programs, or a change in the terms of any of these programs, could harm our business and

operating results. We cannot be assured that lost insurance capacity can be replaced or that other MGA programs will not be terminated or modified in the future. Moreover, we cannot be assured that we will be able to replace any of our MGA programs that are terminated with a similar program with other insurance carriers.

If our underwriting models contain errors or are otherwise ineffective, our reputation and relationships with insurance carriers, retail brokers and agents could be harmed.

Our ability to attract insurance carriers, retail brokers and agents to our TWFG MGA programs and binding authority operations is significantly dependent on our ability to effectively evaluate risks in accordance with insurance carrier underwriting policies. Our business depends in part on the accuracy and success of our underwriting model and the skill of our underwriters. To conduct this evaluation, we use proprietary underwriting models and third-party tools. If any of the models or tools that we use contain programming or other errors or are ineffective, if the data provided by Clients or third parties is incorrect or stale, or if we are unable to obtain accurate data from Clients or third parties, our pricing and approval process could be negatively affected, resulting in potential violations of underwriting authority and loss of business. This could damage our reputation and relationships with insurance carriers, retail brokers and agents, which could harm our business, financial condition and results of operations.

If we are unable to collect our receivables, our results of operations and cash flows could be adversely affected.

Our business depends on our ability to obtain payment from insurance carriers of the amounts they owe us for the work we perform. As of March 31, 2024 and December 31, 2023, our receivables for our commissions and fees were approximately \$19.7 million and \$19.1 million, respectively, or approximately 11.4% and 11.0%, respectively, of our total annual revenues in 2023.

Macroeconomic or political conditions could result in financial difficulties for insurance carriers, which could cause insurance carriers to delay payments to us, request modifications to their payment arrangements that could increase our receivables balance or default on their payment obligations to us.

Conditions impacting insurance carriers or other parties that we do business with may impact us.

We have a significant amount of accounts receivable from insurance carriers with which we place insurance. If those insurance carriers were to experience liquidity problems or other financial difficulties, we could encounter delays or defaults in payments owed to us, which could have a significant adverse impact on our financial condition and results of operations. The potential for an insurance carrier to cease writing insurance we offer our Clients could negatively impact overall capacity in the industry, which in turn could have the effect of reduced placement of certain lines and types of insurance and reduced revenue and profitability for us. Questions about an insurance carrier's perceived stability or financial strength may contribute to such insurance carriers' strategic decisions to focus on certain lines of insurance to the detriment of others. The failure of an insurance carrier with which we place insurance could result in E&O claims against us by our Clients, and the failure of our insurance carriers could make the E&O insurance we rely upon cost prohibitive or unavailable, which could have a significant adverse impact on our financial condition and results of operations. In addition, if any of our insurance carriers merge or if one of our large insurance carriers fails or withdraws from offering certain lines of insurance, overall risk-taking capital capacity could be negatively affected, which could reduce our ability to place certain lines of insurance and, as a result, reduce our commissions and fees and profitability. Such failures or insurance withdrawals on the part of our insurance carriers could occur for any number of reasons, including large unexpected payouts related to climate change or other emerging risk areas.

Our business may be harmed if we lose our relationships with insurance carriers, fail to maintain good relationships with insurance carriers, become dependent upon a limited number of insurance carriers or fail to develop new insurance carrier relationships.

Our business typically enters into contractual agency relationships with insurance carriers that are sometimes unique to TWFG, but non-exclusive and terminable on short notice by either party for any reason. In many

cases, insurance carriers also have the ability to amend the terms of our agreements unilaterally on short notice. Insurance carriers may be unwilling to allow us to sell their existing or new insurance products or may amend our agreements with them, for a variety of reasons, including for competitive or regulatory reasons or because of a reluctance to distribute their products through our platform. Insurance carriers may decide to rely on their own internal distribution channels, choose to exclude us from their most profitable or popular products, or decide not to distribute insurance products in individual markets in certain geographies or altogether. The termination or amendment of our relationship with an insurance carrier could reduce the variety of insurance products we offer. We also could lose a source of, or be paid reduced commissions for, future sales and could reduce or lose renewal revenue for past sales. Our business could also be harmed if we fail to develop new insurance carrier relationships.

In the future, it may become necessary for us to offer insurance products from a reduced number of insurance carriers or to derive a greater portion of our revenues from a more concentrated number of insurance carriers as our business and the insurance industry evolve. Should our dependence on a smaller number of insurance carriers increase, whether as a result of the termination of insurance carrier relationships, insurance carrier consolidation or otherwise, we may become more vulnerable to adverse changes in our relationships with our insurance carriers, particularly in states where we offer insurance products from a relatively small number of insurance carriers or where a small number of insurance carriers dominate the market. The termination, amendment or consolidation of our relationship with our insurance carriers could harm our business, financial condition and results of operations.

In connection with the implementation of our corporate strategies, we face risks associated with the acquisition or disposition of businesses, the entry into new lines of business, the integration of acquired businesses and the growth and development of these businesses.

In pursuing our corporate strategy, we may acquire other businesses or dispose of or exit businesses we currently own. The success of this strategy is dependent upon our ability to identify appropriate acquisition and disposition targets, negotiate transactions on favorable terms, complete transactions and, in the case of acquisitions, successfully integrate them into our existing businesses. If a proposed transaction is not consummated, the time and resources spent in researching it could adversely result in missed opportunities to locate and acquire other businesses. If acquisitions are made, there can be no assurance that we will realize the anticipated benefits of such acquisitions, including, but not limited to, revenue growth, operational efficiencies or expected synergies. If we dispose of or otherwise exit certain businesses, there can be no assurance that we will not incur certain disposition related charges, or that we will be able to reduce overhead related to the divested assets.

From time to time, either through acquisitions or internal development, we may enter new lines of business or offer new products and services within existing lines of business. These new lines of business or new products and services may present additional risks, particularly in instances where the markets are not fully developed. Such risks include the investment of significant time and resources; the possibility that these efforts will not be successful; the possibility that marketplace does not accept our products or services, or that we are unable to retain Clients that adopt our new products or services; and the risk of additional liabilities associated with these efforts. In addition, many of the businesses that we acquire and develop will likely have significantly smaller scales of operations prior to the implementation of our growth strategy. If we are not able to manage the growing complexity of these businesses, including improving, refining or revising our systems and operational practices, and enlarging the scale and scope of the businesses, our business may be adversely affected. Other risks include developing knowledge of and experience in the new business, integrating the acquired business into our systems and culture, recruiting professionals and developing and capitalizing on new relationships with experienced market participants. External factors, such as compliance with new or revised regulations, competitive alternatives and shifting market preferences may also impact the successful implementation of a new line of business. Failure to manage these risks in the acquisition or development of new businesses could materially and adversely affect our business, financial condition and results of operations.

Our success depends, in part, on our ability to attract and retain qualified talent, including our senior management team.

We depend upon members of our senior management team, who possess extensive knowledge and a deep understanding of our business and strategy. We could be adversely affected if we fail to plan adequately for the succession of these leaders, including our Chief Executive Officer. Although we operate with a decentralized management system, the loss of our senior managers or other key personnel, or our inability to continue to identify, recruit and retain such personnel, could materially and adversely affect our business, financial condition and results of operation. The loss of our Chief Executive Officer may result in our insurance carriers terminating their contracts with us.

We could also be adversely affected if we fail to attract and retain talent and foster a diverse and inclusive workplace throughout our organization. Competition for talent is intense in many areas of our business. In addition, our industry has experienced competition for leading brokers and in the past we have lost key brokers and groups of brokers, along with their clients, business relationships and intellectual property directly to our competition. We enter into agreements with our Branches, which prohibit them from disclosing confidential information or soliciting our Clients, prospects and employees upon termination of the Branch agreement. Although we pursue legal actions for alleged breaches of non-compete or other restrictive covenants, theft of trade secrets, breaches of fiduciary duties, intellectual property infringement and related causes of action, such legal actions may not be effective in preventing such breaches, theft or infringement. In addition, the FTC recently proposed a rule that would prevent employers from entering into non-competes with employees and require employers to rescind existing non-competes. If this rule goes into effect, or if we fail to adequately address any of the issues referred to above, we could experience a material adverse effect on our business, operating results and financial condition.

If we cannot maintain the valuable aspects of our Company's culture as we grow, our business may be harmed.

We believe that our Company's culture, including our management philosophy, has been a critical component to our success and that our culture creates an environment that drives and perpetuates our overall business strategy. We have invested substantial time and resources in building our team and we expect to continue to hire aggressively as we expand. As we grow and mature, we may find it difficult to maintain the valuable aspects of our Company's culture.

Any failure to preserve our culture could harm our future success, including our ability to retain and recruit personnel, innovate and operate effectively and execute on our business strategy. If we are unsuccessful in recruiting, hiring, training, managing and integrating new employees, or retaining our existing employees, or if we fail to preserve the valuable aspects of our Company's culture, it could materially impair our ability to service and attract new Clients, all of which would materially and adversely affect our business, financial condition and results of operations.

Damage to our reputation could have a material adverse effect on our business.

Our reputation is one of our key assets. We advise our Clients on and provide services related to a wide range of subjects and our ability to attract and retain Clients is highly dependent upon the external perceptions of our level of service, trustworthiness, business practices, financial condition and other subjective qualities. If a Client is not satisfied with our services, it could cause us to incur additional costs and impair profitability or lose the Client relationship altogether, which may negatively impact other Clients' perception regarding us. Our success is also dependent on maintaining a good reputation with existing and potential employees, investors, regulators and the communities in which we operate. Negative perceptions or publicity regarding these or other matters, including our association with Clients, agents or business partners who themselves have a damaged reputation, or from actual or alleged conduct by us or our employees, could damage our reputation. Any resulting erosion of trust and confidence among existing and potential Clients, regulators and other parties important to the success of our business could make it difficult for us to attract new Clients and maintain existing ones, which could have a material adverse effect on our business, financial condition and results of operations.

We rely on third parties to perform key functions of our business operations enabling our provision of services to our Clients. These third parties may act in ways that could harm our business.

We rely on third parties, and in some cases subcontractors, to provide services, data and information such as technology, information security, funds transfers, data processing, support functions and administration that are critical to the operations of our business. These third parties include correspondents, agents and other brokerage and intermediaries, insurance markets, data providers, plan trustees, payroll service providers, benefits administrators, software and system vendors, health plan providers, and providers of human resources, among others. As we do not fully control the actions of these third parties, we are subject to the risk that their decisions, actions, or inactions may adversely impact us, and replacing these service providers could create significant delay and expense. A failure by third parties to comply with service-level agreements or regulatory or legal requirements in a high-quality and timely manner, particularly during periods of our peak demand for their services, could result in economic and reputational harm to us. In addition, we face risks as we transition from in-house functions to third-party support functions and providers that there may be disruptions in service or other unintended results that may adversely affect our business operations. These third parties face their own technology, operating, business and economic risks, and any significant failures by them, including the improper use or disclosure of confidential client, employee or company information, could cause harm to our business and reputation. If one or more of these third parties, whether negligently or intentionally, fails to provide the risk-bearing insurance, capital as agreed, mishandles or misappropriates funds, or otherwise fails to properly provide products and services as expected, we face potential liability for damages and reputational harm. An interruption in or the cessation of service by any service provider as a result of systems failures, cybersecurity incidents, capacity constraints, financial difficulties, or for any other reason could disrupt our operations, impact our ability to offer certain products and services, and result in contractual or regulatory penalties, liability claims from Clients or employees, damage to our reputation, and harm to our business.

Our ability to attract and retain Clients, employees, investors, capital and insurer trading partners is highly dependent upon the external perceptions of our level of service, trustworthiness, business practices, financial condition and other subjective qualities. Negative perceptions or publicity regarding these matters could erode trust and confidence and damage our reputation among existing and potential Clients which in turn could make it difficult for us to maintain existing Clients and attract new ones. Damage to our reputation due to a failure to proactively communicate to stakeholders on changes in strategy and business plans could further affect the confidence of our Clients, regulators, creditors, investors, insurer trading partners and other parties that are important to our business, having a material adverse effect on our business, ability to raise capital, financial condition, and results of operations.

Our growth strategy may involve opening new offices, entering new product lines or establishing new distribution channels, and will involve hiring new brokers and underwriters, which will require substantial investment by us and may adversely affect our results of operations and cash flows in a particular period.

Our ability to grow organically depends in part on our ability to open new offices, enter new product lines, establish new distribution channels and recruit new wholesale brokers and underwriters. We can provide no assurances that we will be successful in any efforts to open new offices, develop de novo product lines, establish new distribution channels or hire new wholesale brokers or underwriters. The costs of opening a new office, entering a new product line, establishing a new distribution channel and hiring the necessary personnel to staff the office can be substantial, and we often are required to commit to multi-year, non-cancellable lease agreements. The cost of investing in new offices, brokers and underwriters may affect our results of operations and cash flows in a particular period. Moreover, we cannot assure you that we will be able to recover our investment in new offices, brokers or underwriters or that these offices, brokers and underwriters will achieve profitability.

Increasing scrutiny and changing expectations from investors, Clients and our employees with respect to our environmental, social and governance (“ESG”) practices may impose additional costs on us or expose us to new or additional risks.

There is increased focus, including from governmental organizations, investors, employees and Clients, on ESG issues such as environmental stewardship, climate change, diversity and inclusion, pay equity, racial justice, workplace conduct and cybersecurity and data privacy. There can be no certainty that we will manage such issues successfully, or that we will successfully meet society’s expectations as to our proper role. Negative public perception, adverse publicity or negative comments in social media, including as a result of actions taken by companies we acquire before the acquisition, could damage our reputation, or harm our relationships with regulators and the communities in which we operate, if we do not, or are not perceived to, adequately address these issues. Any harm to our reputation could impact employees’ engagement and retention and the willingness of Clients and insurance carriers to do business with us.

It is possible that stakeholders may not be satisfied with our ESG practices or the speed of their adoption. Actual or perceived shortcomings with respect to our ESG initiatives and reporting could negatively impact our business. We could also incur additional costs and require additional resources to monitor, report, and comply with various ESG practices.

In addition, a variety of organizations have developed ratings to measure the performance of companies on ESG topics, and the results of these assessments are widely publicized. Investments in funds that specialize in companies that perform well in such assessments are increasingly popular, and major institutional investors have publicly emphasized the importance of such ESG measures to their investment decisions. Unfavorable ratings of our company or our industry, as well as omission of inclusion of our stock into ESG-oriented investment funds may lead to negative investor sentiment and the diversion of investment to other companies or industries, which could have a negative impact on our stock price.

Risks relating to our Branch business

The failure to attract and retain highly qualified independent branches could compromise our ability to expand the TWFG network.

Our most important asset is the people in our network, and the success of TWFG depends largely on our ability to attract and retain high quality independent branches. The nature of Branch relationships can give rise to conflict. For example, Branches or agents may become dissatisfied with the amount of contractual fees owed under Branch or other applicable arrangements, particularly in the event that we decide to increase fees further. They may disagree with certain network-wide policies and procedures, including policies such as those dictating brand standards or affecting their marketing efforts. They may also be disappointed with any marketing campaigns designed to develop our brand. There are a variety of reasons why our Branch relationships can give rise to conflict. If we experience any conflicts with our Branches on a large scale, our Branches may file lawsuits against us or they may seek to disaffiliate with us, which could also result in litigation. These events may, in turn, materially and adversely affect our business, financial condition and results of operations.

Our financial results are affected directly by the operating results of Branches and independent agents, over whom we do not have direct control.

Our Branches generate revenue in the form of commissions. Accordingly, our financial results depend upon the operational and financial success of our Branches and their agents. If industry trends or economic conditions are not sustained or do not continue to improve, our Branches’ financial results may worsen and our revenue may decline.

We rely in part on our Branches and the manner in which they operate their locations to develop and promote our business. Although we have developed criteria to evaluate and screen prospective independent branches, we cannot be certain that our Branches will have the business acumen or financial resources necessary to operate successful Branches in their Branch areas. Moreover, despite our training, support and monitoring, Branches may not successfully operate in a manner consistent with our standards and

requirements, or may not hire and train qualified personnel. The failure of our Branches to operate their Branches successfully could have a material adverse effect on us, our reputation, our brand and our ability to attract prospective Branches and could materially adversely affect our business, financial condition or results of operations.

Our Branches and agents could take actions that could harm our business.

Our Branches are independent businesses and the agents who work within these brokerages are independent contractors and, as such, are not our employees, and we do not exercise control over their day-to-day operations. Our Branches may not operate their insurance brokerage businesses in a manner consistent with industry standards, or may not attract and retain qualified agents. If Branches were to provide diminished quality of service to Clients, engage in fraud, defalcation, misconduct or negligence or otherwise violate the law, our image and reputation may suffer materially and we may become subject to liability claims or regulatory claims based upon such actions of our Branches and agents. Any such incidence could adversely affect our results of operations.

Brand value can be severely damaged even by isolated incidents, particularly if the incidents receive considerable negative publicity or result in litigation. Some of these incidents may relate to the way we manage our relationship with our Branches, our growth strategies or the ordinary course of our business or our Branches' business. Other incidents may arise from events that are or may be beyond our control and may damage our brand, such as actions taken (or not taken) by one or more Branches or their agents relating to health, safety, welfare or other matters; litigation and claims; failure to maintain high ethical and social standards for all of our operations and activities; failure to comply with local laws and regulations; and illegal activity targeted at us or others. Our brand value could diminish significantly if any such incidents or other matters erode consumer confidence in us, which may result in a decrease in our total agent count and, ultimately, lower continuing commissions, which in turn would materially and adversely affect our business, financial condition and results of operations.

We are subject to a variety of additional risks associated with Branches.

Our Branch system subjects us to a number of risks, any one of which may harm the reputation associated with our brand, and may materially and adversely impact our business and results of operations.

Our agreements with our Branches require each Branch to maintain E&O insurance. Certain extraordinary claims or losses, however, may not be covered, and insurance may not be available (or may be available only at prohibitively expensive rates). Moreover, any loss incurred could exceed policy limits or the Branch could lack the required insurance at the time the claim arises, in breach of the insurance requirement, and policy payments made to Branches may not be made on a timely basis. Any such loss or delay in payment could have a material and adverse effect on a Branch's ability to satisfy its obligations under its Branch agreement, including its ability to make payments for contractual fees or to indemnify us.

Failure to support our expanding Branch system could have a material adverse effect on our business, financial condition or results of operations.

Our growth strategy depends in part on expanding our Branch network, which will require the implementation of enhanced business support systems, management information systems, financial controls and other systems and procedures as well as additional management, Branch support and financial resources. We may not be able to manage our expanding Branch system effectively. Failure to provide our Branches with adequate support and resources could materially adversely affect both our new and existing Branches as well as cause disputes between us and our Branches and potentially lead to material liabilities. Any of the foregoing could materially adversely affect our business, financial condition and results of operations.

We are subject to certain risks related to litigation filed by or against us, and adverse results may harm our business and financial condition.

We cannot predict with certainty the costs of defense, the costs of prosecution, insurance coverage or the ultimate outcome of litigation and other proceedings filed by or against us, including remedies or damage

awards, and adverse results in such litigation and other proceedings may harm our business and financial condition.

Such litigation and other proceedings may include, but are not limited to, complaints from or litigation by Branches, usually related to alleged breaches of contract or wrongful termination under the Branch agreements, actions relating to intellectual property, infringement, misappropriation or other violation, commercial arrangements and Branch arrangements.

In addition, litigation against a Branch or its agents by third parties, whether in the ordinary course of business or otherwise, may also include claims against us for liability by virtue of the Branch relationship. As our market share increases, competitors may pursue litigation to require us to change our business practices or offerings and limit our ability to compete effectively. Even claims without merit can be time-consuming and costly to defend and may divert management's attention and resources away from our business and adversely affect our business, financial condition and results of operations. Branches may fail to obtain insurance naming TWFG, Inc. as an additional insured on such claims. In addition to increasing Branches' costs and limiting the funds available to pay us contractual fees and reducing the execution of new Branch agreements, claims against us (including vicarious liability claims) divert our management resources and could cause adverse publicity, which may materially and adversely affect us and our brand, regardless of whether such allegations are valid or whether we are liable. A substantial unsatisfied judgment against us or one of our subsidiaries could result in bankruptcy, which would materially and adversely affect our business, financial condition and results of operations.

We may not be able to manage growth successfully.

In order to successfully expand our business, we must effectively recruit, develop and motivate new independent branches, and we must maintain the beneficial aspects of our corporate culture. We may not be able to hire new employees with the expertise necessary to manage our growth quickly enough to meet our needs. If we fail to effectively manage our hiring needs and successfully develop our Branches, our Branches' and employee morale, productivity and retention could suffer, and our brand and results of operations could be harmed. Effectively managing our potential growth could require significant capital expenditures and place increasing demands on our management. We may not be successful in managing or expanding our operations or in maintaining adequate financial and operating systems and controls. If we do not successfully manage these processes, our brand and results of operations could be adversely affected.

Risks relating to intellectual property and cybersecurity

Our business is dependent upon information processing systems. Security or data breaches, cyberattacks or other similar incidents with respect to our or our vendors' information processing systems may hurt our business, damage our reputation and negatively impact Client retention and insurance carrier relationships.

Our ability to provide services and to create and maintain comprehensive tracking and reporting of Client accounts depends in part on our capacity to store, retrieve and process data, manage significant databases and expand and periodically upgrade our information processing capabilities. As our operations evolve, we will need to continue to make investments in new and enhanced information systems. As our information system providers revise and upgrade their hardware, software and equipment technology, we may encounter difficulties in integrating these new technologies into our business. Interruption or loss of our information processing capabilities or adverse consequences from implementing new or enhanced systems could have a material adverse effect on our business, financial condition and results of operations.

In the course of providing services, we may electronically store or transmit personally identifiable information (including sensitive personal information), such as social security numbers or credit card or bank information, of Clients or employees of Clients. Breaches in data security or infiltration by unauthorized persons of our network security could cause interruptions in operations and damage to our reputation, among other adverse impacts. While we maintain policies, procedures and technological safeguards designed to protect the security and privacy of this information, we cannot entirely eliminate the risk of improper access to or

disclosure of personally identifiable information nor the related costs we incur to mitigate the consequences from such events. Data privacy and cybersecurity laws, rules and regulations are matters of growing public concern and are continuously changing in the states in which we operate. The failure to adhere to or successfully implement procedures to respond to these regulations could result in legal liability or impairment to our reputation.

Further, despite security measures taken by us and our vendors, our systems and those of our vendors may be vulnerable to physical break-ins, unauthorized access, viruses or other disruptive problems. If our systems or facilities were infiltrated or damaged, our Clients could experience data loss, financial loss and significant business interruption leading to a material adverse effect on our business, financial condition and results of operations. We may be required to expend significant additional resources to modify protective measures, to investigate and remediate vulnerabilities or other exposures or to make required notifications.

Our business depends on a strong brand, and any failure to maintain, protect and enhance our brand would hurt our ability to grow our business, particularly in new markets where we have limited brand recognition.

We have developed a strong brand that we believe has contributed significantly to the success of our business. Maintaining, protecting and enhancing the “TWFG Insurance” brand and “Our Policy is Caring” trademark is critical to growing our business, particularly in new markets where we have limited brand recognition. If we do not successfully build and maintain a strong brand, our business could be materially harmed. Maintaining and enhancing the quality of our brand may require us to make substantial investments in areas such as marketing, community relations, outreach and employee training. We actively engage in advertisements, targeted promotional mailings and email communications, and engage on a regular basis in public relations and sponsorship activities. These investments may be substantial and may fail to encompass the optimal range of traditional, online and social advertising media to achieve maximum exposure and benefit to the brand. Moreover, our brand promotion activities may not generate brand awareness or yield increased revenue and, even if they do, any increased revenue may not offset the expenses we incur in building our brand. If we fail to successfully promote and maintain our brand, or incur substantial expenses in an unsuccessful attempt to promote and maintain our brand, we may fail to attract new Clients or retain our existing Clients to the extent necessary to realize a sufficient return on our brand-building efforts.

We rely on the efficient, uninterrupted, and secure operation of complex information technology systems and networks to operate our business. Any significant system or network disruption due to a breach in the security of our information technology systems could have a negative impact on our reputation, regulatory compliance status, operations, sales and operating results.

While we manage some of our information technology systems and some are outsourced to third parties, all information technology systems are potentially vulnerable to damage, breakdown or interruption from a variety of sources, including but not limited to cyberattacks, ransomware, malware, security breaches, theft or misuse, unauthorized access or improper actions by insiders or employees, sophisticated nation-state and nation-state-supported actors, natural disasters, terrorism, war, telecommunication and electrical failures or other compromise. We are at risk of attack by a growing list of adversaries through increasingly sophisticated methods of attack. Because the techniques used to infiltrate or sabotage systems change frequently, we may be unable to anticipate these techniques or implement adequate preventative measures.

For example, in August 2023, we first became aware that the Company might have been the victim of a cyberattack and thereafter confirmed through an investigation that unauthorized access was gained to our servers through our third-party service provider. In response to this event, the Company took immediate action to secure the compromised servers and to prevent the unauthorized person(s) from continuing to have access, or gaining future access, to the Company’s accounts or related information. The Company also reassessed and modified its approach to third-party service providers that provide cybersecurity services to the Company.

Although the Company does not believe that the security event is material or that it had or will have a material impact on the Company’s business, operating results or financial condition, our investigation is

ongoing and we believe that this event might have resulted in the personal identifiable information of a yet-to-be determined number of individuals and entities having been potentially accessible without authorization. Out of an abundance of caution, we will provide notification regarding this incident to potentially affected parties, including governmental departments and agencies and state regulators, departments of insurance and other such departments or agencies with oversight over regulated insurance entities, and potentially others. If we fail to make such notifications within the timelines required under applicable laws it could result in violations, fines, penalties, litigation, proceedings or enforcement action. In addition, it is possible that state regulators may initiate investigations of the Company in connection with the incident, that the Company could be subject to civil penalties, resolution agreements, monitoring or similar agreements, or third-party claims against the Company, including class action lawsuits. Moreover, future incidents of this nature that could occur with respect to our systems or the systems of our third-party service providers, as well as any other security incident or other misuse or disclosure of our participant or other data could lead to improper use or disclosure of Company information, including personally identifiable information obtained from our participants, and information from employees. Any such incident or misuse of data could harm our reputation, lead to legal exposure, divert management attention and resources, increase our operating expenses due to the employment of consultants and third-party experts and the purchase of additional security infrastructure, and/or subject us to liability, resulting in increased costs and loss of revenue. In addition, any remediation efforts we undertake may not be successful. The perception that we do not adequately protect the privacy of information of our employees or Clients could inhibit our growth and damage our reputation.

If we are unable to maintain and upgrade our system safeguards, we may incur unexpected costs and certain aspects of our systems may become more vulnerable to unauthorized access. While we select our Clients and third-party vendors carefully, cyberattacks and security breaches at a Client or vendor could adversely affect our ability to deliver products and services to its clients and otherwise conduct its business and could put our systems at risk. Additionally, we are an acquisitive organization and the process of integrating the information systems of the businesses we acquire is complex and exposes us to additional risk as we might not adequately identify weaknesses in the targets' information systems, which could expose us to unexpected liabilities or make our own systems more vulnerable to attack. These types of incidents affecting us, our Clients, or our third-party vendors could result in intellectual property or other confidential information being lost or stolen, including client, employee or company data. In addition, we may not be able to detect breaches in our information technology systems or assess the severity or impact of a breach in a timely manner.

We have implemented various measures to manage our risks related to system and network security and disruptions, but a security breach or a significant and extended disruption in the functioning of our information technology systems could damage our reputation and cause us to lose Clients, adversely impact our operations, and operating results, and require us to incur significant expense to address and remediate or otherwise resolve such issues. In order to maintain the level of security, service, compliance and reliability that our Clients and laws of various jurisdictions require, we will be required to make significant additional investments in our information technology systems on an ongoing basis.

We have experienced information technology system disruptions and cyberattacks in the past, and a failure of our information technology infrastructure and cyberattacks could adversely impact us in the future.

We depend on our information technology systems for the efficient operation of our business. Accordingly, we rely upon the capacity, reliability and security of our information technology hardware and software infrastructure and our ability to expand and update this infrastructure in response to our changing needs. Despite our implementation of security measures, our systems are vulnerable to damage from computer viruses, natural disasters, incursions by intruders or hackers, failures in hardware or software, power fluctuations, cyber terrorists and other similar disruptions. Additionally, we rely on third parties to support the operation of our information technology hardware and software infrastructure, and in certain instances, utilize web-based applications. We routinely monitor our systems for information technology disruptions and cyberattacks and have processes in place to detect and remediate vulnerabilities. Nevertheless, we have

experienced occasional information technology disruptions, cyberattacks, phishing attempts and attempted breaches. We responded to and mitigated the impact of these incidents. The failure of our information technology systems or those of our vendors to perform as anticipated for any reason or any significant breach of security could disrupt our business and result in numerous adverse consequences, including reduced effectiveness and efficiency of operations, inappropriate disclosure of confidential and proprietary information, reputational harm, increased overhead costs, loss of important information, theft or misappropriation of funds, violation of privacy or other laws, and exposure to litigation or indemnity claims, including resulting from Client-imposed cybersecurity controls or other related contractual obligations, which could have a material adverse effect on our business and results of operations. In addition, we may be required to incur significant costs to protect against damage caused by these disruptions or security breaches in the future.

Infringement, misappropriation, dilution or other violations of our intellectual property by third parties could harm our business.

We believe our TWFG Insurance trademarks have significant value and that this and other intellectual property are valuable assets that are critical to our success. Unauthorized uses or other infringement, misappropriation or violation of our trademarks, service marks or other intellectual property could diminish the value of our brand and may adversely affect our business. Effective intellectual property protection may not be available in every market in which we operate. Additionally, we cannot guarantee that future trademark registrations for pending or future applications will issue, or that any registered trademarks will be enforceable or provide adequate protection of our intellectual property and other proprietary rights. The United States Patent and Trademark Office and various foreign trademark offices also require compliance with a number of procedural, documentary, fee payment and other similar provisions during the trademark registration process and after a registration has issued. There are situations in which noncompliance can result in abandonment or cancellation of a trademark filing, resulting in partial or complete loss of trademark rights in the relevant jurisdiction. If this occurs, our competitors might be able to enter the market under identical or similar brands. Failure to adequately protect our intellectual property rights could damage our brand and impair our ability to compete effectively.

Even where we have effectively secured statutory protection for our trademarks and other intellectual property, our competitors and other third parties may infringe on, misappropriate or otherwise violate our intellectual property, and in the course of litigation, such competitors and other third parties may attempt to challenge the breadth of our rights or ability to prevent others from using similar marks or designs, or invalidate our intellectual property. If such challenges were to be successful, less ability to prevent others from using similar marks or designs may ultimately result in a reduced distinctiveness of our brand in the minds of consumers. Defending or enforcing our trademark rights, branding practices and other intellectual property could result in the expenditure of significant resources and divert the attention of management, which in turn may materially and adversely affect our business and operating results, even if such defense or enforcement is ultimately successful. Even though competitors occasionally may attempt to challenge our ability to prevent infringers from using our marks, we are not aware of any challenges to our right to use, and to authorize our Branches to use, any of our brand names or trademarks.

Failure to obtain, maintain, protect, defend or enforce our intellectual property rights, or allegations that we have infringed on, misappropriated or otherwise violated the intellectual property rights of others, could harm our reputation, ability to compete effectively, financial condition and business.

Our success and ability to compete depends in part on our ability to obtain, maintain, protect, defend and enforce our intellectual property. To protect our intellectual property rights, we rely on a combination of trademark laws, copyright laws, trade secret protection, confidentiality agreements and other contractual arrangements with our affiliates, employees, Clients, strategic partners and others. However, the protective steps that we take may be inadequate to deter infringement, misappropriation or other violations of our proprietary information or infringement of our intellectual property. In addition, we may be unable to detect the unauthorized use of our intellectual property rights. Policing unauthorized use of our intellectual property

is difficult, expensive and time-consuming, and we may be required to spend significant resources to monitor and protect our intellectual property rights. Failure to protect our intellectual property adequately could harm our reputation and affect our ability to compete effectively. In addition, even if we initiate litigation against third parties such as suits alleging infringement, misappropriation or other violations of our intellectual property, we may not prevail. Litigation brought to protect and enforce our intellectual property rights could be costly, time-consuming and distracting to management. Our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights. Additionally, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. An adverse determination of any litigation proceedings could put our intellectual property at risk of being invalidated or interpreted narrowly and could put our related intellectual property at risk of not issuing or being cancelled. There could also be public announcements of the results of hearings, motions, or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, it could have a material adverse effect on the price of our common stock. Any of the foregoing could adversely affect our business, financial condition and results of operations.

Meanwhile, third parties may assert intellectual property-related claims against us, including claims of infringement, misappropriation or other violation of their intellectual property, which may be costly to defend, could require the payment of damages, legal fees, settlement payments, royalty payments and other costs or damages, including treble damages if we are found to have willfully infringed certain types of intellectual property, and could limit our ability to use or offer certain technologies, products or other intellectual property. Any intellectual property claims, with or without merit, could be expensive, take significant time and divert management's resources, time and attention from other business concerns. Successful challenges against us could require us to modify or discontinue our use of technology or business processes where such use is found to infringe on, misappropriate or otherwise violate the rights of others, or require us to purchase licenses from third parties, which may not be available on commercially reasonable terms, or at all. Even if a license is available to us, it could be non-exclusive thereby giving our competitors and other third parties access to the same technologies licensed to us, and we may be required to pay significant upfront fees, milestone payments or royalties, which would increase our operating expenses, any of which could adversely affect our business, financial condition and results of operations. See, for example, our disclosure relating to an August 2023 cyberattack involving unauthorized access to our servers through our third-party service provider under "—We rely on the efficient, uninterrupted, and secure operation of complex information technology systems and networks to operate our business. Any significant system or network disruption due to a breach in the security of our information technology systems could have a negative impact on our reputation, regulatory compliance status, operations, sales and operating results."

Improper disclosure of confidential, personal or proprietary data, whether due to human error, misuse of information by employees or vendors, or as a result of security breaches, cyberattacks or other similar incidents with respect to our or our vendors' systems, could result in regulatory scrutiny, legal liability or reputational harm, and could have an adverse effect on our business or operations.

We maintain confidential, personal and proprietary information relating to our company, our employees and our Clients. This information includes personally identifiable information, protected health information and financial information. We are subject to laws, regulations, rules, industry standards, contractual obligations and other legal obligations relating to the collection, use, retention, security and transfer of this information. These requirements apply to transfers of information among our affiliates, as well as to transactions we enter into with third party vendors.

Cybersecurity breaches, including, among other things, computer viruses, ransomware attacks, fraud, human error, improper access by employees or vendors, phishing campaigns, malware attacks, unauthorized parties gaining access to our information technology systems and similar incidents could disrupt the security of our internal systems and business applications or those of our vendors, impair our ability to provide services to our Clients and protect the privacy of their data, compromise confidential business information, result in

intellectual property or other confidential or proprietary information being lost or stolen, including Client, employee or Company data, which could harm our competitive position or reputation or otherwise adversely affect our business.

Cybersecurity risks have significantly increased in recent years, in part, because of the proliferation of new technologies, the use of the internet and telecommunications technologies to exchange information and conduct transactions, and the increased sophistication and activities of computer hackers, organized crime, terrorists, and other external parties, including foreign state and state-sponsored actors. Moreover, cybersecurity threats are constantly evolving, which makes it more difficult to detect cybersecurity incidents, assess their severity or impact in a timely manner, and successfully defend against them. We cannot provide assurances that our preventative efforts, or those of our vendors or service providers, will be successful, and we may not be able to anticipate all security breaches, cyberattacks or other similar incidents, detect or react to such incidents in a timely manner, implement guaranteed preventive measures against such incidents, or adequately remediate any such incident.

We maintain policies, procedures and technical safeguards designed to protect the security and privacy of confidential, personal and proprietary information. Nonetheless, we cannot eliminate the risk of human error or guarantee our safeguards against employee, vendor or third party malfeasance. It is possible that the steps we follow, including our security controls over personal data and training of employees on data security, may not prevent improper access to, disclosure of, or misuse of confidential, personal or proprietary information. Moreover, while we generally perform cybersecurity due diligence on our key vendors, because we do not control our vendors and our ability to monitor their cybersecurity is limited, we cannot ensure the cybersecurity measures they take will be sufficient to protect any information we share with them. Due to applicable laws regulations, rules, industry standards or contractual obligations, we may be held responsible for security breaches, cyberattacks or other similar incidents attributed to our vendors as they relate to the information we share with them. This could cause harm to our reputation, create legal exposure, or subject us to liability under laws that protect personal data, resulting in increased costs or loss of revenue.

The occurrence of any security breach, cyberattack or other similar incident with respect to our or our vendors' systems, or our failure to make adequate or timely disclosures to the public, regulators, law enforcement agencies or affected individuals, as applicable, following any such event, could cause harm to our reputation, subject us to additional regulatory scrutiny, expose us to civil litigation, fines, damages or injunctions or subject us to notification obligations or liability under applicable data privacy, cybersecurity and other laws, rules and regulations, resulting in increased costs or loss of commissions and fees, any of which could have a material adverse effect on our business, financial condition and results of operations. We cannot ensure that any limitations of liability provisions in our agreements with Clients, vendors and other third parties with which we do business would be enforceable or adequate or would otherwise protect us from any liabilities or damages with respect to any particular claim in connection with a security breach, cyberattack or other similar incident. Additionally, we cannot be certain that our insurance coverage will be adequate for cybersecurity liabilities actually incurred, that insurance will continue to be available to us on economically reasonable terms, or at all, or that our insurer will not deny coverage as to any future claim.

Data privacy is subject to frequently changing laws, rules and regulations in the various jurisdictions in which we operate. For example, legislators in the United States are proposing new and more robust data privacy and cybersecurity legislation in light of the recent broad-based cyberattacks at a number of companies. These and similar initiatives around the country could increase the cost of developing, implementing or securing our servers and require us to allocate more resources to improved technologies, adding to our overall costs. Ensuring that our collection, use, retention, protection, transfer, disclosure and other processing of personal information complies with applicable laws, regulations, rules and industry standards regarding data privacy and cybersecurity in relevant jurisdictions can increase operating costs, impact the development of new products or services, and reduce operational efficiency. Any actual or perceived failure to adhere to, or successfully implement processes in response to, changing legal or regulatory requirements in this area could result in legal liability, including litigation, regulatory fines, penalties or other sanctions, damage to our reputation in the marketplace, and other adverse impacts.

Risks relating to our organizational structure

We are a holding company and our principal asset after completion of this offering will be our % ownership interest in TWFG Holding Company, LLC, and we are accordingly dependent upon distributions from TWFG Holding Company, LLC to pay dividends, if any, pay taxes, make payments under the tax receivable agreement, and pay other expenses.

We are a holding company and, upon completion of the reorganization transactions and this offering, our principal asset will be our direct or indirect ownership of % of the outstanding LLC Units. See “Organizational structure—Holding company structure and the tax receivable agreement.” We have no independent means of generating revenue. TWFG Holding Company, LLC is, and will continue to be, treated as a partnership for U.S. federal income tax purposes and, as such, will not be subject to any entity-level U.S. federal income tax. Instead, the taxable income of TWFG Holding Company, LLC will be allocated to the Pre-IPO LLC Members and us. Accordingly, we will incur income taxes on our allocable share of any net taxable income of TWFG Holding Company, LLC. We will also incur expenses related to our operations, and will have obligations to make payments under the tax receivable agreement. As the sole managing member of TWFG Holding Company, LLC, we intend to cause TWFG Holding Company, LLC to make distributions to us and the other holders of LLC Units, including the Pre-IPO LLC Members, in amounts sufficient to (i) cover taxes payable by us and the other holders of LLC Units allocable to the taxable income of TWFG Holding Company, LLC, (ii) allow us to make any payments required under the tax receivable agreement we intend to enter into as part of the reorganization transactions, (iii) fund dividends to our stockholders in accordance with our dividend policy, to the extent that our board of directors declares such dividends and (iv) pay any of our expenses that are not otherwise reimbursed by TWFG Holding Company, LLC.

Deterioration in the financial conditions, earnings or cash flow of TWFG Holding Company, LLC and its subsidiaries for any reason could limit or impair TWFG Holding Company, LLC’s ability to pay such distributions. Additionally, to the extent that we need funds and TWFG Holding Company, LLC is restricted from making such distributions to us under applicable law or regulation or otherwise, we may not be able to obtain such funds on terms acceptable to us, or at all, and, as a result, could suffer a material adverse effect on our liquidity and financial condition.

In certain circumstances, TWFG Holding Company, LLC will be required to make distributions to us and the other holders of LLC Units, and the distributions that TWFG Holding Company, LLC will be required to make may be substantial.

Under the TWFG LLC Agreement, TWFG Holding Company, LLC will generally be required from time to time to make pro rata distributions in cash to us and the other holders of LLC Units, including the Pre-IPO LLC Members, at certain assumed tax rates in amounts that are intended to be sufficient to cover the taxes on our and the other LLC Unit holders’ respective allocable shares of the taxable income of TWFG Holding Company, LLC. As a result of (i) potential differences in the amount of net taxable income allocable to us and the other LLC Unit holders, (ii) the lower tax rate applicable to corporations than individuals and (iii) the use of an assumed tax rate (based on the higher of the tax rate applicable to individuals or corporations resident in the State of Texas) in calculating TWFG Holding Company, LLC’s distribution obligations, we may receive tax distributions significantly in excess of our tax liabilities and obligations to make payments under the tax receivable agreement. Our board of directors will determine the appropriate uses for any excess cash so accumulated, which may include, among other uses, dividends, repurchases of our Class A common stock, the payment of obligations under the tax receivable agreement and the payment of other expenses. We will have no obligation to distribute such cash (or other available cash other than any declared dividend) to our stockholders. No adjustments to the redemption or exchange ratio of LLC Units for shares of Class A common stock will be made as a result of either (i) any cash distribution by us or (ii) any cash that we retain and do not distribute to our stockholders. To the extent we do not distribute such excess cash as dividends on our Class A common stock, we may take other actions with respect to such excess cash, for example, holding such excess cash or contributing or lending it (or a portion thereof) to TWFG Holding Company, LLC, which may result in shares of our Class A common stock increasing in value relative to the value of LLC Units. Following such loan or a contribution of such excess cash to TWFG Holding Company, LLC, we may, but are

not required to, make an adjustment to the outstanding number of LLC Units held by the members of TWFG Holding Company, LLC (other than us). If we choose to retain such excess cash balances, or we loan or contribute such excess cash to TWFG Holding Company, LLC but do not make such an adjustment, the holders of LLC Units may benefit from any value attributable to such retained excess cash, or such loan or contribution to TWFG Holding Company, LLC, if they acquire shares of Class A common stock in exchange for their LLC Units, notwithstanding that such holders may have participated previously as holders of LLC Units in distributions that resulted in such excess cash balances. See “Certain relationships and related party transactions—Amended and restated TWFG Holding Company, LLC agreement.”

We are controlled by Bunch Holdings whose interests in our business may be different than yours, and certain statutory provisions afforded to stockholders are not applicable to us.

Bunch Holdings will control approximately % of the combined voting power of our common stock (or % if the underwriters exercise their option to purchase additional shares of Class A common stock in full) after the completion of this offering and the application of the net proceeds from this offering.

This concentration of ownership and voting power may delay, defer or even prevent an acquisition by a third party or other change of control of our company, which could deprive you of an opportunity to receive a premium for your shares of Class A common stock and may make some transactions more difficult or impossible without the support of Bunch Holdings, even if such events are in the best interests of minority stockholders. Furthermore, this concentration of voting power with Bunch Holdings may have a negative impact on the price of our Class A common stock. In addition, Bunch Holdings will have the ability to designate a majority of the nominees for election to our board of directors, including the nominee for election to serve as Chairman of our board of directors for so long as the Substantial Ownership Requirement is met. As a result, Bunch Holdings may not be inclined to permit us to issue additional shares of Class A common stock, including for the facilitation of acquisitions, if it would dilute its holdings below the 10% threshold.

We cannot predict whether our multiple-class structure, combined with the concentrated control of Bunch Holdings, will result in a lower or more volatile market price of our Class A common stock or in adverse publicity or other adverse consequences. For example, certain index providers have announced restrictions on including companies with multiple-class share structures in certain of their indices. In July 2017, FTSE Russell announced that it plans to require new constituents of its indices to have greater than 5% of the company's voting rights in the hands of public stockholders, and S&P Dow Jones announced that it will no longer admit companies with multiple-class share structures to certain of its indices. Affected indices include the Russell 2000 and the S&P 500, S&P MidCap 400, and S&P SmallCap 600, which together make up the S&P Composite 1500. Also in 2017, MSCI, a leading stock index provider, opened public consultations on their treatment of no-vote and multi-class structures and temporarily barred new multi-class listings from certain of its indices and in October 2018, MSCI announced its decision to include equity securities “with unequal voting structures” in its indices and to launch a new index that specifically includes voting rights in its eligibility criteria. Under such announced policies, the multiple class structure of our stock would make us ineligible for inclusion in certain indices and, as a result, mutual funds, exchange-traded funds, and other investment vehicles that attempt to track those indices would not invest in our Class A common stock. These policies are relatively new, and it is unclear what effect, if any, they will have on the valuations of publicly traded companies excluded from such indices, but it is possible they may depress valuations, compared to similar companies that are included. Given the sustained flow of investment funds into passive strategies that seek to track certain indices, exclusion from stock indices would likely preclude investment by many of these funds and could make our Class A common stock less attractive to other investors. As a result, the market price of our Class A common stock could be adversely affected.

Bunch Holdings' interests may not be fully aligned with yours, which could lead to actions that are not in your best interests. Because Bunch Holdings holds a majority of its economic interests in our business through TWFG Holding Company, LLC rather than through TWFG, Inc., it may have conflicting interests with holders of shares of our Class A common stock. See “—The Pre-IPO LLC Members' interests may not be fully aligned with the interests of the holders of our Class A common stock.” In addition, Bunch Holdings' significant

ownership in us and resulting ability to effectively control us may discourage someone from making a significant equity investment in us, or could discourage transactions involving a change in control, including transactions in which you as a holder of shares of our Class A common stock might otherwise receive a premium for your shares over the then-current market price.

For so long as the Majority Ownership Requirement is met, we have opted out of Section 203 of the General Corporation Law of the State of Delaware, or DGCL, which prohibits a publicly held Delaware corporation from engaging in a business combination transaction with an interested stockholder for a period of three years after the interested stockholder became such unless the transaction fits within an applicable exemption, such as board approval of the business combination or the transaction which resulted in such stockholder becoming an interested stockholder. Therefore, after the 180-day lock-up period expires, Bunch Holdings will be able to transfer control of us to a third party by transferring its shares of our common stock (subject to certain restrictions and limitations), which would not require the approval of our board of directors or our other stockholders.

Our certificate of incorporation will provide that, to the fullest extent permitted by law, the doctrine of “corporate opportunity” under Delaware law will only apply against our directors and officers and their respective affiliates for competing activities related to insurance brokerage activities. This doctrine will not apply to any business activity other than insurance brokerage activities. See “Certain relationships and related party transactions—Amended and restated TWFG Holding Company, LLC agreement.” Furthermore, Bunch Holdings has business relationships outside of our business.

The Pre-IPO LLC Members’ interests may not be fully aligned with the interests of the holders of our Class A common stock.

The Pre-IPO LLC Members’ interests may not be fully aligned with yours, which, due to the high/low vote structure of our common stock, could lead to actions that are not in your best interests. Because the Pre-IPO LLC Members hold their economic interest in our business primarily through TWFG Holding Company, LLC, the Pre-IPO LLC Members may have conflicting interests with holders of shares of our Class A common stock. For example, the Pre-IPO LLC Members may have different tax positions from us, which could influence their decisions regarding whether and when we should dispose of assets or incur new or refinance existing indebtedness, especially in light of the existence of the tax receivable agreement that we will enter into in connection with this offering, and whether and when we should respond to a breach of any of our material obligations under the tax receivable agreement, undergo certain changes of control for purposes of the tax receivable agreement or terminate the tax receivable agreement. In addition, the structuring of future transactions may take into consideration these tax or other considerations even where no similar benefit would accrue to us. See “Certain relationships and related party transactions—Tax receivable agreement.”

Further, pursuant to the Bipartisan Budget Act of 2015, for tax years beginning after December 31, 2017, if the Internal Revenue Service (“IRS”) makes audit adjustments to TWFG Holding Company, LLC’s U.S. federal income tax returns, it may assess and collect any taxes (including any applicable penalties and interest) resulting from such audit adjustment directly from TWFG Holding Company, LLC rather than from the Pre-IPO LLC Members directly, in which case we may economically bear a portion of such taxes (including any applicable penalties and interest) even though we did not economically benefit from the income giving rise to such taxes. TWFG Holding Company, LLC may be permitted to make an election which would have the effect of requiring the IRS to collect any such taxes (including penalties and interest) from the members of TWFG Holding Company, LLC (including the Pre-IPO LLC Members), rather than from TWFG Holding Company, LLC, but there can be no assurance that TWFG Holding Company, LLC will be permitted to or will make this election. If, as a result of any such audit adjustment, TWFG Holding Company, LLC is required to make payments of taxes, penalties and interest, TWFG Holding Company, LLC’s cash available for distributions to us may be substantially reduced. These rules are not applicable to TWFG Holding Company, LLC for tax years beginning on or prior to December 31, 2017.

Further, the Pre-IPO LLC Members, who will be the only holders of LLC Units other than us upon consummation of this offering, have the right to consent to certain amendments to the TWFG LLC Agreement, as well as to certain other matters. The Pre-IPO LLC Members may exercise these voting rights in

a manner that conflicts with the interests of our stockholders. In addition, following this offering, Bunch Holdings, one of the Pre-IPO LLC Members, will hold a number of shares of our non-economic Class C common stock that will allow it to control our overall management and direction. Circumstances may arise in the future when the interests of the Pre-IPO LLC Members conflict with the interests of our stockholders. As we control TWFG Holding Company, LLC, we have certain obligations to the Pre-IPO LLC Members that may conflict with fiduciary duties our officers and directors owe to our stockholders. These conflicts may result in decisions that are not in the best interests of stockholders.

We are a “controlled company” within the meaning of the Nasdaq rules and, as a result, qualify for, and will rely on, exemptions from certain corporate governance requirements that provide protection to the stockholders of companies that are subject to such corporate governance requirements.

Upon completion of this offering, Bunch Holdings will continue to beneficially own more than 50% of the voting power for the election of members of our board of directors. As a result, we will be a “controlled company” within the meaning of the corporate governance standards of the Nasdaq rules. Under these rules, a listed company of which more than 50% of the voting power is held by an individual, group or another company is a “controlled company” and may elect not to comply with certain Nasdaq corporate governance requirements.

As a controlled company, we will rely on certain exemptions from the Nasdaq standards that may enable us not to comply with certain Nasdaq corporate governance requirements. Accordingly, we have opted not to have director nominees selected or recommended for our board of directors be approved by either a majority of our independent directors or a nominating committee. As a consequence of our reliance on certain exemptions from the Nasdaq standards provided to “controlled companies,” you will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the Nasdaq. See “Management—Controlled company exception.”

We will be required to pay the Pre-IPO LLC Members and any other persons that become parties to the tax receivable agreement for certain tax benefits we may receive, and the amounts we may pay could be significant.

As described under “Organizational structure—Holding company structure and the tax receivable agreement,” acquisitions by TWFG, Inc. of LLC Units from any of the Pre-IPO LLC Members using the net proceeds from any future offerings of shares of our Class A common stock and any future taxable redemptions or exchanges by the Pre-IPO LLC Members of LLC Units for shares of our Class A common stock or cash, as well as other transactions described herein, are expected to result in tax basis adjustments with respect to the assets of TWFG Holding Company, LLC that will be allocated to us and thus produce favorable tax attributes. These tax attributes would not be available to us in the absence of those transactions and are expected to reduce the amount of tax that we would otherwise be required to pay in the future.

We intend to enter into the tax receivable agreement with the Pre-IPO LLC Members that will provide for the payment by us to the Pre-IPO LLC Members and any future party to the tax receivable agreement of 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax or franchise tax that we actually realize as a result of (i) any increase in tax basis in TWFG Holding Company, LLC’s assets resulting from (a) the purchase of LLC Units from any of the Pre-IPO LLC Members using the net proceeds from any future offering of shares of our Class A common stock, (b) future taxable redemptions or exchanges by the Pre-IPO LLC Members of LLC Units for shares of our Class A common stock or cash or (c) payments under the tax receivable agreement and (ii) tax benefits related to imputed interest resulting from payments made under the tax receivable agreement. The payment obligations under the tax receivable agreement are our obligations and not obligations of TWFG Holding Company, LLC.

We expect that, as a result of the increases in the tax basis of the tangible and intangible assets of TWFG Holding Company, LLC attributable to taxable redemptions, exchanges or purchases of LLC Units from any of the Pre-IPO LLC Members, the payments that we may make to the existing Pre-IPO LLC Members could be substantial. For example, if we acquired all of the LLC Units of the Pre-IPO LLC Members in taxable

transactions as of this offering, based on an initial public offering price of \$ _____ per share (the midpoint of the estimated initial public offering price range set forth on the cover page of this prospectus) based on certain assumptions, including that (i) there are no material changes in relevant tax law and (ii) we earn sufficient taxable income in each year to realize on a current basis all tax benefits that are subject to the tax receivable agreement, we expect that the resulting reduction in tax payments for us, as determined for purposes of the tax receivable agreement, would aggregate to approximately \$ _____, substantially all of which would be realized over the next 15 years, and we would be required to pay the Pre-IPO LLC Members 85% of such amount, or \$ _____, over the same period. The actual increases in tax basis with respect to future taxable redemptions, exchanges or purchases of LLC Units, as well as the amount and timing of any payments we are required to make under the tax receivable agreement in respect of future taxable redemptions, exchanges or purchases of LLC Units, may differ materially from the amounts set forth above because the potential future reductions in our tax payments, as determined for purposes of the tax receivable agreement, and the payments we will be required to make under the tax receivable agreement, will each depend on a number of factors, including the market value of our Class A common stock at the time of purchase, redemption or exchange, the prevailing U.S. federal income tax rates applicable to us over the life of the tax receivable agreement (as well as the assumed combined state and local tax rate), the amount and timing of the taxable income that we generate in the future and the extent to which future redemptions, exchanges or purchases of LLC Units are taxable transactions.

Payments under the tax receivable agreement are not conditioned on the Pre-IPO LLC Members' continued ownership of us. There may be a material negative effect on our liquidity if, as described below, the payments under the tax receivable agreement exceed the actual benefits we receive in respect of the tax attributes subject to the tax receivable agreement and/or distributions to us by TWFG Holding Company, LLC are not sufficient to permit us to make payments under the tax receivable agreement.

Payments under the tax receivable agreement will be based on the tax reporting positions we determine, and the IRS or another tax authority may challenge the amounts, and timing of the realization, of the tax attributes subject to the tax receivable agreement, and a court could sustain such challenge. The parties to the tax receivable agreement will not reimburse us for any payments previously made if deductions in respect of such tax attributes are subsequently disallowed, except that any excess payments made to the Pre-IPO LLC Members under the tax receivable agreement will be netted against future payments otherwise to be made under the tax receivable agreement, if any, after our determination of such excess. In addition, the actual state or local tax savings that we realize could be different than the amount of such tax savings we are deemed to realize under the tax receivable agreement, which will be based on an assumed combined state and local tax rate applied to our reduction in taxable income as determined for U.S. federal income tax purposes as a result of the tax attributes subject to the tax receivable agreement. As a result, in both such circumstances, we could make payments to the Pre-IPO LLC Members and any future party to the tax receivable agreement under the tax receivable agreement that are greater than our actual cash tax savings and we may not be able to recoup those payments, which could negatively impact our liquidity.

In addition, the tax receivable agreement provides that (1) in the event that we breach any of our material obligations under the tax receivable agreement, (2) upon certain mergers, asset sales or other forms of business combination, or certain other changes of control, or (3) if, at any time, we elect an early termination (each referred to as a "TRA acceleration event") of the tax receivable agreement, our obligations under the tax receivable agreement (with respect to all LLC Units, whether or not LLC Units have been exchanged or acquired before or after such transaction) would accelerate and become payable in a lump sum amount equal to the present value of the anticipated future tax benefits calculated based on certain assumptions, including that we would have sufficient taxable income to fully utilize the deductions arising from the tax deductions, tax basis and other tax attributes subject to the tax receivable agreement. As a result, upon any TRA acceleration event, we could be required to make payments under the tax receivable agreement that are greater than the specified percentage of our actual cash tax savings, which could negatively impact our liquidity.

The TRA acceleration event provisions in the tax receivable agreement may result in situations where the Pre-IPO LLC Members have interests that differ from or are in addition to those of our other stockholders.

Our obligations under the tax receivable agreement will also apply with respect to any person who becomes a party to the tax receivable agreement.

Finally, because we are a holding company with no operations of our own, our ability to make payments under the tax receivable agreement depends on the ability of TWFG Holding Company, LLC to make distributions to us. To the extent that we are unable to make payments under the tax receivable agreement for any reason, such payments will be deferred and will accrue interest until paid, which could negatively impact our results of operations and could also affect our liquidity in periods in which such payments are made.

Risks relating to ownership of our Class A common stock and this offering

The high/low vote structure of our common stock has the effect of concentrating voting control with Bunch Holdings, which will limit your ability to influence the outcome of important transactions, including a change in control, and Bunch Holdings' interests may conflict with ours or yours in the future.

Our non-economic Class C common stock has ten votes per share, and our Class A common stock, which is the stock we are offering by means of this prospectus, has one vote per share. Assuming the offering size as set forth on the cover of this prospectus, immediately following this offering, Bunch Holdings will control approximately % of the voting power of our outstanding common stock, or % if the underwriters exercise in full their option to purchase additional shares, which means that, based on its percentage voting power after the offering, Bunch Holdings will control the vote of all matters submitted to a vote of our stockholders. This control will enable Bunch Holdings to control the election of the members of the board of directors and all other corporate decisions. Due to the high/low vote structure of our common stock, even when its stock holdings represent less than 50% of the outstanding shares of our capital stock, Bunch Holdings will have significant influence with respect to our management, business plans and policies, including the appointment and removal of our officers, decisions on whether to raise future capital and amending our charter and bylaws, which govern the rights attached to our common stock. In particular, for so long as Bunch Holdings continues to own a majority of the total voting power of our common stock, Bunch Holdings will be able to cause or prevent a change of control of us or a change in the composition of our board of directors and could preclude any unsolicited acquisition of us. The concentration of ownership could deprive you of an opportunity to receive a premium for your shares of Class A common stock as part of a sale of us and ultimately might affect the market price of our Class A common stock. In addition, Bunch Holdings will have the ability to designate a majority of the nominees for election to our board of directors, including the nominee for election to serve as Chairman of our board of directors for so long as the Substantial Ownership Requirement is met. Therefore, even when Bunch Holdings ceases to control a majority of the total voting power of our outstanding common stock, for so long as Bunch Holdings continues to own at least 10% of the voting power of our outstanding common stock, Bunch Holdings will still be able to control the composition of our board of directors.

Bunch Holdings and its affiliates own a controlling interest in an insurance carrier and in a software company that provides services to the insurance industry. In the ordinary course of its business activities, Bunch Holdings and its affiliates may engage in activities where their interests conflict with our interests or those of our other stockholders, such as investing in or advising businesses that directly or indirectly compete with certain portions of our business or are suppliers or Clients of ours. Our certificate of incorporation to be effective at or prior to the consummation of this offering will provide that Bunch Holdings, any of its affiliates or any director who is not employed by us (including any non-employee director who serves as one of our officers in both his or her director and officer capacities) or its affiliates will not have any duty to refrain from engaging, directly or indirectly, in the same business activities or similar business activities or lines of business in which we operate, except, in the case of directors and officers, as related to insurance brokerage services, unless such director or officer did not become aware of such opportunity related to insurance brokerage activities in his or her capacity as a director or officer. Bunch Holdings also may pursue acquisition opportunities that may be complementary to our business, and, as a result, those acquisition opportunities may not be available to us. In addition, Bunch Holdings may have an interest in pursuing acquisitions,

divestitures and other transactions that, in its judgment, respectively, could enhance its investment, even though such transactions might involve risks to you or may not prove beneficial.

Future transfers of LLC Units by the holder of non-economic Class C common stock will result in the corresponding shares of non-economic Class C common stock converting into shares of non-economic Class B common stock, subject to limited exceptions, including transfers to Richard F. (“Gordy”) Bunch III, his family members or affiliates of Bunch Holdings or that are effected for estate planning purposes. The high/low vote structure of the non-economic Class C common stock will terminate and each share of non-economic Class C common stock will be entitled to one vote per share automatically (i) 12 months following the death or disability of Richard F. (“Gordy”) Bunch III or (ii) upon the first trading day on or after such date that the outstanding shares of non-economic Class C common stock represent less than 10% of the then-outstanding Class A, non-economic Class B and non-economic Class C common stock, which, in either instance, may be extended to 18 months upon affirmative approval of a majority of the independent directors. For a description of the high/low vote structure, see the section of the prospectus captioned “Description of capital stock.”

We cannot predict the impact our high/low vote structure may have on our stock price or our business.

We cannot predict whether our high/low vote structure will result in a lower or more volatile trading price of our Class A common stock, in adverse publicity, or other adverse consequences. For example, certain index providers have announced restrictions on including companies with multiple-class share structures in certain of their indices. In July 2017, FTSE Russell announced that it plans to require new constituents of its indices to have greater than 5% of a company’s voting rights in the hands of public stockholders. Also in 2017, MSCI, a leading stock index provider, opened public consultations on their treatment of no-vote and multi-class structures and temporarily barred new multi-class listings from certain of its indices; however, in October 2018, MSCI announced its decision to include equity securities “with unequal voting structures” in its indices and to launch a new index that specifically includes voting rights in its eligibility criteria. Previously, S&P Dow Jones also excluded companies utilizing dual or multi-class capital structures from its indices, including the S&P 500, the S&P MidCap 400, and the S&P SmallCap 600, which together make up the S&P Composite 1500. However, in April 2023, it reversed this policy and announced that companies with dual or multi-class capital structures will again be eligible for inclusion on its indices. Under such announced policies, the high/low vote structure of our common stock would make us ineligible for inclusion in certain indices and, as a result, mutual funds, exchange-traded funds, and other investment vehicles that attempt to passively track those indices would not invest in our Class A common stock. It is unclear what effect, if any, these policies will have on the valuations of publicly traded companies excluded from such indices, but it is possible that they may depress valuations as compared to similar companies that are included. Because of the high/low vote structure of our common stock, we will likely be excluded from certain indices, and we cannot assure you that other stock indices will not take similar actions. Given the sustained flow of investment funds into passive strategies that seek to track certain indices, exclusion from certain stock indices would likely preclude investment by many of these funds and would make our Class A common stock less attractive to other investors. As a result, the trading price of our Class A common stock could be adversely affected.

There is no existing market for our Class A common stock, and we do not know if one will develop, which may cause our Class A common stock to trade at a discount from its initial offering price and make it difficult to sell the shares you purchase.

Prior to this offering, there has not been a public market for our Class A common stock and we cannot predict the extent to which investor interest in us will lead to the development of an active trading market on Nasdaq, or otherwise, or how liquid that market might become. If an active trading market does not develop, you may have difficulty selling your shares of Class A common stock at an attractive price, or at all. The initial public offering price for our Class A common stock will be determined by negotiations between us and the underwriters and may not be indicative of prices that will prevail in the open market following this offering. Consequently, you may not be able to sell shares of our Class A common stock at prices equal to or greater than the price you paid in this offering.

Some provisions of Delaware law and our certificate of incorporation and by-laws may deter third parties from acquiring us and diminish the value of our Class A common stock.

Our certificate of incorporation and by-laws provide for, among other things:

- Until the Substantial Ownership Requirement is no longer met, Bunch Holdings and its Permitted Transferees (as defined in our certificate of incorporation) may designate a majority of the nominees for election to our board of directors, including the nominee for election to serve as Chairman of our board of directors;
- at any time after the Majority Ownership Requirement is no longer met, there will be:
- restrictions on the ability of our stockholders to call a special meeting and the business that can be conducted at such meeting or to act by written consent;
- supermajority approval requirements for amending or repealing provisions in the certificate of incorporation and by-laws;
- a division of the board of directors into three classes of directors, with each class as equal in number as possible, serving staggered three-year terms, and such directors may only be removed for cause and by the affirmative vote of holders of 75% of the total voting power of our outstanding shares of common stock, voting together as a single class;
- our ability to issue additional shares of Class A common stock and to issue preferred stock with terms that the board of directors may determine, in each case without stockholder approval (other than as specified in our certificate of incorporation);
- the absence of cumulative voting in the election of directors; and
- advance notice requirements for stockholder proposals and nominations.

These provisions in our certificate of incorporation and by-laws may discourage, delay or prevent a transaction involving a change in control of our company that is in the best interest of our minority stockholders. Even in the absence of a takeover attempt, the existence of these provisions may adversely affect the prevailing market price of our Class A common stock if they are viewed as discouraging future takeover attempts. These provisions could also make it more difficult for stockholders to nominate directors for election to our board of directors and take other corporate actions.

Our certificate of incorporation will designate the Court of Chancery of the State of Delaware as the exclusive forum for certain litigation that may be initiated by our stockholders and the federal district courts of the United States as the exclusive forum for litigation arising under the Securities Act, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us.

Pursuant to our certificate of incorporation, to be effective in connection with the closing of this offering, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, the United States District Court for the District of Delaware) will, to the fullest extent permitted by law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by, or other wrongdoing by, any current or former director, officer or other employee of ours or our stockholders, or a claim of aiding and abetting any such breach of fiduciary duty, (iii) any action asserting a claim against us or any director, officer or other employee of ours arising pursuant to any provision of the DGCL, our certificate of incorporation or our bylaws (as either may be amended, restated, modified, supplemented or waived from time to time) (iv) any action to interpret, apply, enforce or determine the validity of our certificate of incorporation or our bylaws (as either may be amended), (v) any action asserting a claim against us or any director, officer or other employee of ours that is governed by the internal affairs doctrine or (vi) any action asserting an "internal corporate claim" as that term is defined in Section 115 of the DGCL. This provision would not apply to any action or proceeding asserting a claim under the Securities Act

or the Exchange Act for which the federal courts have exclusive jurisdiction or any other claim for which the federal courts have exclusive jurisdiction. Furthermore, our certificate of incorporation will also provide that, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States will be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act, against us or any director, officer or other employee of ours. However, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce a duty or liability created by the Securities Act or the rules and regulations thereunder; accordingly, we cannot be certain that a court would enforce such provision. Our certificate of incorporation will further provide that any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock is deemed to have notice of and consented to the provisions of our certificate of incorporation described above; however, our stockholders will not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder. See “Description of capital stock—Forum selection.” The forum selection provisions in our certificate of incorporation may have the effect of discouraging lawsuits against us or our directors and officers and may limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us. If the enforceability of our forum selection provision were to be challenged, we may incur additional costs associated with resolving such a challenge. While we currently have no basis to expect any such challenge would be successful, if a court were to find our forum selection provision to be inapplicable or unenforceable, we may incur additional costs associated with having to litigate in other jurisdictions, which could have an adverse effect on our business, financial condition and results of operations and result in a diversion of the time and resources of our employees, management and board of directors.

If a substantial number of shares become available for sale and are sold in a short period of time, the market price of our Class A common stock could decline.

Upon the consummation of this offering, we will have _____ shares of Class A common stock (or _____ shares if the underwriters exercise their option to purchase additional shares of Class A common stock in full) outstanding, excluding _____ shares of Class A common stock issuable upon potential redemptions or exchanges. Of these shares, the _____ shares sold in this offering (or _____ shares if the underwriters exercise their option to purchase additional shares of Class A common stock in full) will be freely tradable without further restriction or registration under the Securities Act. Upon the completion of this offering, the remaining _____ outstanding shares of Class A common stock (or _____ shares of Class A common stock if the underwriters exercise their option to purchase additional shares of Class A common stock in full), including shares issuable upon potential redemption or exchanges will be deemed “restricted securities,” as that term is defined under Rule 144 of the Securities Act. Immediately following the consummation of this offering, the holders of these remaining shares of our Class A common stock (or shares if the underwriters exercise their option to purchase additional shares of Class A common stock in full), including shares issuable upon redemption or exchange as described above will be entitled to dispose of their shares following the expiration of an initial 180-day underwriter “lock-up” period pursuant to (i) the applicable holding period, volume and other restrictions of Rule 144 or (ii) another exemption from registration under the Securities Act. See “Shares eligible for future sale.” In addition, participants in the directed share program described under “Underwriting” will be subject to similar restrictions during the 180-day period beginning on the date of this prospectus, except with the prior written consent of J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC. If these additional shares are sold, or if it is perceived that they will be sold, in the public market, the trading price of our common stock could decline substantially.

We may allocate the net proceeds from this offering in ways that stockholders may not approve.

We intend to use approximately \$ _____ of the net proceeds from this offering to acquire a number of newly-issued LLC Units equal to the number of shares of Class A common stock issued in this offering from TWFG Holding Company, LLC, at a purchase price per LLC Unit equal to the initial public offering price of Class A common stock after underwriting discounts and commissions. We intend to cause TWFG Holding Company, LLC to use the proceeds it receives from the sale of LLC Units to TWFG, Inc. to pay fees and expenses in connection with this offering and the reorganization transactions, to repay in full outstanding debt under our Revolving Credit Agreement, for potential strategic acquisitions of, or investments in, other

businesses or technologies that we believe will complement our current business and expansion strategies and for general corporate purposes. Our management will have broad discretion in the application of the net proceeds from this offering that have not otherwise been identified for particular purposes described in the section entitled “Use of Proceeds.” Because of the number and variability of factors that will determine our use of the net proceeds from this offering, their ultimate use may vary substantially from their currently intended use. Our management might not apply our net proceeds in ways that ultimately increase the value of your investment, and the failure by our management to apply these funds effectively could harm our business. Pending their use, we may invest the net proceeds from this offering in short- and intermediate-term interest-bearing obligations, investment-grade instruments, certificates of deposit or direct or guaranteed obligations of the U.S. government. These investments may not yield a favorable return to our stockholders. If we do not invest or apply the net proceeds from this offering in ways that enhance stockholder value, we may fail to achieve expected results, which could cause our stock price to decline.

We expect that our stock price will be volatile, which could cause the value of your investment to decline, and you may not be able to resell your shares at or above the initial public offering price.

Securities markets worldwide have experienced, and are likely to continue to experience, significant price and volume fluctuations. This market volatility, as well as general economic, market or political conditions, could reduce the market price of our Class A common stock regardless of our results of operations. The trading price of our Class A common stock is likely to be volatile and subject to wide price fluctuations in response to various factors, including:

- market conditions in the broader stock market in general, or in our industry in particular;
- actual or anticipated fluctuations in our quarterly financial and operating results;
- introduction of new products and services by us or our competitors;
- issuance of new or changed securities analysts’ reports or recommendations;
- investor perceptions of us and the industries in which we or our Clients operate;
- low trading volumes or sales, or anticipated sales, of large blocks of our stock, including those by our existing investors;
- concentration of Class A common stock ownership;
- additions or departures of key personnel;
- regulatory or political developments;
- the perceived adequacy of our ESG efforts;
- announced or completed acquisitions of businesses or technologies by us or our competitors;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- litigation and governmental investigations; and
- changing economic and political conditions.

These and other factors may cause the market price and demand for shares of our Class A common stock to fluctuate substantially, which may limit or prevent investors from readily selling their shares of Class A common stock and may otherwise negatively affect the liquidity of our Class A common stock. In addition, in the past, when the market price of a stock has been volatile, holders of that stock have sometimes instituted securities class action litigation against the company that issued the stock. If any of our stockholders brought a lawsuit against us, we could incur substantial costs defending the lawsuit. Such a lawsuit could also divert the time and attention of our management from our business, which could significantly harm our profitability and reputation.

Our ability to pay dividends to our stockholders may be limited by our holding company structure, contractual restrictions and regulatory requirements.

After this offering, we will be a holding company and will have no material assets other than our ownership of LLC Units in TWFG Holding Company, LLC and we will not have any independent means of generating revenue. We intend to cause TWFG Holding Company, LLC to make pro rata distributions to the Pre-IPO LLC Members and us in an amount at least sufficient to allow us and the Pre-IPO LLC Members to pay taxes allocable to our respective share of TWFG Holding Company, LLC's income, to make payments under the tax receivable agreement we will enter into with the Pre-IPO LLC Members and to pay our unreimbursed corporate and other overhead expenses. TWFG Holding Company, LLC is a distinct legal entity and may be subject to legal or contractual restrictions that, under certain circumstances, may limit our ability to obtain cash from them. If TWFG Holding Company, LLC is unable to make distributions, we may not receive adequate distributions, which could materially and adversely affect our dividends and financial position and our ability to fund any dividends.

Our board of directors will periodically review the cash generated from our business and the capital expenditures required to finance our growth plans and determine whether to declare periodic dividends to our stockholders. Our board of directors will take into account general economic and business conditions, including our financial condition and results of operations, capital requirements, contractual restrictions, including restrictions and covenants contained in our debt agreements, business prospects and other factors that our board of directors considers relevant. Accordingly, we may not be able to pay dividends even if our board of directors would otherwise deem it appropriate. See "Dividend policy," "Management's discussion and analysis of financial condition and results of operations—Liquidity and capital resources" and "Description of capital stock."

New investors in our Class A common stock will experience immediate and substantial book value dilution after this offering.

The initial public offering price of our Class A common stock will be substantially higher than the pro forma net tangible book value per share of the outstanding Class A common stock immediately after the offering. Based on our pro forma net tangible book value as of March 31, 2024, if you purchase our Class A common stock in this offering at the midpoint of the estimated public offering price range set forth on the cover page of this prospectus, you will suffer immediate dilution in net tangible book value per share of approximately \$ _____ per share. See "Dilution."

If securities analysts do not publish research or reports about our business or if they publish negative evaluations of our Class A common stock, the price of our Class A common stock could decline.

The trading market for our Class A common stock will rely in part on the research and reports that industry or securities analysts publish about us or our business. We do not currently have and may never obtain research coverage by industry or securities analysts. If no or few analysts commence coverage of us, the trading price of our Class A common stock would likely decrease. Even if we do obtain analyst coverage, if one or more of the analysts covering our business downgrade their evaluations of our stock, the price of our Class A common stock could decline. If one or more of these analysts cease to cover our Class A common stock, we could lose visibility in the market for our stock, which in turn could cause our Class A common stock price to decline.

We may issue shares of preferred stock in the future, which could make it difficult for another company to acquire us or could otherwise adversely affect holders of our Class A common stock, which could depress the price of our Class A common stock.

Our certificate of incorporation will authorize us to issue one or more series of preferred stock. Our board of directors will have the authority to determine the preferences, limitations and relative rights of the shares of preferred stock and to fix the number of shares constituting any series and the designation of such series, without any further vote or action by our stockholders. Our preferred stock could be issued with voting,

liquidation, dividend and other rights superior to the rights of our Class A common stock. The potential issuance of preferred stock may delay or prevent a change in control of us, discouraging bids for our Class A common stock at a premium to the market price, and materially adversely affect the market price and the voting and other rights of the holders of our Class A common stock.

For as long as we are an emerging growth company, we will not be required to comply with certain reporting requirements, including those relating to accounting standards and disclosure about our executive compensation, that apply to other public companies, which may make our Class A common stock less attractive to investors.

We are classified as an “emerging growth company” under the JOBS Act. For as long as we are an emerging growth company, which may be up to five full fiscal years, unlike other public companies, we will not be required to, among other things: (i) provide an auditor’s attestation report on management’s assessment of the effectiveness of our system of internal control over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act; (ii) comply with any new requirements adopted by the Public Company Accounting Oversight Board requiring mandatory audit firm rotation or a supplement to the auditor’s report in which the auditor would be required to provide additional information about the audit and the financial statements of the issuer; (iii) provide certain disclosures regarding executive compensation required of larger public companies; or (iv) hold nonbinding advisory votes on executive compensation. Additionally, as an emerging growth company, we are required to have only two years of audited financial statements and only two years of related Management’s discussion and analysis of financial condition and results of operations disclosure. We will remain an emerging growth company for up to five years, although we will lose that status sooner if we have equal to or more than \$1.235 billion of revenues in a fiscal year, have equal to or more than \$700.0 million in market value of our common stock held by non-affiliates, or issue more than \$1.0 billion of non-convertible debt over a three-year period.

To the extent that we rely on any of the exemptions available to emerging growth companies, you will receive less information about our executive compensation and internal control over financial reporting than issuers that are not emerging growth companies. Additionally, we intend to take advantage of the extended transition periods for the adoption of new or revised financial accounting standards under the JOBS Act until we are no longer an emerging growth company. Our election to use the transition periods permitted by this election may make it difficult to compare our financial statements to those of non-emerging growth companies and other emerging growth companies that have opted out of the extended transition periods permitted under the JOBS Act and who will comply with new or revised financial accounting standards.

If some investors find our Class A common stock to be less attractive as a result, there may be a less active trading market for our Class A common stock and our stock price may be more volatile.

As a result of becoming a public company, we will be obligated to develop and maintain proper and effective internal control over financial reporting in order to comply with Section 404 of the Sarbanes-Oxley Act. We may not complete our analysis of our internal control over financial reporting in a timely manner, or these internal controls may not be determined to be effective, which may adversely affect investor confidence in us and, as a result, the value of our Class A common stock.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with GAAP. We are in the very early stages of the costly and challenging process of compiling the system and processing documentation necessary to perform the evaluation needed to comply with Section 404 of the Sarbanes-Oxley Act. We may not be able to complete our evaluation, testing and any required remediation in the time required. If we are unable to assert that our internal control over financial reporting is effective, we could lose investor confidence in the accuracy and completeness of our financial reports, which would cause the price of our Class A common stock to decline, and we may be subject to investigation or sanctions by the SEC.

We will be required, pursuant to Section 404 of the Sarbanes-Oxley Act, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting as of the end of the fiscal year that coincides with the filing of our second annual report on Form 10-K. This assessment will need to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting. We will also be required to disclose changes made in our internal control and procedures on a quarterly basis. However, our independent registered public accounting firm will not be required to report on the effectiveness of our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act until the later of the year following our first annual report required to be filed with the SEC, or the date we are no longer an “emerging growth company” as defined in the JOBS Act if we take advantage of the exemptions contained in the JOBS Act. At such time, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our controls are documented, designed or operating.

Additionally, the existence of any material weakness or significant deficiency would require management to devote significant time and incur significant expense to remediate any such material weaknesses or significant deficiencies and management may not be able to remediate any such material weaknesses or significant deficiencies in a timely manner. The existence of any material weakness in our internal control over financial reporting could also result in errors in our financial statements that could require us to restate our financial statements, cause us to fail to meet our reporting obligations and cause stockholders to lose confidence in our reported financial information, all of which could materially and adversely affect our business and stock price. To comply with the requirements of being a public company, we may need to undertake various costly and time-consuming actions, such as implementing new internal controls and procedures and hiring accounting or internal audit staff, which may adversely affect our business, financial condition, results of operations, cash flows and prospects.

The requirements of being a public company may strain our resources and distract our management, which could make it difficult to manage our business, particularly after we are no longer an “emerging growth company.”

As a public company, we will incur legal, accounting and other expenses that we did not previously incur. We will become subject to the reporting requirements of the Exchange Act and the Sarbanes-Oxley Act, the listing requirements of and other applicable securities rules and regulations. Compliance with these rules and regulations will increase our legal and financial compliance costs, make some activities more difficult, time-consuming or costly and increase demand on our systems and resources, particularly after we are no longer an “emerging growth company.” The Exchange Act requires that we file annual, quarterly and current reports with respect to our business, financial condition, results of operations, cash flows and prospects. The Sarbanes-Oxley Act requires, among other things, that we establish and maintain effective internal controls and procedures for financial reporting. Furthermore, the need to establish the corporate infrastructure demanded of a public company may divert our management’s attention from implementing our growth strategy, which could prevent us from improving our business, financial condition, results of operations, cash flows and prospects. We have made, and will continue to make, changes to our internal controls and procedures for financial reporting and accounting systems to meet our reporting obligations as a public company. However, the measures we take may not be sufficient to satisfy our obligations as a public company. In addition, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. For example, we expect these rules and regulations to make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to incur substantial costs to maintain the same or similar coverage. These additional obligations could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time-consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in

continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of our management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us and there could be a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

We have made statements under the captions “Prospectus summary,” “Risk factors,” “Management’s discussion and analysis of financial condition and results of operations,” “Business” and in other sections of this prospectus that are forward-looking statements. In some cases, you can identify these statements by forward-looking words such as “may,” “might,” “will,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential” or “continue,” the negative of these terms and other comparable terminology. These forward-looking statements, which are subject to risks, uncertainties and assumptions about us, may include projections of our future financial performance, our anticipated growth strategies and anticipated trends in our business. These statements are only predictions based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements, including those factors discussed under the caption entitled “Risk factors.” You should specifically consider the numerous risks outlined under “Risk factors.”

Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements. We are under no duty to update any of these forward-looking statements after the date of this prospectus to conform our prior statements to actual results or revised expectations.

ORGANIZATIONAL STRUCTURE

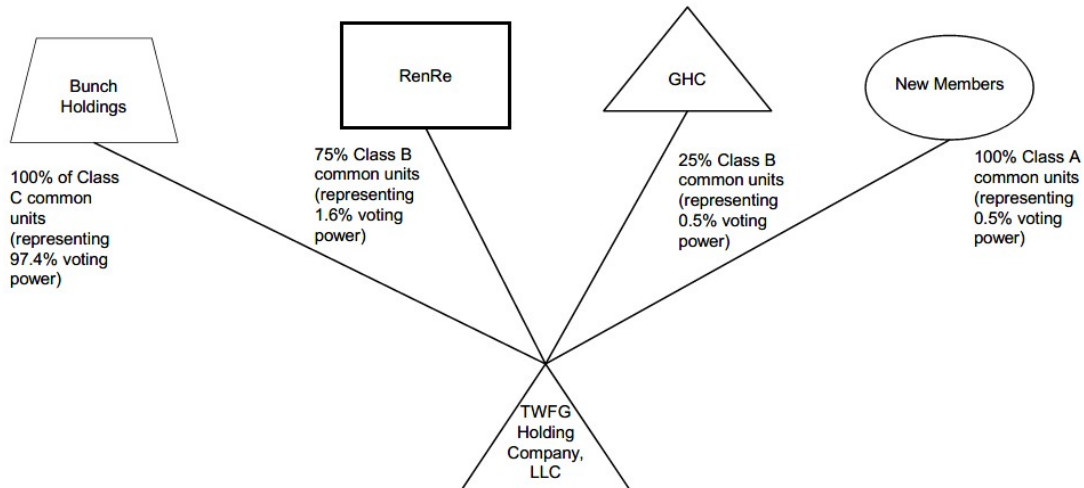
Structure prior to the reorganization transactions

We and our predecessors have been in the insurance brokerages business for approximately 23 years. We currently conduct our business through TWFG Holding Company, LLC.

Prior to the commencement of the reorganization transactions, TWFG Holding Company, LLC had limited liability company interests outstanding in the form of Class A, Class B and Class C units.

TWFG, Inc. was incorporated as a Delaware corporation in January 2024 to serve as the issuer of the Class A common stock offered hereby.

The following diagram depicts TWFG, Inc.'s organizational structure immediately prior to the reorganization transactions. This chart is provided for illustrative purposes only and does not purport to represent all legal entities within TWFG, Inc.'s organizational structure.



Common membership interests

Prior to the commencement of the reorganization transactions, the Class A, Class B and Class C membership interests were owned as follows (for a description of the beneficial ownership interests described below see "Principal Stockholders"):

- Bunch Holdings beneficially owned 100% of TWFG Holding Company, LLC's Class C units (representing a 97.4% voting interest in TWFG Holding Company, LLC based on ten votes per unit);
- RenRe beneficially owned 75.0% of TWFG Holding Company, LLC's Class B units (representing a 1.6% voting interest in TWFG Holding Company, LLC based on one vote per unit);
- GHC beneficially owned 25.0% of TWFG Holding Company, LLC's Class B units (representing a 0.5% voting interest in TWFG Holding Company, LLC based on one vote per unit); and
- New Members beneficially owned 100% of TWFG Holding Company, LLC's Class A interests (representing a 0.5% voting interest in TWFG Holding Company, LLC based on one vote per unit).

The reorganization transactions

In connection with this offering, we intend to enter into the following series of transactions to implement an internal reorganization, which we collectively refer to as the “reorganization transactions”:

- the TWFG LLC Agreement will be amended and restated prior to this offering to, among other things, appoint TWFG, Inc. as the sole managing member of TWFG Holding Company, LLC and modify the TWFG Holding Company, LLC capital structure by reclassifying the interests currently held by the Pre-IPO LLC Members and the New Members into a single new class of non-voting common interest units that we refer to as “LLC Units”;
- as sole managing member of TWFG Holding Company, LLC, TWFG, Inc. will have sole authority to determine the amount and timing of distributions from TWFG Holding Company, LLC. Because we will manage and operate the business and control the strategic decisions and day-to-day operations of TWFG Holding Company, LLC and will also have a substantial financial interest in TWFG Holding Company, LLC, we will consolidate the financial results of TWFG Holding Company, LLC, and a portion of our net income will be allocated to the non-controlling interest to reflect the entitlement of the Pre-IPO LLC Members to a portion of TWFG Holding Company, LLC’s net income. In addition, because TWFG Holding Company, LLC will be under the common control of the Pre-IPO LLC Members before and after the reorganization transactions, we will account for the reorganization transactions as a reorganization of entities under common control and will initially measure the interests of the Pre-IPO LLC Members in the assets and liabilities of TWFG Holding Company, LLC at their carrying amounts as of the date of the completion of these reorganization transactions;
- TWFG, Inc.’s certificate of incorporation will authorize the issuance of three classes of common stock: Class A common stock, non-economic Class B common stock and non-economic Class C common stock, which we refer to collectively as our “common stock.” Each share of Class A common stock will entitle its holder to one vote per share on all matters submitted to a vote of our stockholders, each share of non-economic Class B common stock will entitle its holder to one vote per share on all matters submitted to a vote of our stockholders and each share of non-economic Class C common stock will initially entitle its holder to ten votes per share on all matters submitted to a vote of our stockholders. Each share of non-economic Class C common stock will be entitled to one vote per share automatically (i) 12 months following the death or disability of Richard F. (“Gordy”) Bunch III or (ii) upon the first trading day on or after such date that the outstanding shares of non-economic Class C common stock represent less than 10% of the then-outstanding Class A, non-economic Class B and non-economic Class C common stock, which, in either instance, may be extended to 18 months upon affirmative approval of a majority of the independent directors. See “Description of capital stock”;
- LLC Units held by Bunch Holdings will be exchanged into shares of Class A common stock of TWFG, Inc.;
- Bunch Holdings will be issued non-economic Class C common stock in an amount equal to the remaining number of LLC Units then held by Bunch Holdings and each of the other Pre-IPO LLC Members will be issued shares of our non-economic Class B common stock in an amount equal to the number of LLC Units then held by each such Pre-IPO LLC Member;
- the LLC Units held by the New Members will be exchanged into shares of Class A common stock of TWFG, Inc.;
- under the TWFG LLC Agreement, the Pre-IPO LLC Members will have the right, from and after the completion of this offering (subject to the terms of the TWFG LLC Agreement), to require TWFG Holding Company, LLC to redeem all or a portion of their LLC Units for, at our election, newly-issued shares of Class A common stock on a one-for-one basis or a cash payment equal to the volume weighted average market price of one share of our Class A common stock for each LLC Unit redeemed (subject to customary adjustments, including for stock splits, stock dividends and reclassifications) in accordance with the terms of the TWFG LLC Agreement. Additionally, in the event of a redemption request by a

holder of LLC Units, we may, at our option, effect a direct exchange of cash or Class A common stock for LLC Units in lieu of such a redemption. Shares of non-economic Class B common stock or non-economic Class C common stock, as applicable, will be cancelled on a one-for-one basis if we, following a redemption request of a holder of LLC Units, redeem or exchange LLC Units of such holder of LLC Units pursuant to the terms of the TWFG LLC Agreement. See “Certain relationships and related party transactions—Amended and restated TWFG Holding Company, LLC agreement.” Except for transfers to us pursuant to the TWFG LLC Agreement or to certain permitted transferees, the holders of LLC Units are not permitted to sell, transfer or otherwise dispose of any LLC Units or shares of non-economic Class B common stock or non-economic Class C common stock;

- we intend to use the net proceeds from this offering (including net proceeds received if the underwriters exercise their option to purchase additional shares of Class A common stock) to acquire a number of newly-issued LLC Units equal to the number of shares of Class A common stock issued in this offering from TWFG Holding Company, LLC, at a purchase price per LLC Unit equal to the initial public offering price of Class A common stock after underwriting discounts and commissions. See “Use of proceeds”;
- we intend to cause TWFG Holding Company, LLC to use the proceeds it receives from the sale of LLC Units to TWFG, Inc. to pay fees and expenses of approximately \$ million in connection with this offering and the reorganization transactions, to repay in full outstanding debt under our Revolving Credit Agreement in the amount of \$41.0 million, for potential strategic acquisitions of, or investments in, other businesses or technologies that we believe will complement our current business and expansion strategies and for general corporate purposes. See “Use of proceeds”; and
- we will enter into a tax receivable agreement that will obligate us to make payments to the Pre-IPO LLC Members and any future party to the tax receivable agreement generally equal to 85% of the applicable cash savings that we actually realize as a result of certain tax basis adjustments resulting from the purchase of LLC Units from any of the Pre-IPO LLC Members using the net proceeds from any future offering, future taxable redemptions or exchanges of LLC Units by the holders of LLC Units and from payments made under the tax receivable agreement, as well as tax benefits related to imputed interest resulting from payments made under the tax receivable agreement. We will retain the benefit of the remaining 15% of these tax savings.

Effect of the reorganization transactions and this offering

The reorganization transactions are intended to create a holding company that will facilitate public ownership of, and investment in, us and are structured in a tax-efficient manner for the Pre-IPO LLC Members and are intended to provide tax advantages to the public company and such Pre-IPO LLC Members. The Pre-IPO LLC Members desire that their investment maintain its existing tax treatment as a partnership for U.S. federal income tax purposes not subject to entity-level tax and, therefore, will continue to hold their ownership interests in TWFG Holding Company, LLC until such time in the future as they may elect to cause us to redeem or exchange their LLC Units for a corresponding number of shares of our Class A common stock. Additionally, because the Pre-IPO LLC Members are entitled to have their LLC Units redeemed or exchanged for a corresponding number of shares of our Class A common stock, the Up-C structure also provides the Pre-IPO LLC Members with potential liquidity for the LLC Interests that holders of non-publicly traded limited liability companies are not typically afforded.

The Up-C structure also provides future tax benefits for both the public company and the Pre-IPO LLC Members. As described further below under “Holding company structure and the tax receivable agreement,” additional acquisitions by TWFG, Inc. of LLC Units from any of the Pre-IPO LLC Members using the net proceeds from any future offerings of shares of our Class A common stock and any future taxable redemptions or exchanges by the Pre-IPO LLC Members of LLC Units for shares of our Class A common stock or cash are expected to result in tax basis adjustments with respect to the assets of TWFG Holding Company, LLC that will be allocated to us and thus produce favorable tax attributes for us. These tax attributes are expected to reduce the amount of tax that we would otherwise be required to pay in the future. While the tax receivable agreement will require us to pay the Pre-IPO LLC Members 85% of the amount of cash savings, if any, in our U.S. federal, state and local income tax or franchise tax that we actually realize from the

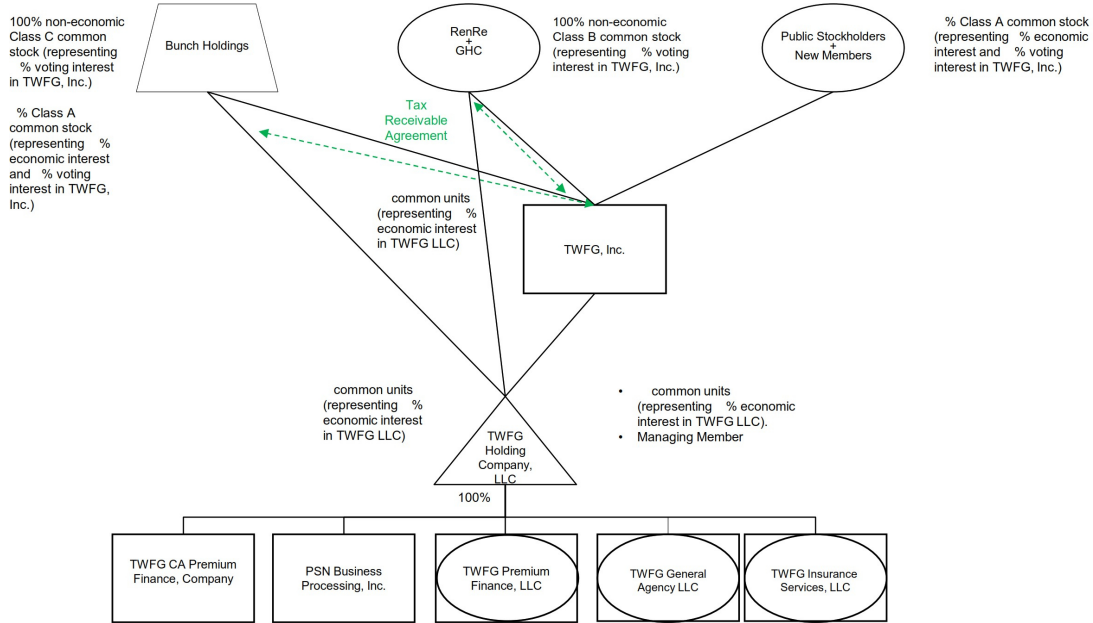
utilization of such tax attributes, we will be able to retain the benefit of the remaining 15% of these tax savings.

Although the Up-C structure is more complex than other organization structures considered by us, we believe that the benefits of the Up-C structure outweigh any detriment from the additional complexity.

We estimate that the offering expenses (other than the underwriting discounts and commissions) will be approximately \$.

See "Use of proceeds" for further details.

The following diagram depicts our organizational structure immediately following the reorganization transactions, this offering and the application of the net proceeds from this offering, assuming an initial public offering price of \$ per share (the midpoint of the estimated initial public offering price range set forth on the cover page of this prospectus) and no exercise of the underwriters' option to purchase additional shares. This chart is provided for illustrative purposes only and does not purport to represent all legal entities within our organizational structure.



(1) Upon completion of this offering, TWFG, Inc. will have three classes of common stock. The Class A common stock offered hereby will have one vote per share and the non-economic Class B common stock will have one vote per share. Each share of non-economic Class C common stock is initially entitled to ten votes per share. Each share of non-economic Class C common stock will be entitled to one vote per share automatically (i) 12 months following the death or disability of Richard F. ("Gordy") Bunch III or (ii) upon the first trading day on or after such date that the outstanding shares of non-economic Class C common stock represent less than 10% of the then-outstanding Class A, non-economic Class B and non-economic Class C common stock, which, in either instance, may be extended to 18 months upon affirmative approval of a majority of the independent directors.

(2) Upon completion of this offering, the Pre-IPO LLC Members, excluding Bunch Holdings, will hold % of the voting power in TWFG, Inc. and Bunch Holdings will hold % of the voting power in TWFG, Inc. If the Pre-IPO LLC Members redeemed or exchanged all of their LLC Units for a corresponding number of shares of Class A common stock (on a one-for-one basis) and their corresponding shares of non-economic Class B common stock or non-economic Class C common stock (on a one-for-one basis) were cancelled, they would hold % of the outstanding shares of Class A common stock. In addition to being the managing member of TWFG Holding Company, LLC, TWFG, Inc. would then hold all of the outstanding LLC Units, representing 100% of the economic interests in TWFG Holding Company, LLC.

Upon completion of the transactions described above, this offering and the application of the net proceeds from this offering:

- TWFG, Inc. will be the sole managing member of TWFG Holding Company, LLC and will indirectly hold _____ LLC Units, constituting _____ % of the outstanding ownership interests in TWFG Holding Company, LLC (or _____ LLC Units, constituting _____ % of the outstanding ownership interests in TWFG Holding Company, LLC if the underwriters exercise their option to purchase additional shares of Class A common stock in full and giving effect to the use of the net proceeds therefrom);
- the Pre-IPO LLC Members will hold approximately _____ % of the outstanding LLC Units and the Pre-IPO LLC Members will collectively hold approximately _____ % of the combined voting power of our common stock (or _____ % if the underwriters exercise their option to purchase additional shares of Class A common stock in full and giving effect to the use of the net proceeds therefrom); and
- investors in this offering will collectively beneficially own _____ shares of our Class A common stock, representing _____ % of the combined voting power in us (or _____ shares and _____ %, respectively, if the underwriters exercise their option to purchase additional shares of Class A common stock in full and giving effect to the use of the net proceeds therefrom).

Holding company structure and the tax receivable agreement

We are a holding company, and immediately after the consummation of the reorganization transactions and this offering our principal asset will be our ownership interests in TWFG Holding Company, LLC. The number of LLC Units that we will own directly in the aggregate at any time will equal the aggregate number of outstanding shares of our Class A common stock. The economic interest represented by each LLC Unit that we own will correspond to one share of our Class A common stock, and the total number of LLC Units owned directly by us and the holders of our non-economic Class B common stock and non-economic Class C common stock at any given time will equal the sum of the outstanding shares of all classes of our common stock.

We do not intend to list our non-economic Class B common stock or non-economic Class C common stock on any stock exchange.

TWFG Holding Company, LLC intends to have in place an election under Section 754 of the Code. Accordingly, acquisitions by TWFG, Inc. of LLC Units from any of the Pre-IPO LLC Members using the net proceeds from any future offering of shares of our Class A common stock and any future taxable redemptions or exchanges by the Pre-IPO LLC Members of LLC Units for shares of our Class A common stock or cash, as well as other transactions described herein, are expected to result in tax basis adjustments with respect to the assets of TWFG Holding Company, LLC that will be allocated to us and thus produce favorable tax attributes. These tax attributes would not be available to us in the absence of those transactions and are expected to reduce the amount of tax that we would otherwise be required to pay in the future.

We intend to enter into the tax receivable agreement with the Pre-IPO LLC Members that will provide for the payment by us to the Pre-IPO LLC Members and any future party to the tax receivable agreement of 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax or franchise tax that we actually realize as a result of (i) any increase in tax basis in TWFG Holding Company, LLC's assets resulting from (a) the purchase of LLC Units from any of the Pre-IPO LLC Members using the net proceeds from any future offering of shares of our Class A common stock, (b) future taxable redemptions or exchanges by the Pre-IPO LLC Members of LLC Units for shares of our Class A common stock or cash or (c) payments under the tax receivable agreement and (ii) tax benefits related to imputed interest resulting from payments made under the tax receivable agreement. Although we are not aware of any issue that would cause the IRS to challenge the tax basis increases or other benefits arising under the tax receivable agreement, the Pre-IPO LLC Members will not reimburse us for any payments previously made if such basis increases or other benefits are subsequently disallowed, except that excess payments made to the Pre-IPO LLC Members will be netted against future payments otherwise to be made under the tax receivable agreement, if any, after our determination of such excess. As a result, in such circumstances we could make future payments to the Pre-

IPO LLC Members under the tax receivable agreement that are greater than our actual cash tax savings and may not be able to recoup those payments, which could negatively impact our liquidity. See “Risk factors— We will be required to pay the Pre-IPO LLC Members and any other persons that become parties to the tax receivable agreement for certain tax benefits we may receive, and the amounts we may pay could be significant.”

Our obligations under the tax receivable agreement will also apply with respect to any person who becomes a party to the tax receivable agreement.

USE OF PROCEEDS

We estimate that our net proceeds from this offering will be approximately \$ _____, after deducting underwriting discounts and commissions of approximately \$ _____, based on an assumed initial offering price of \$ _____ per share (the midpoint of the estimated public offering price range set forth on the cover page of this prospectus) and assuming the underwriters' option to purchase additional shares of Class A common stock is not exercised. If the underwriters exercise their option to purchase additional shares of Class A common stock in full, we expect to receive approximately \$ _____ of net proceeds, after deducting underwriting discounts and commissions of approximately \$ _____, based on an assumed initial offering price of \$ _____ per share (the midpoint of the estimated public offering price range set forth on the cover page of this prospectus).

We estimate that the offering expenses (other than the underwriting discount and commissions) will be approximately \$ _____. All of such offering expenses will be paid for or otherwise borne by TWFG Holding Company, LLC.

We intend to use the net proceeds from this offering (including net proceeds received if the underwriters exercise their option to purchase additional shares of Class A common stock) to acquire a number of newly-issued LLC Units equal to the number of shares of Class A common stock, issued in this offering from TWFG Holding Company, LLC, at a purchase price per LLC Unit equal to the initial public offering price of Class A common stock after underwriting discounts and commissions. We intend to cause TWFG Holding Company, LLC to use the proceeds it receives from the sale of LLC Units to TWFG, Inc. to pay fees and expenses of approximately \$ _____ in connection with this offering and the reorganization transactions, to repay in full outstanding debt under our Revolving Credit Agreement in the amount of \$41.0 million, for potential strategic acquisitions of, or investments in, other businesses or technologies that we believe will complement our current business and expansion strategies, and for general corporate purposes.

We currently do not have any agreements or commitments to make any acquisitions or investments. We seek businesses that are involved in the retail and wholesale distribution of personal and commercial insurance in the United States. We currently track approximately 36 companies with respect to which we have engaged in conversations with investment bankers, business brokers or the management team about potential acquisition opportunities. These conversations are preliminary and highly exploratory in nature. The number of companies in our pipeline varies significantly from time to time. There can be no assurance that any of our conversations will result in an acquisition.

We borrowed the amounts outstanding under our Revolving Credit Agreement to finance the cash purchase price of acquisitions of insurance services businesses, including acquisitions completed in January 2024. At our option, the Revolving Credit Agreement accrues interest on amounts drawn at the Term SOFR Rate or Daily SOFR plus the SOFR Adjustment of 0.10% and Applicable Margin of 2.00% to 2.75%, each as defined in the Revolving Credit Agreement. The revolving credit facility under the Revolving Credit Agreement matures on May 23, 2028.

A \$1.00 increase (decrease) in the assumed initial public offering price of \$ _____ per share would increase (decrease) the amount of proceeds to us from this offering available by approximately \$ _____, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The expected use of net proceeds from this offering represents our intentions based upon our present plans and business conditions. We cannot predict with certainty all of the particular uses for the proceeds of this offering or the amounts that we will actually spend on the uses set forth above. Accordingly, our management will have significant flexibility in applying the net proceeds of this offering. The timing and amount of our actual expenditures will be based on many factors, including cash flows from operations and the anticipated growth of our business.

DIVIDEND POLICY

Following this offering and subject to funds being legally available, we intend to cause TWFG Holding Company, LLC to make pro rata distributions to the Pre-IPO LLC Members and us in an amount at least sufficient to allow us and the Pre-IPO LLC Members to pay the taxes at certain assumed tax rates on our and the Pre-IPO LLC Members' respective allocable shares of the taxable income of TWFG Holding Company, LLC, to make payments under the tax receivable agreement we will enter into with the Pre-IPO LLC Members and to pay our corporate and other unreimbursed overhead expenses. The declaration and payment of any dividends by TWFG, Inc. will be at the sole discretion of our board of directors, which may change our dividend policy at any time. Our board of directors will take into account:

- general economic and business conditions;
- our financial condition and operating results;
- our available cash and current and anticipated cash needs;
- our capital requirements;
- contractual, legal, tax and regulatory restrictions and implications on the payment of dividends by us to our stockholders or by our subsidiaries (including TWFG Holding Company, LLC) to us; and
- such other factors as our board of directors may deem relevant.

TWFG, Inc. will be a holding company and will have no material assets other than its ownership of LLC Units in TWFG Holding Company, LLC, and as a consequence, our ability to declare and pay dividends to the holders of our Class A common stock will be subject to the ability of TWFG Holding Company, LLC to provide distributions to us. If TWFG Holding Company, LLC makes such distributions, the Pre-IPO LLC Members will be entitled to receive equivalent distributions from TWFG Holding Company, LLC. However, because we must pay taxes, make payments under the tax receivable agreement and pay our unreimbursed expenses, amounts ultimately distributed as dividends to holders of our Class A common stock are expected to be less than the amounts distributed by TWFG Holding Company, LLC to the Pre-IPO LLC Members on a per share basis. See "Certain relationships and related party transactions—Tax receivable agreement."

Assuming TWFG Holding Company, LLC makes distributions to its members in any given year, the determination to pay dividends, if any, to our Class A common stockholders out of the portion, if any, of such distributions remaining after our payment of taxes, tax receivable agreement payments and expenses (any such portion, an "excess distribution") will be made by our board of directors. Because our board of directors may determine to pay or not pay dividends to our Class A common stockholders, our Class A common stockholders may not necessarily receive dividend distributions relating to excess distributions, even if TWFG Holding Company, LLC makes such distributions to us. Holders of our non-economic Class B common stock or non-economic Class C common stock are not entitled to participate in any cash dividends declared by our board of directors. See "Risk factors—Risks relating to our organizational structure—In certain circumstances, TWFG Holding Company, LLC will be required to make distributions to us and the other holders of LLC Units, and the distributions that TWFG Holding Company, LLC will be required to make may be substantial."

CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of March 31, 2024:

- on an actual basis for TWFG Holding Company, LLC;
- on an as adjusted basis for us to reflect the reorganization transactions described under “Organizational structure”; and
- on a further adjusted basis for us to reflect the sale by us of _____ shares of Class A common stock in this offering and the application of the net proceeds from this offering as described in “Use of Proceeds” and based on an assumed initial public offering price of \$ _____ per share, the midpoint of the range set forth on the cover page of this prospectus.

This table should be read in conjunction with “Organizational structure,” “Use of proceeds,” “Management’s discussion and analysis of financial condition and results of operations,” “Description of capital stock” and the financial statements and notes thereto appearing elsewhere in this prospectus.

	March 31, 2024 (Amounts in thousands)		
	Actual	As adjusted	As further adjusted
Cash and cash equivalents	\$ 22,555	\$	\$
Debt			
5-year Term Loan	\$ 367		
7-year Term Loan	7,314		
Revolving Credit Agreement	41,000		
Acquisition-related notes ⁽¹⁾	1,770		
Members’ equity (deficit)/stockholders’ equity			
Common units	—		
Class A common units (27,689 units issued and outstanding)	28		
Class B common units (110,750 units issued and outstanding)	111	—	—
Class C common units (521,000 units issued and outstanding)	521	—	—
Class A common stock, \$0.01 par value per share, no shares authorized, no shares issued and outstanding, actual; shares authorized, shares issued and outstanding, as adjusted; shares authorized, shares issued and outstanding, as adjusted further	—		
Class B common stock, \$0.01 par value per share, no shares authorized, no shares issued and outstanding, actual; shares authorized, shares issued and outstanding, as adjusted; shares authorized, shares issued and outstanding, as adjusted further	—		
Class C common stock, \$0.01 par value per share, no shares authorized, no shares issued and outstanding, actual; shares authorized, shares issued and outstanding, as adjusted; shares authorized, shares issued and outstanding, as adjusted further	—		
Additional paid-in capital	55,132		
Retained earnings	9,014		
Accumulated other comprehensive income (loss), net of deferred income tax	523		
Total members’ equity (deficit)/stockholders’ equity	65,329		
Total capitalization	\$ 138,335	\$	\$

(1) In April 2023, the Company purchased the assets of Ralph E. Wade Insurance Agency Inc., which resulted in the Company recording an increase in customer lists intangible assets of \$4.3 million. In connection with this purchase, \$3.0 million of the total consideration was paid in cash at closing on April 1, 2023. The remaining \$1.3 million balance is payable monthly over three years beginning in April 2024 and bears an annual interest of 3.75%.

UNAUDITED PRO FORMA FINANCIAL INFORMATION

The unaudited pro forma statements of operations for the three months ended March 31, 2024 and for the year ended December 31, 2023 give effect to (i) the reorganization transactions described under “Organizational structure” and (ii) certain adjustments in connection with the offering, as if each had occurred on January 1, 2023.

The unaudited pro forma statement of financial position as of March 31, 2024 gives effect to (i) the reorganization transactions described under “Organizational structure” and (ii) the sale of shares of Class A common stock in this offering and the application of the net proceeds from this offering (referred to herein as the “Transactions”) as if each had occurred on March 31, 2024. See “Capitalization” and “Use of proceeds.”

The unaudited pro forma financial information has been prepared by our management and is based on TWFG Holding Company, LLC’s consolidated historical financial statements and the assumptions and adjustments described in the notes to the unaudited pro forma financial information below. The presentation of the unaudited pro forma financial information is prepared in conformity with Article 11 of Regulation S-X.

Our historical financial information for the three months ended March 31, 2024 and for the year ended December 31, 2023 has been derived from TWFG Holding Company, LLC’s consolidated financial statements and accompanying notes included elsewhere in this prospectus.

For purposes of the unaudited pro forma financial information, we have assumed that _____ shares of Class A common stock will be issued by us at a price per share equal to the midpoint of the estimated offering price range set forth on the cover of this prospectus, and as a result, immediately following the completion of this offering, the ownership percentage represented by LLC Units not held by us will be _____%, and the net income attributable to LLC Units not held by us will accordingly represent _____% of our net income. If the underwriters’ option to purchase additional shares of Class A common stock is exercised in full, the ownership percentage represented by LLC Units not held by us will be _____% and the net income attributable to LLC Units not held by us will accordingly represent _____% of our net income. The higher percentage of net income attributable to LLC Units not held by us over the ownership percentage of LLC Units not held by us is due to the recognition of additional current income tax expense after giving effect to the adjustments for the reorganization transactions and this offering that is entirely attributable to our interest.

We based the pro forma adjustments on available information and on assumptions that we believe are reasonable under the circumstances in order to reflect, on a pro forma basis, the impact of the relevant transactions on the historical financial information of the Company. See the notes to unaudited pro forma financial information below for a discussion of assumptions made.

The unaudited pro forma financial information should be read together with “Capitalization,” “Management’s discussion and analysis of financial condition and results of operations” and TWFG Holding Company, LLC’s financial statements and related notes thereto included elsewhere in this prospectus.

The unaudited consolidated and combined pro forma financial information has been prepared for illustrative purposes only and is not necessarily indicative of financial results that would have been attained had the Transactions occurred on the dates indicated above or that could be achieved in the future. Future results may vary significantly from the results reflected in the unaudited consolidated and combined pro forma statement of income and should not be relied on as an indication of our results after the consummation of this offering and the other transactions contemplated by such unaudited consolidated and combined pro forma financial information. However, our management believes that the assumptions provide a reasonable basis for presenting the significant effects of the transactions as contemplated and that the Transactions give appropriate effect to those assumptions and are properly applied in the unaudited consolidated and combined pro forma financial information.

The pro forma adjustments related to the Transactions, are described in the notes to the unaudited pro forma consolidated and combined financial information, and principally include the reorganization transactions described under “Organizational structure.”

The pro forma adjustments related to this offering, which we refer to as the offering adjustments, are described in the notes to the unaudited pro forma consolidated and combined financial information, and principally include the following:

- the issuance of shares of our Class A common stock to the purchasers in this offering in exchange for net proceeds of approximately \$ _____, assuming that the shares are offered at \$ _____ per share (the midpoint of the price range listed on the cover page of this prospectus), after deducting underwriting discounts and commissions but before offering expenses;
- provision for U.S. federal and state income taxes of TWFG, Inc. as a taxable corporation at an effective rate of _____ % for the three months ended March 31, 2024 and the year ended December 31, 2023 (the effective rate was calculated using the new U.S. federal income tax rate of _____ %);
- the application by TWFG, Inc. of the proceeds of this offering to pay fees and expenses of approximately \$ _____ in connection with this offering; and
- the grant of options to purchase shares of Class A common stock under our 2024 Incentive Plan (as defined below) in connection with this offering.

As a public company, we will be implementing additional procedures and processes for the purpose of addressing the standards and requirements applicable to public companies. We expect to incur additional annual expenses related to these steps and, among other things, additional directors’ and officers’ liability insurance, director fees, reporting requirements of the SEC, transfer agent fees, hiring additional accounting, legal and administrative personnel, increased auditing and legal fees and similar expenses. We have not included any pro forma adjustments relating to these costs.

**Unaudited Pro Forma
Consolidated and Combined Statement of Operations**
(amounts in thousands, except share data)
Three Months Ended March 31, 2024

	Historical TWFG Holding Company, LLC ⁽¹⁾	Transaction accounting adjustments	Pro forma TWFG Holding Company, LLC	Offering adjustments	Pro forma TWFG, Inc.
Revenues					
Commission income	\$ 42,545		\$		\$
Contingent income	1,076				
Fee income	2,232				
Other income	460				
Total revenues	46,313				
Expenses					
Commission expense	26,443				
Salaries and employee benefits	6,254			(2)(3)	
Other administrative expenses	3,130				
Depreciation and amortization	3,013				
Total operating expenses	38,840				
Operating income	7,473				
Interest expense	(842)				
Other non-operating income (expense), net	(2)				
Income before tax	6,629				
Income tax expense	—	(4)		(4)	
Net income attributable to TWFG Holding Company, LLC	\$ 6,629	(5)	\$	(5)	\$
Pro forma net income per share data:					
Pro forma weighted average shares of Class A common stock outstanding					
Basic		(6)		(6)	
Diluted		(6)		(6)	
Net income available to Class A common stock per share					
Basic		(6)		(6)	
Diluted		(6)		(6)	

**Unaudited Pro Forma
Consolidated and Combined Statement of Operations**
(amounts in thousands, except share data)
Year ended December 31, 2023

	Historical TWFG Holding Company, LLC ^(a)	Transaction accounting adjustments	Pro forma TWFG Holding Company, LLC	Offering adjustments	Pro forma TWFG, Inc.
Revenues					
Commission income	\$ 158,679		\$		\$
Contingent income	4,085				
Fee income	8,311				
Other income	1,859				
Total revenues	172,934				
Expenses					
Commission expense	116,847				
Salaries and employee benefits	13,970			(2)(3)	
Other administrative expenses	10,973				
Depreciation and amortization	4,862				
Total operating expenses	146,652				
Operating income	26,282				
Interest expense	(1,003)				
Other non-operating income (expense), net	(17)				
Income before tax	25,262				
Income tax expense	—	(4)		(4)	
Net income from continuing operations	25,262				
Net income attributable to non-controlling interests	—				
Net income attributable to TWFG Holding Company, LLC^(a)	\$ 26,096	(5)	\$	(5)	\$
Pro forma net income per share data:					
Pro forma weighted average shares of Class A common stock outstanding					
Basic		(6)		(6)	
Diluted		(6)		(6)	
Net income available to Class A common stock per share					
Basic		(6)		(6)	
Diluted		(6)		(6)	

(a) Includes the impact of \$0.834 million of net income from discontinued operation, net of tax.

See accompanying notes to unaudited pro forma financial information.

Notes to Unaudited Pro Forma Consolidated and Combined Statements of Operations

- (1) TWFG, Inc. was incorporated as a Delaware corporation on January 8, 2024 and has no material assets or results of operations until the completion of this offering and therefore its historical statement of operations is not shown in a separate column in this unaudited pro forma consolidated and combined statement of operations. This column represents the historical consolidated financial statements of TWFG Holding Company, LLC, the predecessor for accounting purposes.
- (2) This adjustment represents the increase in compensation expense we expect to incur following the completion of this offering. We expect to grant stock options to certain employees in connection with this offering. This amount was calculated assuming the stock options were granted on [redacted] at an exercise price equal to \$ [redacted] per share, the midpoint of the estimated offering price set forth on the cover of this prospectus. The grant date fair value was determined using the Black-Scholes valuation model using the following assumptions:

Expected volatility	%
Expected dividend yield	%
Expected term (in years)	
Risk-free interest rate	%

- (3) This adjustment represents the increase in compensation expense we expect to incur following the completion of this offering. As discussed below, we will make grants of restricted stock under the 2024 Incentive Plan to certain of our named executive officers. See “Executive compensation—Actions Taken Following Fiscal Year-End–2024 Pre-IPO Equity Grants.”
- (4) TWFG Holding Company, LLC has been, and will continue to be, treated as a partnership for U.S. federal and state income tax purposes. As such, income generated by TWFG Holding Company, LLC will flow through to its partners, including us, and is generally not subject to tax at the TWFG Holding Company, LLC level. Following the Transactions, we will be subject to U.S. federal income taxes, in addition to state and local income taxes with respect to our allocable share of any taxable income of TWFG Holding Company, LLC. As a result, the unaudited pro forma consolidated and combined statement of operations reflects adjustments to our income tax expense to reflect an effective income tax rate of [redacted]%, which was calculated assuming the U.S. federal rates currently in effect and the highest statutory rates apportioned to each applicable state and local jurisdiction.
- (5) Upon completion of the Transactions, TWFG, Inc. will become the sole managing member of TWFG Holding Company, LLC. Although we will have a minority economic interest in TWFG Holding Company, LLC, we will have the sole voting interest in, and control the management of, TWFG Holding Company, LLC. As a result, we will consolidate the financial results of TWFG Holding Company, LLC and will report a non-controlling interest related to the LLC Units held by the Pre-IPO LLC Members on our consolidated statements of operations. Following this offering, assuming the underwriters do not exercise their option to purchase additional shares of Class A common stock, TWFG, Inc. will own [redacted]% of the economic interest of TWFG Holding Company, LLC and the Pre-IPO LLC Members will own the remaining [redacted]% of the economic interest of TWFG Holding Company, LLC. Net income attributable to non-controlling interests will represent [redacted]% of the income before income taxes of TWFG, Inc. If the underwriters exercise their option to purchase additional shares of our Class A common stock in full, TWFG, Inc. will own [redacted]% of the economic interest of TWFG Holding Company, LLC and the Pre-IPO LLC Members will own the remaining [redacted]% of the economic interest of TWFG Holding Company, LLC and net income attributable to non-controlling interests would represent [redacted]% of the income before income taxes of TWFG Holding Company, LLC.
- (6) The weighted average number of shares underlying the basic earnings per share calculation reflects [redacted] shares of Class A common stock outstanding. Shares of Class A common stock outstanding after [redacted]

the offering are included within the weighted average number of shares as they are the only outstanding securities which participate in distributions or dividends by the Company. All of the proceeds from the sale of Class A common stock will be used to purchase LLC Units, and we will cause TWFG Holding Company, LLC to use the proceeds it receives from the sale of LLC Units to TWFG, Inc. to pay fees and expenses in connection with this offering and the reorganization transactions, to repay in full outstanding debt under our Revolving Credit Agreement and for potential strategic acquisitions of, or investments in, other businesses or technologies that we believe will complement our current business and expansion strategies and for general corporate purposes. Pro forma diluted income per share is computed by adjusting pro forma net income attributable to the Company and the weighted average shares of Class A common stock outstanding to give effect to potentially dilutive securities that qualify as participating securities using the treasury stock method, as applicable. Shares of non-economic Class B common stock and non-economic Class C common stock are not participating securities and therefore are not included in the calculation of pro forma basic income per share.

**Unaudited Pro Forma
Consolidated and Combined Statement of Financial Position
(amounts in thousands)
As of March 31, 2024**

	Historical TWFG Holding Company, LLC ⁽¹⁾	Transaction accounting adjustments	Pro forma TWFG Holding Company, LLC	Offering adjustments	Pro forma TWFG, Inc.
Assets					
Current assets					
Cash and cash equivalents	\$ 22,555		\$	(2)	\$
Restricted cash	8,863				
Commissions receivable, net	19,735				
Accounts receivable	6,075				
Deferred offering costs	2,733				
Other current assets, net	1,292				
Total current assets	61,253				
Non-current assets					
Intangible assets - net	80,420				
Property and equipment - net	539				
Lease right-of-use assets - net	2,977				
Other non-current assets	853				
Total assets	\$ 146,042	\$	\$	\$	\$
Liabilities and Members' Equity					
Current liabilities					
Commissions payable	\$ 13,318		\$		\$
Carrier liabilities	10,483				
Accounts payable	258				
Operating lease liabilities, current	1,041				
Short-term debt	2,235				
Deferred acquisition payable, current	527				
Other current liabilities	3,304				
Total current liabilities	31,166				
Non-current liabilities					
Operating lease liabilities, net of current portion	1,858				
Long-term debt	46,446				
Deferred acquisition payable, non-current	1,243				
Total liabilities	80,713				
Commitment and contingencies					
Members' equity/stockholders' equity					
Class A common stock	—			(4)	(2)(5)

	Historical TWFG Holding Company, LLC ⁽¹⁾	Transaction accounting adjustments	Pro forma TWFG Holding Company, LLC	Offering adjustments	Pro forma TWFG, Inc.
Non-economic Class B common stock	—			(4)	
Non-economic Class C common stock	—			(4)	
Class A common units	28				
Class B common units	111				
Class C common units	521				
Additional paid-in capital	55,132			(2)(5)(6)	
Retained earnings	9,014			(5)(6)	
Accumulated other comprehensive income	523				
Total members' equity/stockholders' equity attributable to TWFG, Inc.	65,329			(3)	
Non-controlling interest	—				
Total members' equity/stockholders' equity	65,329				
Total liabilities and member's equity/stockholders' equity	146,042				

See accompanying notes to unaudited pro forma financial information.

Notes to Unaudited Pro Forma Consolidated and Combined Statement of Financial Position as of March 31, 2024

- (1) TWFG, Inc. was incorporated as a Delaware corporation on January 8, 2024 and has no material assets or results of operations until the completion of this offering and therefore its historical financial position is not shown in a separate column in this unaudited pro forma consolidated and combined statement of financial position. This column represents the historical consolidated financial statements of TWFG Holding Company, LLC, the predecessor for accounting purposes.
- (2) For purposes of the unaudited pro forma financial information, we have assumed that shares of Class A common stock will be issued by us at a price per share equal to the midpoint of the estimated offering price range set forth on the cover of this prospectus, and as a result, immediately following the completion of this offering, the ownership percentage represented by LLC Units not held by us will be %, and the net income attributable to LLC Units not held by us will accordingly represent % of our net income. If the underwriters' option to purchase additional shares of Class A common stock is exercised in full, the ownership percentage represented by LLC Units not held by us will be % and the net income attributable to LLC Units not held by us will accordingly represent % of our net income. The higher percentage of net income attributable to LLC Units not held by us over the ownership percentage of LLC Units not held by us is due to the recognition of additional current income tax expense after giving effect to the adjustments for the reorganization transactions and this offering that is entirely attributable to our interest.

Assumed initial public offering price per share	\$
Shares of Class A common stock issued in this offering	
Gross proceeds	\$
Less: underwriting discounts and commissions	\$
Less: offering expenses (including amounts previously deferred)	\$
Net cash proceeds	\$

- (3) Upon completion of the Transactions, we will become the sole managing member of TWFG Holding Company, LLC. Although we will have a minority economic interest in TWFG Holding Company, LLC, we will have the sole voting interest in, and control the management of, TWFG Holding Company, LLC. As a result, we will consolidate the financial results of TWFG Holding Company, LLC and will report a non-controlling interest related to the LLC Units held by the Pre-IPO LLC Members on our consolidated statement of financial position. The computation of the non-controlling interest following the consummation of this offering, based on the assumed initial public offering price, is as follows:

	Units	Percentage	Amount
Interest in TWFG Holding Company, LLC held by TWFG, Inc.			
Non-controlling interest in TWFG Holding Company, LLC held by Pre-IPO LLC Members			

If the underwriters were to exercise in full their option to purchase additional shares of our Class A common stock, TWFG, Inc. would own % of the economic interest of TWFG Holding Company, LLC and the Pre-IPO LLC Members would own the remaining % of the economic interest of TWFG Holding Company, LLC.

Following the consummation of this offering, the LLC Units held by the Pre-IPO LLC Members, representing the noncontrolling interest, will be redeemable at the election of such members, for shares of Class A common stock on a one-for-one basis or a cash payment equal to the volume weighted average market price of one share of our Class A common stock for each LLC Unit redeemed (subject to

customary adjustments, including for stock splits, stock dividends and reclassifications) in accordance with the terms of the third amended and restated TWFG Holding Company, LLC agreement.

- (4) In connection with this offering, we will issue _____ shares of non-economic Class C common stock to Bunch Holdings and we will issue _____ shares of non-economic Class B Common Stock to the other Pre-IPO LLC Members.
- (5) This adjustment represents the total increase in compensation expense we expect to incur following the completion of this offering as a result of the Pre-IPO Equity Grants and the grant of options under our 2024 Incentive Plan.
- (6) We are deferring certain costs associated with this offering, including certain legal, accounting and other related expenses, which have been recorded in other current assets on this unaudited pro forma consolidated and combined statement of financial position. Upon completion of this offering, these deferred costs will be charged against the proceeds from this offering with a corresponding reduction to additional paid-in capital.

DILUTION

If you invest in our Class A common stock, you will experience dilution to the extent of the difference between the initial public offering price per share of our Class A common stock and the pro forma net tangible book value per share of our Class A common stock. Dilution results from the fact that the per share offering price of the Class A common stock is substantially in excess of the pro forma net tangible book value per share attributable to the Pre-IPO LLC Members.

Our pro forma net tangible book value as of March 31, 2024 would have been approximately \$, or \$ per share of our Class A common stock. Pro forma net tangible book value represents the amount of total tangible assets less total liabilities, and pro forma net tangible book value per share represents pro forma net tangible book value divided by the number of shares of common stock outstanding, in each case after giving effect to the reorganization transactions (based on an assumed initial public offering price of \$ per share (the midpoint of the estimated public offering price range set forth on the cover page of this prospectus)), assuming that the Pre-IPO LLC Members redeem or exchange all of their LLC Units for newly-issued shares of our Class A common stock on a one-for-one basis and all shares of non-economic Class B common stock and non-economic Class C common stock are cancelled in connection with such redemption or exchange.

After giving effect to the reorganization transactions, assuming that the Pre-IPO LLC Members redeem or exchange all of their LLC Units for newly-issued shares of our Class A common stock on a one-for-one basis, and after giving further effect to the sale of shares of Class A common stock in this offering at the assumed initial public offering price of \$ per share (the midpoint of the estimated price range on the cover page of this prospectus) and the use of the net proceeds from this offering, our pro forma as adjusted net tangible book value would have been approximately \$, or \$ per share, representing an immediate increase in net tangible book value of \$ per share to existing equity holders and an immediate dilution in net tangible book value of \$ per share to new investors.

The following table illustrates the per share dilution:

Assumed initial public offering price per share	\$
Pro forma net tangible book value per share as of March 31, 2024	
Increase in pro forma net tangible book value per share attributable to new investors	
Pro forma adjusted net tangible book value per share after this offering	
Dilution in pro forma net tangible book value per share to new investors	\$

Dilution is determined by subtracting pro forma net tangible book value per share after this offering from the initial public offering price per share of Class A common stock.

A \$1.00 increase (decrease) in the assumed initial public offering price of \$ per share would increase (decrease) and the dilution per share to new investors by \$, in each case assuming the number of shares offered, as set forth on the cover page of this prospectus, remains the same.

We have presented dilution in pro forma net tangible book value per share of Class A common stock to investors in this offering assuming that all of the holders of LLC Units redeemed or exchanged their LLC Units for a corresponding number of newly-issued shares of Class A common stock in order to more meaningfully present the dilutive impact on the investors in this offering.

To the extent the underwriters' option to purchase additional shares of Class A common stock is exercised, there will be further dilution to new investors.

We may choose to raise additional capital due to market conditions or strategic considerations even if we believe we have sufficient funds for our current or future operating plans. To the extent additional capital is raised through the sale of equity or convertible debt securities, the issuance of these securities could result in further dilution to our stockholders.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our financial statements and the related notes and other financial information included elsewhere in this prospectus. In addition to historical financial information, the following discussion and analysis contains forward-looking statements that involve risks, uncertainties, and assumptions. Our actual results and timing of selected events may differ materially from those anticipated in these forward-looking statements as a result of many factors, including those discussed under "Risk factors" and elsewhere in this prospectus.

The following discussion contains commentary on the financial results derived from the financial statements for the three months ended March 31, 2024 and 2023 (unaudited) and the consolidated financial results of our predecessor TWFG Holding Company, LLC and its subsidiaries for the years ended December 31, 2023 and 2022.

Overview

We are a leading, high-growth, independent distribution platform for personal and commercial insurance in the United States. We are pioneers in the insurance industry, developing an agency model built on innovation and experience with what we believe is a more flexible approach than traditional distribution models. Our offerings are fulsome and flexible in that we offer all lines of insurance, multiple distribution contract options, M&A services, proprietary virtual assistants, proprietary technology, proprietary premium financing, unlimited continuing education, recognition programs, co-op funding, marketing support and overall lower costs to operate. Since our founding in 2001 by our Chief Executive Officer, Richard F. ("Gordy") Bunch III, we have established a track record of creating solutions for independent agents, insurance carriers and our Clients, with sustainable growth regardless of economic and P&C pricing cycles.

Our business model, developed by agents for agents, serves over 2,400 TWFG Agencies and offers a distinctive level of autonomy and entrepreneurial opportunity. We provide TWFG Agencies with resources, technology, training and insurance carrier access to succeed in an increasingly complex market. TWFG Agencies leverage our platform, long-standing relationships with insurance carriers and brand recognition in personal and commercial insurance products to win business and tailor coverage to meet our Clients' specific needs. We operate on a singular, integrated agency management system that equips TWFG Agencies with advanced tools for efficient Client management, policy management and communication in a cost-effective manner.

As of March 31, 2024, Insurance Services had 396 Branches and 14 Corporate Branches. The changes in our Branches and Corporate Branches compared to 405 Branches and six Corporate Branches as of December 31, 2023 were due to branch conversions. In January 2024, we acquired the assets of nine of our Branches and converted them to Corporate Branches and the agents became our employees. Of the nine converted Branches, eight became new Corporate Branches, while one was combined with an existing Corporate Branch. The branch conversions did not impact our revenues. However, the components of our operating expenses changed as most of the agents' compensation shifted from commission expenses to salaries and employee benefits. In addition, our other administrative expenses increased as we are now responsible for the overhead costs of our newly converted Corporate Branches. For the three months ended March 31, 2024, the branch conversions resulted in a \$0.4 million increase in our net income and \$2.2 million increase in Adjusted EBITDA. *For information regarding the accounting for the acquired assets and their impact on our consolidated financial condition, see Note 4, "Intangible Assets" to our unaudited consolidated financial statements included elsewhere in this prospectus.*

As of December 31, 2023, Insurance Services had 405 Branches and six Corporate Branches. As of December 31, 2022, Insurance Services had 389 Branches and two Corporate Branches. The increase in our Branches was organically driven and has not materially impacted our near-term revenue, net income, and operating

cash flows. The increase in our Corporate Branches in 2023 was primarily due to the asset acquisitions in 2023. The additional Corporate Branches increased our 2023 revenues by \$2.3 million. *For information regarding the accounting for the acquired assets and their impact on our consolidated financial condition, see Note 4, "Intangible Assets" to our consolidated financial statements included elsewhere in this prospectus.*

As of March 31, 2024, December 31, 2023 and December 31, 2022, our TWFG MGA offering had 2,152 agencies, 2,136 agencies, and 2,152 agencies, respectively. Agencies under our TWFG MGA offering have the right but not the obligation to place business with us. Most TWFG MGA Agencies work with us to supplement their primary markets where they source coverage. Thus, changes to MGA Agencies in any given period may not have a material impact on our operations.

We have sustained our growth primarily using cash flow from operations to improve technology, fund M&A, recruit talent, create programs and expand services to support TWFG Agencies. As a P&C distribution company, our total P&C addressable market for Total Written Premium in the United States is approximately \$868.1 billion as of 2022, according to S&P Global Market Intelligence. Based on revenue, we are the seventh largest personal lines agency in the United States and the 26th largest agency across all lines of business, according to the Insurance Journal's 2023 Top 100 Property/Casualty Agencies.

For insurance carriers, our high-quality, national network of motivated agents, collaborative nature, geographic diversity and the strength of our distribution channels make TWFG an attractive company to work with. Although a significant portion of our business is concentrated in Texas, California and Louisiana, we are licensed in 49 states and have a physical presence in 41 states and the District of Columbia across our Insurance Services and TWFG MGA offerings. Our insurance carriers benefit from the expertise of TWFG Agencies, including our over 400 Branches, which are led by Branch principals with an average of approximately 17 years of insurance industry experience. We maintain relationships with more than 300 insurance carriers to create tailored solutions and develop expansive coverage options. TWFG works with insurance carriers to offer agents specialized training so they can stay informed on changing underwriting requirements and risk appetites. As a result of our broad insurance carrier relationships, TWFG Agencies have more insurance products and solutions to offer our Clients, leading to higher Client satisfaction that promotes long-term relationships. We consider innovation a core competency, and we seek to collaborate with our insurance carriers and agents to anticipate and respond to market appetite shifts.

TWFG Agencies are fundamentally entrepreneurial, and focused on building and scaling their business, and we provide them with speed to market, the benefits of scale, administrative support, training, tools, insurance carrier access and M&A growth opportunities that enable TWFG Agencies to take their agency to the next level and better assist our Clients.

We embrace a simple philosophy: "Our Policy is Caring," which is more than a motto. This philosophy informs the way we interact with all of our stakeholders and the communities in which they live and work. We seek to attract partners who come in every day with the commitment to making a difference in the lives of the people and communities we interact with. We treat our Clients, employees and stakeholders like family.

We operate our business as a single operating and reportable segment.

Factors affecting our results of operations

We believe that the most significant factors affecting our results of operations include:

Attracting and retaining experienced agents. Our long-term growth and success will depend, in large part, on our continued ability to attract new agents. Our growth strategy focuses on attracting experienced end of career and retiring agents that come to us with an existing Book of Business and become Branch principals within our system. Our value proposition resonates with agents as they have succession planning options built into their contracts. To facilitate succession planning, we offer independent agents the ability to sell their Books of Business to TWFG, enabling a smooth handover of Client relationships and operational responsibilities. Branch principals also have a high degree of autonomy in which to operate their business and

expand their footprint. Branches use our comprehensive technology and agency management system, benefiting from enterprise group rates that we believe are typically lower than agents would receive on their own or from leading agency management system vendors.

Insurance carrier relationships. Our growth and success are dependent on, in large part, our relationship with insurance carriers. We specialize in creating innovative insurance products that address the specific needs of Clients, a strategy that ultimately benefits our insurance carriers. Our deep understanding of market trends and consumer demands enables us to develop tailored and forward-thinking solutions that turn into high-growth and profitable lines of business for insurance carriers. Insurance carriers reward our performance with additional access to business over time. Additionally, we provide insurance carriers with cost-effective and rapid access to new markets, leveraging our expansive network and market insights. This approach not only extends the insurance carriers' reach into diverse client segments but also enhances their market presence. Our role as an intermediary ensures a broad and varied range of insurance products are available to our Clients, meeting their diverse needs. This symbiotic relationship with insurance carriers not only broadens their Books of Business but also ensures our Clients have access to comprehensive, customized insurance options, increasing retention of the business we place for insurance carriers and cementing our role as a pivotal facilitator in the insurance industry.

Reliance on insurance intermediaries. Our growth and success are dependent, in part, on the financial strength of the insurance carriers we work with and our ability to distribute differentiated insurance products in the market. If insurance intermediaries or insurance carriers experience liquidity problems, insolvency or other financial difficulties, or do not timely provide required information or payments to us, we could encounter delays in payments owed to us, the loss of insurance carrier appointments, E&O claims and difficulty collecting receivables owed to us by insurance carriers. The capacity of our insurance products may be subject to restrictions placed by parties outside our control, such as reinsurers, insurance intermediaries, insurance carriers and state regulators. These conditions may adversely affect our revenue and make it difficult for us to accurately predict our future results, which could harm our business, financial condition and results of our operations.

Investment in technology. Our continued growth and success depend, in part, on our ability to invest in technology to drive scalability and efficiency. Agents use our comprehensive technology package that includes an agency management system that is customizable. Our technology facilitates the sales process, and includes integrated technology features like electronic signatures, personal lines rating and commonly used insurance forms. It also provides dynamic reporting on retention, renewal and marketing. We leverage technology to help our agents acquire new Clients with social media, email marketing and text message integration within our agency management system. We also leverage technology to enhance the Client experience with our proprietary mobile application that allows Clients to access their ID cards and easily communicate with their agents. Our carrier administration system is equipped for underwriting and policy administration for both admitted and non-admitted programs in multiple states.

Strategic asset acquisitions. We supplement our organic growth (including the addition of independent branches into our network) and add capabilities through strategic asset acquisitions. Through strategic asset acquisitions, we have acquired agencies, Books of Business, MGAs, insurance networks and renewal rights across a range of specialties and geographies. Our acquisition strategy entails crafting a compelling value proposition for acquisition targets including a robust operational backbone, a wide array of insurance products and markets, a collaborative culture and the opportunity for long-term growth. We also prioritize a transparent and equitable transaction process to help ensure a good relationship and alignment from the beginning, and have implemented a systematic and disciplined integration playbook.

In 2022, we completed two asset acquisitions in excess of \$0.5 million in annual revenue for a total purchase price of \$7.9 million. In 2023, we completed five asset acquisitions in excess of \$0.5 million in annual revenue for a total purchase price of \$19.4 million and acquisition-related expenses of \$0.2 million.

In January 2024, we acquired the assets of nine of our independent branches and converted them to Corporate Branches for a total purchase price of \$40.8 million. In addition, in January 2024, we acquired the

remaining interests in the assets of our partially owned Corporate Branches for a total purchase price of \$5.2 million, converting them to wholly owned Corporate Branches.

The valuations of these asset acquisitions were based substantially on the size, growth, loss ratios and pro forma EBITDA of their Books of Business. See Note 4, “Intangible Assets” to our consolidated financial statements included elsewhere in this prospectus for information regarding the accounting for these acquired assets and their impact on our consolidated financial condition. Also see the discussions of our consolidated results of operations below for the impact of these acquisitions on our results of operations.

Insurance industry pricing trends and the effect of natural and man-made disasters. We generate most of our revenues through commissions, which are calculated as a percentage of the total insurance premium. A softening of the insurance market or the lines of business we serve, characterized by a period of declining premium rates, could negatively impact our profitability. Additionally, insurance carrier losses from natural or man-made disasters could impact our contingent income, which is primarily driven by insurance carrier underwriting results and, to a lesser extent, the volume of business we place with them.

Macroeconomic trends. Macroeconomic factors, including the recent resurgence of inflation and interest rate increases, and the risk that the U.S. economy will decelerate into a recession, affect the financial services industry and may reduce demand for our services or depress pricing for those services, which could have a material adverse effect on our costs and results of operations. During higher inflationary periods, our rent expenses may also increase significantly, which may adversely affect our business, financial condition, results of operations and cash flows. Furthermore, during inflationary periods, interest rates have historically increased, which would have a direct effect on interest expense if we decide to refinance our existing long-term borrowings or incur any additional indebtedness. These macroeconomic trends are partially offset by increased commissions due to increased premiums and increases in interest income from interest rate increases and, as a result, we have grown our business and profitability through multiple economic cycles.

Cost of being a public company. To operate as a public company, we will be required to continue to implement changes in certain aspects of our business and develop, manage, and train management level and other employees to comply with ongoing public company requirements. We will also incur new expenses as a public company, including public reporting obligations, proxy statements, stockholder meetings, stock exchange fees, transfer agent fees, SEC and FINRA filing fees, and offering expenses.

Effects of the reorganization on our corporate structure

TWFG, Inc. was formed for the purpose of this offering and has engaged to date only in activities in contemplation of this offering. TWFG, Inc. will be a holding company and its sole material asset will be a controlling ownership interest in TWFG Holding Company, LLC. For more information regarding our reorganization and holding company structure, see “Organizational structure—The reorganization transactions.” Upon completion of this offering, all of our business will be conducted through TWFG Holding Company, LLC and its consolidated subsidiaries, and the financial results of TWFG Holding Company, LLC and its consolidated subsidiaries will be included in the consolidated financial statements of TWFG, Inc.

Prior to February 2023, The Woodlands Insurance Company (“TWICO”) was a wholly owned subsidiary of the Company. The Company’s ownership of TWICO was distributed to the members of the Company in February 2023. The distribution of TWICO equity interests has met all criteria for discontinued operation reporting. Although the equity interests of TWICO were distributed after December 31, 2022, to enhance investors’ understanding of the Company’s business and the comparability of its financial statements for the years ended December 31, 2023 and 2022, the Company has retrospectively presented the financial position and results of operations of TWICO as a discontinued operation in its consolidated financial statements for the year ended December 31, 2022. See Note 11, “Discontinued Operation” to our consolidated financial statements included elsewhere in this prospectus for information regarding our discontinued operation.

TWFG Holding Company, LLC is, and will continue to be, treated as a partnership for U.S. federal income tax purposes and, and, as such, will not be subject to any entity-level U.S. federal income tax. Instead, the taxable

income of TWFG Holding Company, LLC will be allocated to the Pre-IPO LLC Members and us. Accordingly, we will incur income taxes on our allocable share of any net taxable income of TWFG Holding Company, LLC.

Certain income statement line items

Revenues

Commission income. We derive commission income from the placement of insurance contracts between insurance carriers and Clients. Our commissions are established by the agency agreement between the Company and the insurance carrier and are calculated as a percentage of premiums for the underlying insurance contract. Commission rates vary across insurance carriers, states and lines of business and typically range from 7% to 22%. Our average commission rate for 2023 was approximately 12%.

Our main obligation under our agency agreements with the insurance carriers is selling insurance contracts to our Clients. Each underlying insurance contract is a separate and distinct contract between the Client and the insurance carrier. Our Clients are not obligated to keep the insurance contract for the full term or renew it with the insurance carrier beyond its initial term. We are required to try to resell the insurance contract to our Client at the expiration of each policy term or shop for alternatives if our Client decides to terminate its existing insurance contract. We recognize commission income when the performance obligation of placing the insurance contract between our Client and the insurance carrier has been met and the insurance contract is in effect, based on its effective date.

Our agency agreements with the insurance carriers are non-exclusive and can typically be terminated unilaterally by either party. Additionally, either party can agree to amend the provisions of the agency agreements, which may affect our future commission income.

Contingent income. We may earn contingent income from insurance carriers. Contingent income is highly variable and based primarily on underwriting results and, to a lesser extent, volume.

Fee income. Fee income is comprised primarily of policy fees, branch fees, license fees and third-party administrator (“TPA”) fees. The Company receives policy fees as compensation for administrative services performed in connection with the placement and issuance of certain policies that are in addition to and separate from commissions paid by the insurance carriers. Branch fees include the monthly recurring fees assessed for the ongoing Client service and back-office support provided to independent branches operating exclusively through the Company pursuant to an exclusive Branch agreement and a one-time branch onboarding fee. License fees are usage-based fees assessed by the Company for the use of its proprietary applications. TPA fees are related to services performed based on service agreements with the insurance carriers.

Other income. Other income is comprised primarily of income earned for facilitating premium financing arrangements, fees assessed for agent conventions, interest income and other miscellaneous income.

The following table sets forth our revenues by amount and as a percentage of our revenues for the periods indicated (dollar amounts in thousands):

	Three Months Ended March 31,				Years ended December 31			
	2024		2023		2023		2022	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
Commission income	\$ 42,545	92 %	\$ 36,687	92 %	\$ 158,679	92 %	\$ 139,488	91 %
Contingent income	1,076	2	985	3	4,085	2	4,620	3
Fee income	2,232	5	2,028	5	8,311	5	8,296	5
Other income	460	1	156	-	1,859	1	1,517	1
Total revenues	\$ 46,313	100 %	\$ 39,856	100 %	\$ 172,934	100 %	\$ 153,921	100 %

Expenses

Commission expense. Commission expense is our largest expense, representing the consideration paid to our agents for producing and retaining business. We expect our commission expense to continue to increase in line with our expected business growth.

Salaries and employee benefits. Salaries and employee benefits consist of base compensation and any bonuses, equity compensation and benefits paid and payable to employees. We operate in competitive markets and expect to continue to experience a general rise in compensation and benefits expense commensurate with expected growth in headcount, geographic expansion and the creation of new products and services.

Other administrative expenses. Other administrative expenses include technology costs, legal and professional fees, office expenses and other costs associated with our operations. Fluctuations in other administrative expenses are relative to the overall scale of our business operations.

Depreciation and amortization. Depreciation and amortization are primarily comprised of the amortization of intangible assets recognized from our strategic asset acquisitions. As we continue to pursue strategic asset acquisitions, we expect our amortization expenses to increase.

Consolidated results of operations

The following is a discussion of our consolidated results of operations for the periods presented. This information is derived from our accompanying consolidated financial statements prepared in accordance with GAAP.

The following table summarizes our results of operations for the periods presented (in thousands):

	Three Months Ended March 31,				Years ended December 31			
	2024		2023		2023		2022	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
Revenues:								
Commission income	\$ 42,545	92 %	\$ 36,687	92 %	\$ 158,679	92 %	\$ 139,488	91 %
Contingent income	1,076	2	985	3	4,085	2	4,620	3
Fee income	2,232	5	2,028	5	8,311	5	8,296	5
Other income	460	1	156	-	1,859	1	1,517	1
Total revenues	46,313	100 %	39,856	100 %	172,934	100 %	153,921	100 %
Operating expenses:								
Commission expense	26,443	68 %	27,496	80 %	116,847	80 %	104,911	81 %
Salaries and employee benefits	6,254	16	3,336	10	13,970	10	12,240	9
Other administrative expenses	3,130	8	2,495	7	10,973	7	9,705	7
Depreciation and amortization	3,013	8	1,061	3	4,862	3	3,302	3
Total operating expenses	38,840	100 %	34,388	100 %	146,652	100 %	130,158	100 %
Operating income	7,473		5,468		26,282		23,763	
Other non-operating income (expense)								
Interest expense	(842)		(85)		(1,003)		(398)	
Other non-operating expense, net	(2)		(11)		(17)		(18)	
Net income from continuing operations	6,629		5,372		25,262		23,347	
Net income (loss) from discontinued operation, net of tax	—		834		834		(2,733)	
Net income	\$ 6,629		\$ 6,206		\$ 26,096		\$ 20,614	

Comparison of the Three Months Ended March 31, 2024 and 2023

Total revenues

The following table presents the disaggregation of our revenues by offerings (in thousands):

	Three Months Ended March 31,			
	2024		2023	
	Amount	% of Total	Amount	% of Total
Insurance Services				
Agency-in-a-Box	\$ 31,829	69 %	31,499	79 %
Corporate Branches	7,276	15	936	2
TWFG MGA	6,839	15	6,926	18
Other	369	1	495	1
Total revenues	\$ 46,313	100 %	\$ 39,856	100 %

Total revenues for the three months ended March 31, 2024 increased by \$6.5 million, or 16.2%, compared to the same period in the prior year. The increase was primarily due to a \$5.9 million, or 16.0%, increase in commission income driven primarily by higher premium rates, commission income from our recent acquisitions rolling into the current period and continued growth in business, partially offset by our business mix shifting towards more renewal business, which has lower commission rates than new business. Also contributing to the increase in total revenues were the \$0.2 million, or 10.1%, increase in fee income and \$0.3 million, or 194.87%, increase in other income. See the discussions below for additional information about the changes in our Revenues.

Commission income

The following table presents the disaggregation of our commission income by offerings (in thousands):

	Three Months Ended March 31,			
	2024		2023	
	Amount	% of Total	Amount	% of Total
Insurance Services				
Agency-in-a-Box	\$ 29,900	70 %	30,203	82 %
Corporate Branches	7,250	17	919	3
TWFG MGA	5,395	13	5,565	15
Total commission income	\$ 42,545	100 %	\$ 36,687	100 %

Commission income for the three months ended March 31, 2024 increased by \$5.9 million, or 16.0%, compared to the same period in the prior year. Higher premium rates, commission income from our recent acquisitions rolling into the current period, and continued growth in business were the primary drivers of the increase in our commission income. Commission rates were affected by our business mix shifting towards more renewal business, which has lower commission rates than new business.

Commission income for Insurance Services grew by \$6.0 million, or 19.4%, for the three months ended March 31, 2024 compared to the same period in the prior year. However, during the current period the components shifted between Agency-in-a-Box and Corporate Branches. Agency-in-a-Box commission income for the three months ended March 31, 2024 decreased by \$0.3 million, or 1.0%, compared to the same period in the prior year. The decrease was mainly attributable to the acquisition of the assets of nine of our independent branches (which were previously operated as Agencies-in-a-Box) and their conversion to Corporate Branches in January 2024. The branch conversions resulted in a \$4.4 million decrease in the Agency-in-a-Box commission income during the first quarter of 2024.

Insurance Services Corporate Branches commission income for the three months ended March 31, 2024 increased by \$6.3 million, or 688.9%, compared to the same period in the prior year. The increase was primarily driven by the branch conversions as previously described. In addition, Corporate Branches commission income for the three months ended March 31, 2024 included increases from the Book of Business acquisitions in 2023, while the same period in the prior year did not.

TWFG MGA commission income for the three months ended March 31, 2024 decreased by \$0.2 million, or 3.1%, compared to the same period in the prior year. The decrease was primarily due to reduced retention, partially offset by higher premium rates. In addition, effective January 1, 2024, the MGA agreement with one of our insurance carriers was renegotiated and amended, which shifted our volume based commission to a flat monthly fee. The switch capped the income we earned at a maximum monthly amount.

Contingent income

Contingent income for the three months ended March 31, 2024 was \$1.08 million, reflecting a \$0.09 million, or 9.2%, increase compared to the same period in the prior year. The slight increase in contingent income was primarily due to the additional contingent income collected in 2024 driven by the profitable continued growth in business. Contingent income is unpredictable and dependent upon the target financial and performance metrics established by the insurance carriers.

Fee income

The following table presents the disaggregation of our fee income by major sources (in thousands):

	Three Months Ended March 31,			
	2024		2023	
	Amount	% of Total	Amount	% of Total
Policy fees	\$ 513	23 %	\$ 555	27 %
Branch fees	1,131	51	467	23
License fees	515	23	875	43
TPA fees	73	3	131	7
Total fee income	\$ 2,232	100 %	\$ 2,028	100 %

Fee income for the three months ended March 31, 2024 increased by \$0.2 million, or 10.1%, compared to the same period in the prior year. Changes to individual components of fee income are discussed in detail below:

- Policy fees for the three months ended March 31, 2024 decreased by \$0.04 million, or 7.6%, compared to the same period in the prior year. The decrease in policy fees was primarily due to lower policy counts in our TWFG MGA offering in the three months ended March 31, 2024 compared to the same period in the prior year. Lower retention rates and certain insurance carriers not accepting new business in locations that have experienced catastrophes continue to impact the volume of business in our TWFG MGA offering.
- Branch fees for the three months ended March 31, 2024 increased by \$0.7 million, or 142.2%, compared to the same period in the prior year. The increase in branch fees was primarily due to increased branch fee rates and the impact of the reorganization of our corporate structure. In May 2023, we distributed all of our equity interests in Evolution Agency Management LLC ("EVO"), a software services company, to our owners. Branch fees earned the three months ended March 31, 2023 included the elimination of fees paid to EVO, while the current period did not.
- License fees for the three months ended March 31, 2024 decreased by \$0.4 million, or 41.1%, compared to the same period in the prior year. The decrease in license fees was primarily due to the distribution of EVO equity interests as previously discussed. As a result, license fees earned for the current period excluded revenues from EVO's operation, while license fees earned for the prior period included

EVO's revenues. In addition, effective January 1, 2024, the licensing agreement with one of our customers was amended to switch from usage-based fees to fixed monthly fees. The switch capped the fees we earned at a maximum monthly amount.

- TPA fees for the three months ended March 31, 2024 decreased by \$0.06 million, or 44.3%, compared to the same period in the prior year. The decrease in TPA fees was primarily due to a lower level of TPA services provided by the Company for the three months ended March 31, 2024 compared to the same period in the prior year.

Other income

Other income for the three months ended March 31, 2024 was \$0.5 million compared to \$0.2 million in the same period in the prior year, reflecting an increase of \$0.3 million, or 194.9%. The increase in other income was primarily due to higher interest income on bank deposits.

Expenses

Commission expense

The following table presents the disaggregation of our commission expense by offerings (in thousands):

	Three Months Ended March 31,			
	2024		2023	
	Amount	% of Total	Amount	% of Total
Insurance Services				
Agency-in-a-Box	\$ 22,028	83 %	23,832	87 %
Corporate Branches	862	3	171	—
TWFG MGA	3,535	14	3,475	13
Other	18	—	18	—
Total commission expense	\$ 26,443	100 %	\$ 27,496	100 %

Commission expense for the three months ended March 31, 2024 decreased by \$1.1 million, or 3.8%, compared to the same period in the prior year. The decrease was primarily due to the previously discussed branch conversions. Upon conversions, agents' compensation of the newly converted Corporate Branches shifted from commission expenses to salaries and employee benefits. Commission expense for the three months ended March 31, 2024 also benefited from a one-time reducing commission expense, which resulted from the branch conversions totaling \$1.5 million. In January 2024, nine of our Branches converted to Corporate Branches. Upon conversion, agents of the newly converted Corporate Branches became employees and received salaries, employee benefits, and bonuses for services rendered instead of commissions. As a result, we released a portion of the unpaid commissions related to the converted branches that we no longer are required to settle.

Insurance Services Agency-in-a-Box commission expense for the three months ended March 31, 2024 decreased by \$1.8 million, or 7.6%, compared to the same period in the prior year. The decrease was primarily due to the branch conversions resulting in a decrease of \$0.6 million and the one-time favorable accrual adjustment related to the converted branches of \$1.5 million.

Insurance Services Corporate Branches commission expense for the three months ended March 31, 2024 increased by \$0.7 million, or 404.1%, compared to the same period in the prior year. The increase was primarily due to the branch conversions, as previously discussed, and the Books of Business acquisitions in 2023.

TWFG MGA commission expense for the three months ended March 31, 2024 increased by \$0.06 million, or 1.7%, compared to the same period in the prior year. The increase in commission expense despite the decrease in the TWFG MGA commission income was primarily due to the shift in the business mix. As

discussed above, TWFG MGA commission income decreased partly due to the renegotiation of the MGA agreement with one of our insurance carriers. Such decrease in commission income does not result in a reduction in commission expense.

Salaries and employee benefits

Salaries and employee benefits for the three months ended March 31, 2024 was \$6.3 million compared to \$3.3 million in the same period in the prior year, reflecting an increase of \$2.9 million, or 87.5%. The increase was primarily due to the branch conversions contributing an increase of approximately \$1.9 million, a \$1.1 million increase from the asset acquisitions in 2023, and a \$0.3 million increase due to our continued growth and new roles created in conjunction with our planned initial public offering. Partially offsetting these increases was a decrease driven by the distribution of our equity interest in EVO in May 2023 to our owners. Salaries and employee benefits for the three months ended March 31, 2023 included approximately \$0.4 million compensation attributable to EVO's operations, while the same period in 2024 did not.

Other administrative expenses

Other administrative expenses for the three months ended March 31, 2024 was \$3.1 million compared to \$2.5 million in the same period in the prior year, reflecting an increase of \$0.6 million, or 25.5%. The increase was primarily due to a \$0.2 million increase in IT costs, a \$0.2 million increase in rent expenses, a \$0.1 million increase in office expenses, and a \$0.1 million increase in professional fees. The increase in our IT costs was primarily due to additional cloud computing costs, and 2024 included fees paid to EVO, while in 2023, fees paid to EVO were eliminated upon consolidation. Rent and office expenses were higher in 2024 primarily due the asset acquisitions and branch conversions, while the increase in professional fees was attributable to the increased ongoing costs of becoming a public company.

Depreciation and amortization

Depreciation and amortization for the three months ended March 31, 2024 was \$3.0 million compared to \$1.1 million in the same period in the prior year, reflecting an increase of \$1.9 million, or 184.0%. The increase was primarily due to the amortization of intangible assets from our recent asset acquisitions and branch conversions.

Other non-operating income (expenses)

Other non-operating expenses for the three months ended March 31, 2024 was \$0.8 million compared to \$0.1 million for the same period in the prior year, reflecting an increase of \$0.7 million, or 779.2%. The increase was primarily attributable to higher interest expense driven by higher debt. In the second and fourth quarters of 2023, our debt increased by \$10.0 million and \$31.0 million, respectively. The additional borrowings funded our asset acquisitions in 2023 and 2024.

Comparison of the Years Ended December 31, 2023 and 2022

Total revenues

The following table presents the disaggregation of our revenues by offerings (in thousands):

	Years Ended December 31,			
	2023		2022	
	Amount	% of Total	Amount	% of Total
Insurance Services				
Agency-in-a-Box	\$ 132,715	77 %	118,793	77 %
Corporate Branches	6,862	4	3,146	2
TWFG MGA	31,422	18	30,306	20
Other	1,935	1 %	1,676	1 %
Total revenues	\$ 172,934	100 %	\$ 153,921	100 %

Total revenues in 2023 increased by \$19.0 million, or 12.4%, compared to 2022. The increase was primarily due to a \$19.2 million, or 12.4%, increase in commission income driven primarily by organic growth and Book of Business acquisitions. These increases were partially offset by the unearned commission chargebacks in 2023 from insurance carrier insolvencies in 2022, and a \$0.5 million, or 11.6%, decrease in contingent income. The decrease in contingent income was driven primarily by the insurance carriers' higher loss ratio trends in 2023. Contingent income is unpredictable and may increase or decrease from one period to the next depending on target financial and performance metrics established by the insurance carriers. *See discussions below for additional information about the changes in our Revenues.*

Commission income

The following table presents the disaggregation of our commission income by offerings (in thousands):

	Years Ended December 31,			
	2023		2022	
	Amount	% of Total	Amount	% of Total
Insurance Services				
Agency-in-a-Box	\$ 126,467	80 %	112,975	81 %
Corporate Branches	6,658	4	2,208	2
TWFG MGA	25,554	16	24,305	17
Total commission income	\$ 158,679	100 %	\$ 139,488	100 %

Commission income in 2023 increased by \$19.2 million, or 13.8%, compared to 2022, primarily due to continued growth across our offerings. Higher premium rates combined with a growing Book of Business drove the increase in our Insurance Services offering. The Book of Business's growth was primarily due to the organic growth across Insurance Services and the recent Book of Business acquisitions as reflected under Corporate Branches. These increases in Insurance Services were partially offset by decreases driven primarily by the reduction in commission rates with certain insurance carriers and the unearned commission chargebacks in 2023 from insurance carrier insolvencies in 2022. The increase in our TWFG MGA offering was driven primarily by higher premium rates, partially offset by reduced policy retention, non-renewal of business in catastrophe locations, and certain insurance carriers not accepting new business in locations that have experienced catastrophes. *See Key Performance Indicators below for additional information related to our premium retention.*

The rising trend in premium rates over the recent years had a favorable impact on commission income across our offerings, partially offset by the reduction in commission rates with certain insurance carriers.

Contingent income

Contingent income decreased by \$0.5 million, or 11.6%, to \$4.1 million in 2023 from \$4.6 million in 2022. The decrease in contingent income was driven primarily by the insurance carriers' higher loss ratio trends in 2023. Changes in contingent income are unpredictable and dependent upon the target financial and performance metrics established by the insurance carriers.

Fee income

The following table presents the disaggregation of our fee income by major sources (in thousands):

	Years Ended December 31,			
	2023		2022	
	Amount	% of Total	Amount	% of Total
Policy fees	\$ 2,100	25 %	\$ 2,600	31 %
Branch fees	2,982	36	1,661	20
License fees	2,695	33	3,486	42
TPA fees	534	6	549	7
Total fee income	\$ 8,311	100 %	\$ 8,296	100 %

Fee income in 2023 was comparable to 2022. Changes to individual components of fee income are discussed in detail below:

- Policy fees decreased by \$0.5 million, or 19.2%, in 2023 compared to 2022, primarily due to lower policy counts in our TWFG MGA offering in 2023 compared to 2022. Policy counts declined due to lower retention rates and certain insurance carriers not accepting new business in locations that have experienced catastrophes.
- Branch fees increased by \$1.3 million, or 79.5%, in 2023 compared to 2022, primarily due to the additional Branches in 2023, coupled with increased services provided to our existing Branches to support their continued growth.
- License fees decreased by \$0.8 million, or 22.7%, in 2023 compared to 2022, primarily due to the impact of the reorganization of our corporate structure. In May 2023, we distributed all of our equity interests in Evolution Agency Management LLC ("EVO"), a software services company, to our owners. As a result, license fees earned in 2023 included only four months of revenues from EVO's operation compared to a full year's revenues in 2022.
- TPA fees in 2023 were comparable to 2022.

Other income

Other income was \$1.9 million in 2023 and \$1.5 million in 2022, reflecting an increase of \$0.3 million, or 22.5%. This increase was primarily due to higher interest income on bank deposits driven by higher cash balances and interest rate increases, partially offset by lower gains on the sale of Books of Business. Other income in 2023 included \$0.1 million of gains on the sale of Books of Business compared to \$0.9 million of gains realized in 2022.

Expenses

Commission expense

The following table presents the disaggregation of our commission expense by offerings (in thousands):

	Years Ended December 31,			
	2023		2022	
	Amount	% of Total	Amount	% of Total
Insurance Services				
Agency-in-a-Box	\$ 99,823	85 %	89,480	85 %
Corporate Branches	772	1	91	—
TWFG MGA	16,191	14	15,295	15
Other	61	—	45	—
Total commission expense	\$ 116,847	100 %	\$ 104,911	100 %

Commission expense in 2023 increased by \$11.9 million, or 11.4%, compared to 2022. This increase was primarily attributable to the continued growth across our offerings, coupled with increases from our recent Book of Business acquisitions as reflected under our Corporate Branches offering. The increase in commission expense is in line with the increase in our commission income. See *commission income discussion above for additional information regarding the driver of increases*.

Salaries and employee benefits

Salaries and employee benefits was \$14.0 million in 2023 and \$12.2 million in 2022, reflecting an increase of \$1.7 million, or 14.1%. This increase was primarily attributable to higher headcount to support the continued growth in business, acquisitions and new hires in preparation for this offering. We expect continued increases in salaries and employee benefits as a result of Branch conversions, continued growth in business, new roles as a result of being a public company and the ongoing evaluation of our compensation arrangements with our employees.

Other administrative expenses

Other administrative expenses was \$11.0 million in 2023 and \$9.7 million in 2022, reflecting an increase of \$1.3 million, or 13.1%. This increase was primarily attributable to increases in marketing expenses of \$0.3 million and office overhead of \$0.2 million driven primarily by continued growth in our business. Our insurance premium also increased by \$0.3 million primarily due to the increased E&O coverage driven by our continued growth. As the scale of our operations continues to expand, we expect our expenses supporting our growth to increase. In addition, the cost of being a public company is expected to increase our administrative expenses.

Depreciation and amortization

Depreciation and amortization was \$4.9 million in 2023 and \$3.3 million in 2022, reflecting an increase of \$1.6 million, or 47.2%. This increase was primarily attributable to the amortization of intangible assets from our recent intangible asset acquisitions.

Other non-operating income (expenses)

Other non-operating expenses was \$1.0 million in 2023 and \$0.4 million in 2022, reflecting an increase of \$0.6 million. The increase was primarily attributable to higher interest expense driven by the increase in our total debts. In 2023, we increased our borrowings to fund our asset acquisitions in 2023 and our planned acquisitions in 2024.

Key Performance Indicators

Total Written Premium

Total Written Premium represents, for any reported period, the total amount of current premium (net of cancellation) placed with insurance carriers. We utilize Total Written Premium as a key performance indicator when planning, monitoring and evaluating our performance. We believe Total Written Premium is a useful metric because it is the underlying driver of the majority of our revenue.

The following table presents the disaggregation of Total Written Premium by offerings, business mix and line of business (in thousands):

	Three Months Ended March 31,				Years Ended December 31,			
	2024		2023		2023		2022	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
Offerings:								
Insurance Services								
Agency-in-a-Box	\$ 218,936	68 %	\$ 213,382	80 %	\$ 998,938	80 %	\$ 850,324	81 %
Corporate Branches	57,884	18	8,388	3	53,963	4	18,718	2
TWFG MGA	44,446	14	43,614	17	195,194	16	185,422	17
Total written premium	<u>\$ 321,266</u>	<u>100 %</u>	<u>\$ 265,384</u>	<u>100 %</u>	<u>\$ 1,248,095</u>	<u>100 %</u>	<u>\$ 1,054,464</u>	<u>100 %</u>
Business Mix:								
Insurance Services								
Renewal business	\$ 214,477	67 %	\$ 166,551	62 %	\$ 827,112	66 %	\$ 639,733	61 %
New business	62,343	19	55,219	21	225,789	18	229,309	22
TWFG MGA								
Renewal business	35,464	11	36,062	14	165,348	13	137,690	13
New business	8,982	3	7,552	3	29,846	3	47,732	4
Total written premium	<u>\$ 321,266</u>	<u>100 %</u>	<u>\$ 265,384</u>	<u>100 %</u>	<u>\$ 1,248,095</u>	<u>100 %</u>	<u>\$ 1,054,464</u>	<u>100 %</u>
Written Premium Retention:								
Insurance Services		97 %		93 %		95 %		87 %
TWFG MGA		81		94		89		90
Consolidated		94		94		94		88
Line of Business:								
Personal lines	\$ 254,864	79 %	\$ 206,570	78 %	\$ 997,431	80 %	\$ 843,272	80 %
Commercial lines	66,402	21	58,814	22	250,664	20	211,192	20
Total written premium	<u>\$ 321,266</u>	<u>100 %</u>	<u>\$ 265,384</u>	<u>100 %</u>	<u>\$ 1,248,095</u>	<u>100 %</u>	<u>\$ 1,054,464</u>	<u>100 %</u>

Comparison of the Three Months Ended March 31, 2024 and 2023

Total Written Premium for the three months ended March 31, 2024 increased by \$55.9 million, or 21.1% compared to the same period in the prior year. Higher premium rates, written premiums from our recent acquisitions rolling into the current period, and growing Books of Business drove the increase in our Insurance Services offering. As previously discussed, in January 2024, nine of our independent branches converted to Corporate Branches, which shifted approximately \$35.7 million of written premiums for the three months ended March 31, 2024 from Agency-in-a-Box to Corporate Branches. The increase in Total Written Premium in our TWFG MGA offering was primarily attributable to higher premium rates, partially offset by reduced policy retention due to continued non-renewal of business and certain insurance carriers

not accepting new business in locations that have experienced catastrophes. Written premium across our offerings benefited from the rising trend in premium rates over the recent periods.

For both the three months ended March 31, 2024 and 2023, our consolidated written premium retention was 94%.

Comparison of the Years Ended December 31, 2023 and 2022

For the year ended December 31, 2023, we had \$1,248.1 million in Total Written Premium compared to \$1,054.5 million for the year ended December 31, 2022 reflecting an 18.4% growth in 2023. Higher premium rates combined with a growing Book of Business drove the increase in our Insurance Services offering. The Book of Business's growth was primarily due to the organic growth across Insurance Services and the recent Book of Business acquisitions as reflected under Corporate Branches. The increase in our TWFG MGA offering was driven primarily by higher premium rates, partially offset by reduced policy retention, non-renewal of business in catastrophe locations, and certain insurance carriers not accepting new business in locations that have experienced catastrophes. Written premiums across our offerings benefited from the rising trend in premium rates over the recent years.

For the year ended December 31, 2023, our consolidated written premium retention was 94% compared to 88% for the year ended December 31, 2022. The increase was primarily due to higher premium rates and growing Books of Business, partially offset by non-renewal of catastrophe exposed programs.

Non-GAAP Financial Measures

Organic Revenue. Organic Revenue is total revenue (the most directly comparable GAAP measure) for the relevant period, excluding contingent income, fee income, other income and those revenues generated from acquired businesses with over \$0.5 million in annualized revenue that have not reached the twelve-month owned mark.

Revenue was \$46.3 million and \$39.9 million for the three months ended March 31, 2024 and 2023, respectively. Revenue was \$172.9 million and \$153.9 million for the years ended December 31, 2023 and 2022, respectively.

Organic Revenue was \$41.1 million and \$36.3 million for the three months ended March 31, 2024 and 2023, respectively. Organic Revenue was \$154.6 million and \$139.1 million for the years ended December 31, 2023 and 2022, respectively.

Organic Revenue Growth. Organic Revenue Growth is the change in Organic Revenue period-to-period, with prior period results adjusted to include revenues that were excluded in the prior period because the relevant acquired businesses had not reached the twelve-month-owned mark but have reached the twelve-month owned mark in the current period. We believe Organic Revenue Growth is an appropriate measure of operating performance because it eliminates the impact of acquisitions, which affects the comparability of results from period to period.

Comparison of the Three Months Ended March 31, 2024 and 2023

Revenue growth, representing the year-over-year change in total revenues, was 16.2% for the three months ended March 31, 2024 compared to the same period in 2023 and 15.9% for the three months ended March 31, 2023 compared to the same period in 2022. Revenue growth for both periods was due to premium rate changes as well as a continued mix of new business generation and renewal business. Revenue growth for the three months ended March 31, 2024 compared to the same period in 2023 also reflected higher interest income on bank deposits. See *Consolidated Results of Operations above for additional discussions regarding the changes in our revenues.*

Organic Revenue Growth was 13.3% for the three months ended March 31, 2024 compared to the same period in 2023 and 14.9% for the three months ended March 31, 2023 compared to the same period in 2022. Organic Revenue Growth for both periods was due to premium rate changes as well as a continued

mix of new business generation and renewal business. See *Commission Income* section in the *Consolidated Results of Operations* above for additional discussions regarding the changes in our commission income.

Comparison of the Years Ended December 31, 2023 and 2022

Revenue growth, representing the year-over-year change in total revenues, was 12.4% in 2023 compared to 2022 and 23.2% in 2022 compared to 2021.

During 2023, several insurance carriers lowered their growth initiatives countrywide to address historically high loss ratios in prior years while aggressively filing rate increases. This had a negative impact on our new business revenue growth due to carriers limiting new business and restricting capacity. Further, we revised downward our anticipated contingent income related to prior years in 2023 based on insurance carriers' higher loss ratio trends in 2023. In addition, in California, certain carriers did not renew their property portfolios and/or closed their portfolios to new business, which required policies to be written or re-written through the California Fair Plan, the state-run insurance carrier, which pays a lower commission than traditional carriers. Finally, insurance carrier insolvencies in 2022 resulted in unearned commission chargebacks in 2023 that negatively impacted our 2023 revenue growth. Such amounts were partially offset by increased commissions for renewal policies with higher rates.

In addition, revenue growth in 2022 compared to 2021 was higher than revenue growth in 2023 compared to 2022 due to enhanced data collected from external sources, which improved our assumptions for estimating revenues starting in 2022.

Applying the use of enhanced data consistently throughout the periods presented, revenue growth in 2023 compared to 2022 would have been 15.4%, and revenue growth in 2022 compared to 2021 would have been 17.4%.

Organic Revenue Growth was 11.2% in 2023 compared to 2022 and 23.2% in 2022 compared to 2021. The decrease in Organic Revenue Growth was primarily due to the above-mentioned factors and excludes the impact of our Books of Business acquisitions and changes to contingent income, fee income, and other income.

Applying the use of enhanced data consistently throughout the periods presented, Organic Revenue Growth in 2023 compared to 2022 would have been 14.5% and Organic Revenue Growth in 2022 compared to 2021 would have been 16.9%.

Adjusted Net Income. Adjusted Net Income is a supplemental measure of our performance and is defined as net income (the most directly comparable GAAP measure) before non-recurring or non-operating income and expenses, including equity-based compensation, adjusted to assume a single class of stock (Class A) and assuming noncontrolling interests do not exist. We believe Adjusted Net Income is a useful measure because it adjusts for the after-tax impact of significant one-time, non-recurring items and eliminates the impact of any transactions that do not directly affect what management considers to be our ongoing operating performance in the period. These adjustments generally eliminate the effects of certain items that may vary from company to company for reasons unrelated to overall operating performance.

Following this offering, we will be subject to U.S. federal income taxes, in addition to state, local and foreign taxes, with respect to our allocable share of any net taxable income of TWFG Holding Company, LLC. Adjusted Net Income for 2023 and 2022 did not reflect adjustments for income taxes since TWFG Holding Company, LLC is a limited liability company and has elected to be treated as a partnership for federal tax purposes.

Net Income was \$6.6 million and \$6.2 million for the three months ended March 31, 2024 and 2023, respectively. Net Income was \$26.1 million and \$20.6 million for the years ended December 31, 2023 and 2022, respectively.

Adjusted Net Income was \$5.2 million and \$5.4 million for the three months ended March 31, 2024 and 2023, respectively. Adjusted Net Income was \$25.5 million and \$23.3 million for the years ended December 31, 2023 and 2022, respectively.

Adjusted Net Income Margin. Adjusted Net Income Margin is Adjusted Net Income divided by total revenues. We believe that Adjusted Net Income Margin is a useful measurement of operating profitability for the same reasons we find Adjusted Net Income useful and also because it provides a period-to-period comparison of our after-tax operating performance.

Net Income Margin was 14.3% and 15.6% for the three months ended March 31, 2024 and 2023, respectively. Net Income Margin was 15.1% and 13.4% for the years ended December 31, 2023 and 2022, respectively.

Adjusted Net Income Margin was 11.1% and 13.5% for the three months ended March 31, 2024 and 2023, respectively. Adjusted Net Income Margin was 14.7% and 15.2% for the years ended December 31, 2023 and 2022, respectively.

Adjusted EBITDA. Adjusted EBITDA is a supplemental measure of our performance and is defined as EBITDA adjusted to exclude equity-based compensation and other non-operating items, including, certain nonrecurring or non-operating gains or losses. EBITDA is defined as net income (the most directly comparable GAAP measure) before interest, income taxes, depreciation and amortization. We believe that Adjusted EBITDA is an appropriate measure of operating performance because it adjusts for significant one-time, non-recurring items and eliminates the ongoing accounting effects of certain capital spending and acquisitions, such as depreciation and amortization, that do not directly affect what management considers to be our ongoing operating performance in the period. These adjustments generally eliminate the effects of certain items that may vary from company to company for reasons unrelated to overall operating performance.

Adjusted EBITDA was \$9.0 million and \$6.5 million for the three months ended March 31, 2024 and 2023, respectively. Adjusted EBITDA was \$31.3 million and \$27.0 million for the years ended December 31, 2023 and 2022, respectively.

Adjusted EBITDA Margin. Adjusted EBITDA Margin is Adjusted EBITDA divided by total revenue. We believe that Adjusted EBITDA Margin is a useful measurement of operating profitability for the same reasons we find Adjusted EBITDA useful and also because it provides a period-to-period comparison of our operating performance.

Adjusted EBITDA Margin was 19.4% and 16.4% for the three months ended March 31, 2024 and 2023, respectively. Adjusted EBITDA Margin was 18.1% and 17.6% for the years ended December 31, 2023 and 2022, respectively.

Adjusted Free Cash Flow. Adjusted Free Cash Flow is a supplemental measure of our performance. We define Adjusted Free Cash Flow as cash flows from operating activities (the most directly comparable GAAP measure) less cash payments for tax distributions, purchases of property, plant, and equipment and acquisition-related costs. We believe Adjusted Free Cash Flow is a useful measure of operating performance because it represents the cash flow from the business that is within our discretion to direct to activities including investments, debt repayment, and returning capital to stockholders.

Cash flow from operating activities was \$9.8 million for both the three months ended March 31, 2024 and 2023. Cash flow from operating activities was \$30.2 million and \$25.8 million for the years ended December 31, 2023 and 2022, respectively.

Adjusted Free Cash Flow was \$7.3 million and \$7.2 million for the three months ended March 31, 2024 and 2023, respectively. Adjusted Free Cash Flow was \$19.7 million and \$16.0 million for the years ended December 31, 2023 and 2022, respectively.

Organic Revenue, Organic Revenue Growth, Adjusted Net Income, Adjusted Net Income Margin, Adjusted EBITDA, Adjusted EBITDA Margin and Adjusted Free Cash Flow are not measures of financial performance

under GAAP and should not be considered substitutes for GAAP measures, including revenues (for Organic Revenue and Organic Revenue Growth), net income (for Adjusted Net Income, Adjusted Net Income Margin, Adjusted EBITDA and Adjusted EBITDA Margin), and cash flows from operating activities (for Adjusted Free Cash Flow) which we consider to be the most directly comparable GAAP measures. These non-GAAP financial measures have limitations as analytical tools, and when assessing our operating performance, you should not consider these non-GAAP financial measures in isolation or as substitutes for revenues, net income, operating cash flow or other consolidated financial statement data prepared in accordance with GAAP. Other companies may calculate any or all of these non-GAAP financial measures differently than we do, limiting their usefulness as comparative measures.

For more information regarding these non-GAAP financial measures and a reconciliation of such measures to comparable GAAP financial measures, see the footnotes to the financial statements presented in “Prospectus Summary—Summary Historical and Pro Forma Financial and Other Data.”

Liquidity and capital resources

Historical liquidity and capital resources

We have managed our historical liquidity and capital requirements primarily through the receipt of revenues from our operations. Our primary cash flow activities involve: (1) generating cash flow from our operations; (2) making strategic acquisitions; (3) making distributions to the Pre-IPO LLC Members; and (4) making borrowings, interest payments and repayments under our Credit Agreements. As of March 31, 2024, December 31, 2023 and December 31, 2022, our cash and cash equivalents were \$22.6 million, \$39.3 million and \$22.3 million, respectively. We have used cash flow from operations primarily to pay compensation and related expenses, general, administrative and other expenses, debt service and distributions to our owners.

Credit agreements

On June 5, 2017, TWFG Holding Company, LLC, as borrower, entered into a credit agreement (as subsequently amended, the “Term Loan Credit Agreement”) with PNC Bank, National Association, as lender. On July 30, 2019, TWFG Holding Company, LLC entered into a third amendment to the Term Loan Credit Agreement pursuant to which it borrowed \$4.0 million pursuant to a Term Loan B and used these proceeds for permitted acquisitions. On December 4, 2020, TWFG Holding Company, LLC entered into a fifth amendment to the Term Loan Credit Agreement pursuant to which it borrowed an additional \$13.0 million pursuant to a Term Loan C and used these proceeds for permitted acquisitions (such amount, together with the amount borrowed on July 30, 2019, the “Term Loans”). On May 23, 2023, TWFG Holding Company, LLC entered into a ninth amendment to the Term Loan Credit Agreement to permit the reorganization transactions described under “Organizational structure—The reorganization transactions” and provide additional flexibility under the covenants contained therein following this offering. The aggregate principal amounts of the Term Loan B and Term Loan C as of March 31, 2024 are \$0.4 million and \$7.3 million, respectively, as follows (in thousands):

Remainder of 2024	\$	1,762
Year ended December 31, 2025		1,912
Year ended December 31, 2026		1,972
Year ended December 31, 2027		2,035
Total	\$	7,681

On May 23, 2023, TWFG Holding Company, LLC, the guarantors party thereto, the lenders party thereto, PNC Bank, National Association and PNC Capital Markets LLC entered into a Credit Agreement (the “Revolving Credit Agreement” and together with the Term Loan Credit Agreement, the “Credit Agreements”).

The Revolving Credit Agreement provides for a revolving credit facility to TWFG Holding Company, LLC, in an aggregate principal amount not to exceed \$50.0 million that matures on May 23, 2028. The proceeds from borrowings under the Revolving Credit Agreement have been used for permitted acquisitions, and may in the future be used for acquisitions, working capital and general corporate purposes. As of March 31, 2024, \$41.0 million was outstanding under the Revolving Credit Agreement.

The Credit Agreements contain covenants that, among other things and subject to certain exceptions, restrict our ability to make restricted payments, incur additional debt, engage in asset sales, mergers, acquisitions or similar transactions, create liens on assets, engage in transactions with affiliates, change our business or make investments. We may voluntarily prepay in whole or in part the outstanding principal under our Term Loans at any time prior to the maturity date. In addition, the Credit Agreements contain financial covenants that require us, subject to certain exceptions, to maintain a Consolidated Debt Service Coverage Ratio (as defined in the Credit Agreement) of at least 1.50 to 1.00 and a Consolidated Leverage Ratio (as defined in the Credit Agreement) of not more than 2.00 to 1.00, in each case, calculated as of the end of each fiscal quarter for the four fiscal quarters then ended, and as of March 31, 2024, we are in compliance with each such covenant.

Pursuant to the Credit Agreements, a change of control default will be triggered if: (i) any person or group (other than Richard F. (“Gordy”) Bunch III and his affiliates) acquires beneficial ownership (within the meaning of Rule 13d-3 and 13d-5 under the Exchange Act) of more than 35% of our then outstanding voting stock, (ii) we cease to be the managing member of TWFG Holding Company, LLC, (iii) any person other than us or the Pre-IPO LLC Members owns more than 35% of the membership interests of TWFG Holding Company, LLC or (iv) TWFG Holding Company, LLC shall cease to own, free and clear of all liens or other encumbrances (other than Permitted Liens as defined in our Credit Agreements), 100% of the outstanding voting equity interests of each guarantor (other than us) on a fully diluted basis, except as a result of a merger, consolidation or disposition permitted under the Credit Agreement. Such a default could result in the acceleration of repayment of our and our subsidiaries’ indebtedness, including borrowings under our Term Loan Credit Agreement (as defined below) and any amounts then outstanding under the Revolving Credit Agreement if not waived by the lenders under our Credit Agreements. Such a default could result in the acceleration of repayment of our and our subsidiaries’ indebtedness, including borrowings under the Term Loan Agreement if not waived by the lenders thereunder. See “Risk factors—Risks relating to our business—Changes to TWFG Holding Company, LLC’s ownership, that of the guarantors under the Credit Agreements or our ownership could trigger a change of control default under our Credit Agreements.”

Interest on Term Loan B and Term Loan C accrue at Daily Simple SOFR plus the Benchmark Replacement Adjustment of 0.11448%, 0.26161%, or 0.42826% for the one-month, three-month, or six-month borrowing periods, respectively. At our option, the revolving credit facility under the Revolving Credit Agreement accrues interest on amounts drawn at the Term SOFR Rate or Daily SOFR plus the SOFR Adjustment of 0.10% and Applicable Margin of 2.00% to 2.75%, each as defined in the Revolving Credit Agreement. The Term Loans and the Revolving Credit Agreement are collateralized by substantially all the Company’s assets, which includes rights to future commissions.

Comparative cash flows

The following table summarizes our cash flows from operating, investing and financing activities for the periods indicated (in thousands):

	Three Months Ended March 31,		Years Ended December 31,	
	2024	2023	2023	2022
Net cash provided by operating activities from continuing operations	\$ 9,754	\$ 8,952	\$ 29,315	\$ 22,094
Net cash used in investing activities from continuing operations	(20,981)	(385)	(14,719)	(14,926)
Net cash (used in) provided by financing activities from continuing operations	(3,823)	(5,759)	1,610	(20,264)
Net change in cash, cash equivalents and restricted cash from continuing operations	(15,050)	2,808	16,206	(13,096)
Cash, cash equivalents and restricted cash from continuing operations, beginning of period	46,468	30,262	30,262	43,358
Cash, cash equivalents and restricted cash from continuing operations, end of period	\$ 31,418	\$ 33,070	\$ 46,468	\$ 30,262
Cash paid during the year for interest	\$ 969	\$ 87	\$ 832	\$ 404

Comparison of the Three Months Ended March 31, 2024 and 2023

Operating activities

Operating activities from continuing operations provided \$9.8 million and \$9.0 million of cash for the three months ended March 31, 2024 and 2023, respectively. The increase in net cash provided by operating activities from continuing operations was primarily attributable to the \$6.5 million increase in total revenues and a \$1.1 million decrease in commission expenses. These increases were partially offset by a \$2.9 million increase in salaries and employee benefits, a \$0.8 million increase in interest expense, a \$0.6 million increase in other administrative expenses and an approximately \$2.5 million net outflow driven by the changes in our net working capital between periods. See the Consolidated results of operations above for additional information regarding the results of our operations.

Investing activities

Investing activities from continuing operations used \$21.0 million and \$0.4 million of cash for the three months ended March 31, 2024 and 2023, respectively. Our net investing outflows increased primarily due to our recent asset acquisitions. In January 2024, we acquired the assets of nine of our independent branches for a total purchase price of \$40.8 million, of which approximately \$20.4 million was paid in cash, with the remainder settled through the issuance of Class A common units. In addition, in the first quarter of 2024, we acquired customer lists of intangible assets with annualized revenue of less than \$0.5 million for a total purchase price of \$0.7 million, of which approximately \$0.3 million was paid in cash.

Financing activities

Financing activities from continuing operations used \$3.8 million and \$5.8 million of cash for the three months ended March 31, 2024 and 2023, respectively. Our net financing outflows decreased primarily due to the \$3.0 million lower distributions to members and the \$1.5 million net change in carrier liabilities. Partially offsetting these decreases in financing outflows were increases from a \$1.9 million payment of deferred offering costs and a \$0.5 million payment of deferred acquisition payable in the first quarter of 2024 related to recent asset acquisitions, which did not occur in the same period in the prior year.

Comparison of the Years Ended December 31, 2023 and 2022

Operating activities

Operating activities from continuing operations provided \$29.3 million and \$22.1 million of cash for the years ended December 31, 2023 and 2022, respectively. This increase in net cash provided by operating activities from continuing operations was primarily attributable to a \$19.2 million increase in commission income partially offset by the \$11.9 million increase in commission expense. See *the Consolidated results of operations above for additional information regarding the results of our operations.*

Investing activities

Investing activities from continuing operations used \$14.7 million and \$14.9 million of cash for the years ended December 31, 2023 and 2022, respectively. This decrease in net cash used in investing activities from continuing operations was primarily due to a \$5.0 million capital contribution to TWICO in 2022 compared to none in 2023. This decrease in net cash used was partially offset by Books of Business purchased in 2023 which was \$3.2 million higher compared to 2022 and proceeds from the disposition of Books of Business, which was \$1.5 million lower in 2023 compared to 2022.

Financing activities

Financing activities from continuing operations provided \$1.6 million and used \$20.3 million of cash for the years ended December 31, 2023 and 2022, respectively. The change from the net financing outflows in 2022 to the net financing inflows in 2023 was primarily due to the \$41.0 million proceeds from the drawdown of the Revolving Facility. This inflow was partially offset by the \$12.8 million increase in distributions to members, \$2.2 million cash derecognized upon distribution of equity interest in EVO to members and \$3.2 million related to the net change in carrier liabilities.

Future sources and uses of liquidity

Our initial sources of liquidity will be (1) cash on hand, (2) net working capital, (3) cash flows from operations and (4) borrowings on our Credit Agreements. We expect that our primary liquidity needs will comprise cash to (1) provide capital to facilitate the organic growth of our business, (2) pay operating expenses, including cash compensation to our independent agents and our employees, (3) make payments under the tax receivable agreement, (4) fund acquisitions, (5) pay interest and principal due on borrowings under our Credit Agreements and (6) pay income taxes. We expect to have sufficient financial resources to meet our business requirements in the next 12 months, including the ability to service our debt and contractual obligations, finance capital expenditures and make distributions, including tax distributions, to our stockholders. Although cash from operations is expected to be sufficient to service these activities, we have the ability to borrow under our Credit Agreements to accommodate any timing differences in cash flows. Additionally, we may in the future access the capital markets to obtain equity or debt financing, if needed, including to pursue acquisition opportunities.

We have certain obligations related to debt maturities and operating leases. As of March 31, 2024, we had \$1.0 million of non-cancelable operating lease obligations for the next 12 months. For the periods following the next 12 months, we have an additional \$1.9 million of non-cancelable operating lease obligations. See Note 5, "Operating Leases," to our unaudited consolidated financial statements included elsewhere in this prospectus for additional information. In addition, as of March 31, 2024, we had \$2.8 million of debt maturities for the next 12 months comprised of \$0.4 million of the remaining balance on our Term B loan and \$1.9 million under the Term C loan, and \$0.5 million in Acquisition-related notes. For the periods following the next 12 months, we have an additional \$47.6 million of debt maturities representing \$5.4 million under the Term C loan, \$41.0 million under the Revolving Credit Agreement and \$1.2 million in Acquisition-related notes. Any outstanding balances under our Revolving Credit Agreement will become due and payable during 2028. Annual interest on the Acquisition-related notes are 3.75% and 5.0%, and our effective interest rates on the Term B loan, Term C loan and Revolving Credit Agreement for the three months ended March 31, 2024 were 4.15%, 3.06% and 7.48%, respectively. We have interest rate swap agreements associated with the Term B loan and the Term C loan, which converted the floating interest rates

on these loans to fixed interest rates. See Note 6 “Derivatives” and Note 7, “Debt” to our consolidated financial statements included elsewhere in this prospectus for additional information.

Dividend policy

Assuming TWFG Holding Company, LLC makes distributions to its members in any given year, the determination to pay dividends, if any, to our Class A common stockholders out of the portion, if any, of such distributions remaining after our payment of taxes, tax receivable agreement payments and expenses (any such portion, an “excess distribution”) will be made at the sole discretion of our board of directors. Our board of directors may change our dividend policy at any time. See “Dividend policy.”

Tax receivable agreement

As described under “Organizational structure—Holding company structure and the tax receivable agreement,” upon the completion of this offering, we will be a party to the tax receivable agreement with the Pre-IPO LLC Members and any future party to the tax receivable agreement. Under the tax receivable agreement, we generally will be required to pay to the Pre-IPO LLC Members and any future party to the tax receivable agreement of 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax or franchise tax that we actually realize as a result of (i) any increase in tax basis in TWFG Holding Company, LLC’s assets resulting from (a) the purchase of LLC Units from any of the Pre-IPO LLC Members using the net proceeds from any future offering of shares of our Class A common stock, (b) future taxable redemptions or exchanges by the Pre-IPO LLC Members of LLC Units for shares of our Class A common stock or cash or (c) payments under the tax receivable agreement and (ii) tax benefits related to imputed interest resulting from payments made under the tax receivable agreement. The payment obligations under the tax receivable agreement are our obligations and not obligations of TWFG Holding Company, LLC. Our obligations under the tax receivable agreement will also apply with respect to any person who becomes a party to the tax receivable agreement. See “Risk factors—Risks relating to our organizational structure—We will be required to pay the Pre-IPO LLC Members and any other persons that become parties to the tax receivable agreement for certain tax benefits we may receive, and the amounts we may pay could be significant.”

We expect that, as a result of the increases in the tax basis of the tangible and intangible assets of TWFG Holding Company, LLC attributable to taxable redemptions, exchanges or purchases of LLC Units from any of the Pre-IPO LLC Members, the payments that we may make to the existing Pre-IPO LLC Members could be substantial. For example, if we acquired all of the LLC Units of the Pre-IPO LLC Members in taxable transactions as of this offering, based on an initial public offering price of \$ _____ per share (the midpoint of the estimated initial public offering price range set forth on the cover page of this prospectus) based on certain assumptions, including that (i) there are no material changes in relevant tax law and (ii) we earn sufficient taxable income in each year to realize on a current basis all tax benefits that are subject to the tax receivable agreement, we expect that the resulting reduction in tax payments for us, as determined for purposes of the tax receivable agreement, would aggregate to approximately \$ _____, substantially all of which would be realized over the next 15 years, and we would be required to pay the Pre-IPO LLC Members 85% of such amount, or \$ _____, over the same period. The actual increases in tax basis with respect to future taxable redemptions, exchanges or purchases of LLC Units, as well as the amount and timing of any payments we are required to make under the tax receivable agreement in respect of future taxable redemptions, exchanges or purchases of LLC Units, may differ materially from the amounts set forth above because the potential future reductions in our tax payments, as determined for purposes of the tax receivable agreement, and the payments we will be required to make under the tax receivable agreement, will each depend on a number of factors, including the market value of our Class A common stock at the time of purchase, redemption or exchange, the prevailing U.S. federal income tax rates applicable to us over the life of the tax receivable agreement (as well as the assumed combined state and local tax rate), the amount and timing of the taxable income that we generate in the future and the extent to which future redemptions, exchanges or purchases of LLC Units are taxable transactions.

Payments under the tax receivable agreement are not conditioned on the Pre-IPO LLC Members’ continued ownership of us. There may be a material negative effect on our liquidity if, as described below, the

payments under the tax receivable agreement exceed the actual benefits we receive in respect of the tax attributes subject to the tax receivable agreement and/or distributions to us by TWFG Holding Company, LLC are not sufficient to permit us to make payments under the tax receivable agreement.

The TRA acceleration event provisions in the tax receivable agreement may result in situations where the Pre-IPO LLC Members have interests that differ from or are in addition to those of our other stockholders.

Finally, because we are a holding company with no operations of our own, our ability to make payments under the tax receivable agreement depends on the ability of TWFG Holding Company, LLC to make distributions to us. To the extent that we are unable to make payments under the tax receivable agreement for any reason, such payments will be deferred and will accrue interest until paid, which could negatively impact our results of operations and could also affect our liquidity in periods in which such payments are made.

Quantitative and qualitative disclosure of market risks

Market risk is the potential loss arising from adverse changes in market rates and prices, such as premium amounts, interest rates, and equity prices. We are exposed to market risk through our Book of Business, investments and borrowings under our Credit Agreements. We use derivative instruments to mitigate our risk related to the effect of rising interest rates on our cash flows. However, we do not use derivative instruments for trading or speculative purposes.

Insurance premium pricing within the P&C insurance industry has historically been cyclical, based on the underwriting capacity of the insurance industry and economic conditions. External events, such as terrorist attacks, man-made and natural disasters, can also have significant impacts on the insurance market. We use the terms “soft market” and “hard market” to describe the business cycles experienced by the industry. A soft market is an insurance market characterized by a period of declining premium rates, which can negatively affect commissions earned by insurance agents. A hard market is an insurance market characterized by a period of rising premium rates, which, absent other changes, can positively affect commissions earned by insurance agents.

Our investments are held primarily as cash and cash equivalents. These investments are subject to interest rate risk. The fair values of cash and cash equivalents as of December 31, 2023 and 2022 approximated their respective carrying values due to their short-term duration and therefore, such market risk is not considered to be material. We do not actively invest or trade in equity securities.

As of March 31, 2024, we had approximately \$7.7 million and \$41.0 million of borrowings outstanding under our Term Loan Credit Agreement and Revolving Credit Agreement, respectively. As of December 31, 2023, we had approximately \$8.4 million and \$41.0 million of borrowings outstanding under our Term Loan Credit Agreement and Revolving Credit Agreement, respectively. These borrowings accrue interest tied to SOFR and therefore interest expense under these borrowings is subject to change. The effect of an immediate hypothetical 10% change in interest rates would not have a material effect on our consolidated financial statements.

Off-balance sheet arrangements

We do not invest in any off-balance sheet vehicles that provide liquidity, capital resources, market or credit risk support, or engage in any activities that expose us to any liability that is not reflected in our consolidated financial statements.

Critical accounting estimates

We prepare our consolidated financial statements in accordance with GAAP. In applying many of these accounting principles, we need to make assumptions, estimates or judgments that affect the reported amounts of assets, liabilities, revenues and expenses in our consolidated financial statements. We base our estimates and judgments on historical experience and other assumptions that we believe are reasonable under the circumstances. These assumptions, estimates or judgments, however, are both subjective and subject to change, and actual results may differ from our assumptions and estimates. If actual amounts are ultimately different from our estimates, the revisions are included in our results of operations for the period in which the actual amounts become known. We believe our significant accounting policies could potentially produce materially different results if we were to change underlying assumptions, estimates or judgments. See Note 2, "Summary of significant accounting policies," to our consolidated financial statements included elsewhere in this prospectus for a summary of our significant accounting policies. The critical accounting estimates relating to our significant accounting policies are as follows:

Revenue recognition

Commission income

The determination of transaction price for commission income is impacted by policy cancellation at the discretion of the Client, and such a cancellation would result in our commission being limited to the period that the policy was in force. We estimate any expected variable consideration, endorsements, or cancellations, based on historical information, at the time commission income is recorded and recognized. We evaluate the assumptions used and adjust those accordingly as experience changes.

Contingent income

The timing of revenue recognition and constraints applied to contingent commissions are based on estimates and assumptions. Contingent income is paid when we meet or exceed certain premium volumes and/or falls below specific loss ratio quotas predetermined by its insurance carriers. Because of the uncertainty regarding the amount estimated to be received, we constrain the recognition of contingent income until information from the insurance carrier regarding the amount owed by the insurance carriers to us is received and is probable to avoid reversal of contingent income in the future period. The uncertainty regarding the estimated contingent income is primarily in the profitability of the insurance policies placed, as determined by the loss ratios maintained by the insurance carriers. The uncertainty is resolved upon receiving notification from the insurance carrier regarding actual profitability results. We evaluate the assumptions used to estimate contingent income and adjust those assumptions accordingly as experience changes.

Intangible assets

Intangible assets are evaluated for impairment whenever events or changes in circumstances indicate that the carrying value may no longer be recoverable. If indicators of impairment exist, we assess the recoverability of our intangible assets by reviewing the estimated future undiscounted cash flows generated by the corresponding asset or asset group. If based on the assessment, we determined that the intangible assets are impaired, such assets are written down to their fair values with the related impairment losses recognized in the result of operations.

We are required to apply judgment when determining if indicators of impairment exist. The determination of the occurrence of a triggering event is based on various considerations, including our knowledge of the industry, historical experience, market conditions, and specific information available at the time of the assessment. The results of our analysis could vary from period to period based upon how our judgment is applied and the facts and circumstances available at the time of the analysis. Judgment is also required in determining the assumptions and estimates used when calculating the fair value of the intangible asset.

Leases

We determine if an arrangement contains a lease at inception. An arrangement contains a lease if it implicitly or explicitly identifies an asset to be used and conveys the right to control the use of the identified asset in exchange for consideration. As a lessee, we include operating leases in lease right-of-use ("ROU") assets and operating lease liabilities in our consolidated statement of financial position. Lease ROU assets and liabilities are recognized upon commencement of the lease based on the present value of the lease payments over the lease term. As most of our leases do not provide an implicit interest rate, we use our incremental borrowing rate based on the information available at commencement date to determine the present value of lease payments. Our lease terms may include options to extend or terminate the lease. Options are included when it is reasonably certain that we will exercise that option.

Acquisitions

We continue to acquire intangible assets through strategic asset acquisitions. The methods and assumptions used to determine the purchase price, the estimated useful lives of intangible assets, and the fair value of any contingent earnout liabilities require significant judgment affecting the amount of future amortization and potential impairment. Purchase prices are typically based upon a multiple of revenue or Adjusted EBITDA growth rates, and loss ratios of the assets acquired. The fair value of contingent earnout liabilities is based upon estimated payments expected to be made to the sellers of the acquired assets as measured by expected future cash flow projections under various scenarios.

Recent accounting pronouncements

Information regarding recent accounting pronouncements and their effects to us can be found in Note 2, "Summary of Significant Accounting Policies," to our audited consolidated financial statements as of December 31, 2023 and 2022 and for the years then ended, and the unaudited consolidated financial statements as of March 31, 2024 and December 31, 2023 and for the three months ended March 31, 2024 and March 31, 2023, included elsewhere in this prospectus.

Emerging growth company

We are an "emerging growth company," as defined in the JOBS Act, and we may remain an emerging growth company for up to five years following the completion of this offering. For so long as we remain an emerging growth company, we are permitted and intend to rely on certain exemptions from various public company reporting requirements, including not being required to have our internal control over financial reporting audited by our independent registered public accounting firm pursuant to Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and any golden parachute payments not previously approved. In this prospectus, we have provided only two years of audited financial statements and have not included all of the executive compensation-related information that would be required if we were not an emerging growth company. Accordingly, the information contained herein may be different than the information you receive from other public companies in which you hold stock.

Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued after the enactment of the JOBS Act until such time as those standards apply to private companies. We have elected to use this extended transition period for complying with certain new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that we (i) are no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, our financial statements may not be comparable to companies that comply with the new or revised accounting pronouncements as of public company effective dates.

BUSINESS

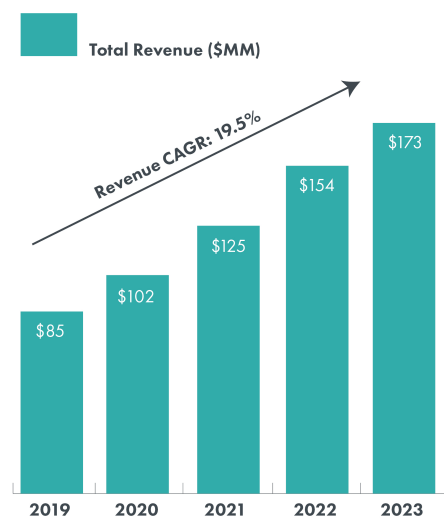
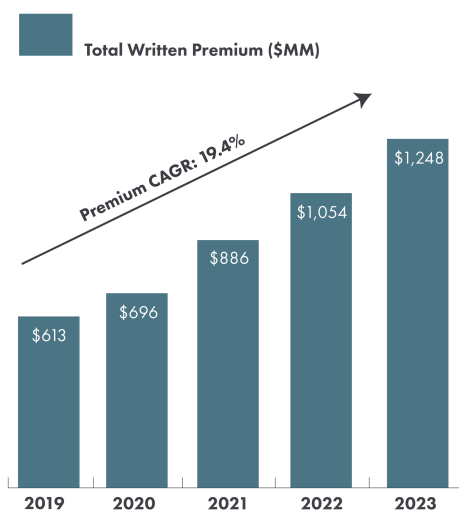
Company overview

We are a leading, high-growth, independent distribution platform for personal and commercial insurance in the United States. We are pioneers in the insurance industry, developing an agency model built on innovation and experience with what we believe is a more flexible approach than traditional distribution models. Our offerings are fulsome and flexible in that we offer all lines of insurance, multiple distribution contract options, M&A services, proprietary virtual assistants, proprietary technology, proprietary premium financing, unlimited continuing education, recognition programs, co-op funding, marketing support and overall lower costs to operate. Since our founding in 2001 by our Chief Executive Officer, Richard F. ("Gordy") Bunch III, we have established a track record of creating solutions for independent agents, insurance carriers and our Clients, with sustainable growth regardless of economic and P&C pricing cycles.

Our business model, developed by agents for agents, serves over 2,400 TWFG Agencies and offers a distinctive level of autonomy and entrepreneurial opportunity. We provide TWFG Agencies with resources, technology, training and insurance carrier access to succeed in an increasingly complex market. TWFG Agencies leverage our platform, long-standing relationships with insurance carriers and brand recognition in personal and commercial insurance products to win business and tailor coverage to meet our Clients' specific needs. We operate on a singular, integrated agency management system that equips TWFG Agencies with advanced tools for efficient Client management, policy management and communication in a cost-effective manner.

We have sustained our growth primarily using cash flow from operations to improve technology, fund M&A, recruit talent, create programs and expand services to support TWFG Agencies. As a P&C distribution company, our total P&C addressable market for Total Written Premium in the United States is approximately \$868.1 billion as of 2022, according to S&P Global Market Intelligence. Based on revenue, we are the seventh largest personal lines agency in the United States and the 26th largest agency across all lines of business, according to the Insurance Journal's 2023 Top 100 Property/Casualty Agencies.

For the three months ended March 31, 2024 and 2023 and the years ended December 31, 2023 and 2022, we generated revenue of \$46.3 million and \$39.9 million and \$172.9 million and \$153.9 million, respectively, representing quarter-over-quarter growth of 16.2% and year-over-year growth of 12.4%, including Organic Revenue Growth of 13.3% quarter-over-quarter and 11.2% year-over-year. Our compound annual growth rate, or CAGR, in Total Written Premium and total revenue for the period from January 1, 2019 through December 31, 2023 were 19.4% and 19.5%, respectively. This growth has been primarily driven by our ability to attract productive agents to our platform, TWFG Agencies' productivity in winning new business and our ability to retain and expand renewal business. We are a profitable company with strong earnings generation and conversion of net income to Adjusted Free Cash Flow. For the three months ended March 31, 2024, we generated \$6.6 million of net income, \$5.2 million of Adjusted Net Income and \$9.0 million of Adjusted EBITDA. For the year ended December 31, 2023, we generated \$26.1 million of net income, \$25.5 million of Adjusted Net Income and \$31.3 million of Adjusted EBITDA.



We have successfully worked with independent agents for over 20 years, building a platform that now exceeds \$1.0 billion of Total Written Premium in each of the last two years. Currently, our distribution platform encompasses over 400 Branches across 17 states and the District of Columbia within our Insurance Services offering and over 2,000 MGA Agencies across 41 states within our TWFG MGA offering. Within our Insurance Services offering, we have (i) independent agencies or Agencies-in-a-Box, which we refer to as “Branches,” and (ii) branches that we wholly own, which we refer to as “Corporate Branches.” Both Branches and Corporate Branches have TWFG branding and can only write insurance business through TWFG. Clients can access all of our agencies with TWFG branding, i.e., Branches and Corporate Branches, through our website at TWFG.com. MGA Agencies are independent agencies that contract with our TWFG MGA offering to obtain access to additional insurance carriers or programs. MGA Agencies do not include TWFG branding and are not exclusive to TWFG. We maintain contracts with over 300 insurance carriers to support TWFG Agencies and drive our growth. We believe we offer a strong value proposition when compared to the thousands of independent agencies and captive agents across the country and that we are part of the future of insurance distribution.

We have meticulously crafted our model and strategy to address the shortcomings of two distinct insurance distribution channels: (1) the captive agency channel, or agents that are part of the selling force of a particular insurance carrier and generally limited to selling insurance products from such insurance carrier and (2) the independent agency channel, or agencies that distribute insurance products from multiple insurance carriers but, depending on their size, can face difficulty in obtaining the level of insurance carrier access typically enjoyed by larger platforms like ours. Our independent distribution platform differs from the captive agency channel and the independent agency channel because we both support TWFG Agencies with the resources, technology, training and M&A growth opportunities that they need to build and scale their businesses and provide these agencies with access to multiple insurance carriers. We believe that our commission structure serves as a significant draw for skilled insurance professionals. Once part of TWFG, TWFG Agencies benefit from extensive training and development initiatives that are tailored to the individual agent based on the lines of business the agent wishes to pursue. Equipped with a comprehensive product portfolio, strong organizational backing and aligned incentives, TWFG Agencies are well positioned to expand our Books of Business and penetrate new market segments, which enhances our organic growth.

Clients benefit from our industry-leading mobile application, and Branches benefit from our administrative and strategic support and access to markets, which helps them to better serve our Clients. Branches have the ability to choose from a wide range of products and services to help customize solutions for our Clients and grow their business. Our commitment to a Client-first approach results in high revenue retention in our Insurance Services offering, reinforcing TWFG's brand reputation and our ability to recruit new agents. TWFG employs 44 insurance agents in its 14 Corporate Branches. All other agents are non-employees.

For insurance carriers, our high-quality, national network of motivated agents, collaborative nature, geographic diversity and the strength of our distribution channels make TWFG an attractive company to work with. Although a significant portion of our business is concentrated in Texas, California and Louisiana, we are licensed in 49 states and have a physical presence in 41 states and the District of Columbia across our Insurance Services and TWFG MGA offerings. Our insurance carriers benefit from the expertise of TWFG Agencies, including our over 400 Branches, which are led by Branch principals with an average of approximately 17 years of insurance industry experience. We maintain relationships with more than 300 insurance carriers to create tailored solutions and develop expansive coverage options. TWFG works with insurance carriers to offer agents specialized training so they can stay informed on changing underwriting requirements and risk appetites. As a result of our broad insurance carrier relationships, TWFG Agencies have more insurance products and solutions to offer our Clients, leading to higher Client satisfaction that promotes long-term relationships. We consider innovation a core competency, and we seek to collaborate with our insurance carriers and agents to anticipate and respond to market appetite shifts.

We represent and assist insurance carriers in placing insurance contracts with our Clients. We have agency agreements with over 300 insurance carriers, which establish the terms of our agency relationship, define our authority, and set compensation for the services we provide. Commission rates vary across insurance carriers, states, and lines of business and typically range from 7% to 22%. Our average commission rate for 2023 was approximately 12%. The commission income that we receive from insurance carriers is a significant portion of our total revenues, comprising approximately 92% and 91% of our total revenues we earned in 2023 and 2022, respectively. We believe our expansive agency relationships with insurance carriers have enabled us to provide a wide variety of insurance products to sell to our Clients that are responsive to their needs at competitive prices. In certain cases, in our capacity as agent to the insurance carriers, we have the authority to underwrite risks on behalf of certain insurance carriers. However, we do not retain the risks related to any of the underlying insurance contracts we place on behalf of the insurance carriers.

We derive our commission revenues from the placement of individual insurance contracts between insurance carriers and our Clients, pursuant to which our Clients enter into contracts with insurance carriers and we act as both the agent for our Clients as well as the appointed representative of the insurance carrier. We receive a percentage of the premium for each policy based on the commission rates determined by the insurance carriers, which may change at the discretion of the carrier at renewal. We share a percentage of commission revenue with our Branches and MGA Agencies based on the terms of the Branch Agreement or MGA Agency Agreement. The share of commission revenue we pay to our Branches or MGA Agencies is a commission expense and a component of our overall expenses. To the extent that a carrier changes commission rates, those changes are also reflected in the share of commissions we pay to Branches and MGA Agencies. The commission expenses paid to Branches and MGA Agencies are a component of our overall expenses, and therefore the greater the commission expense remitted, the lower our potential profitability. We retain 100% of the commission income received from insurance carriers and are responsible for 100% of the Corporate Branches' expenses.

We also assist in the placement of premium finance solutions for the payment of premiums due on insurance coverage. We are licensed to originate loans, which we exclusively distribute on behalf of third-party capital providers. Revenues generated from our premium financing business is immaterial in all periods presented, and did not have a material impact on the operating results or financial position of the Company for the three months ended March 31, 2024 and the years ended December 31, 2023 or 2022.

Our independent distribution platform offers our Branches and MGA Agencies a choice of contracts to execute with us, including Branch contracts, MGA contracts and producer contracts, and our programs

include admitted and non-admitted insurance products, personal, commercial, life, and health lines of business, as well as proprietary programs only available through TWFG. We also participate in M&A activities with our Branches as part of our commitment to support their continued growth.

TWFG Agencies are fundamentally entrepreneurial, and focused on building and scaling their business, and we provide them with speed to market, the benefits of scale, administrative support, training, tools, insurance carrier access and M&A growth opportunities that enable TWFG Agencies to take their agency to the next level and better assist our Clients.

We embrace a simple philosophy: "Our Policy is Caring," which is more than a motto. This philosophy informs the way we interact with all of our stakeholders and the communities in which they live and work. We seek to attract partners who come in every day with the commitment to making a difference in the lives of the people and communities we interact with. We treat our Clients, employees and stakeholders like family.

Our business

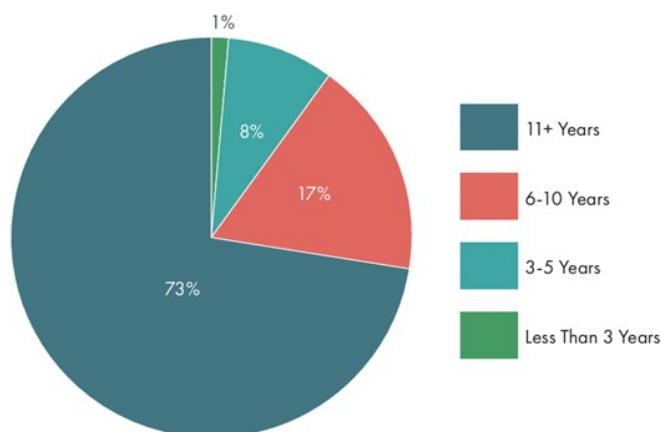
As a retail and wholesale distributor, we operate within the broader P&C distribution market. Retail and wholesale insurance brokers facilitate the placement of P&C insurance products in the admitted insurance markets, which are regulated in each state by the respective state's government, and E&S markets, which are often inaccessible by small agencies. We primarily distribute personal P&C lines insurance and commercial P&C lines insurance (8.0% and 11.6% industry premium growth in 2022, respectively, according to data provided by S&P Global Market Intelligence). Based on revenue, we are the seventh largest personal lines agency in the United States, according to the Insurance Journal's 2023 Top 100 Property/Casualty Agencies.

The demand for our products is significant and expanding. As a distributor of these products, we compete based on reputation, Client service, industry insights, product offerings, ability to tailor our services to the specific needs of a Client and offering competitive options and services.

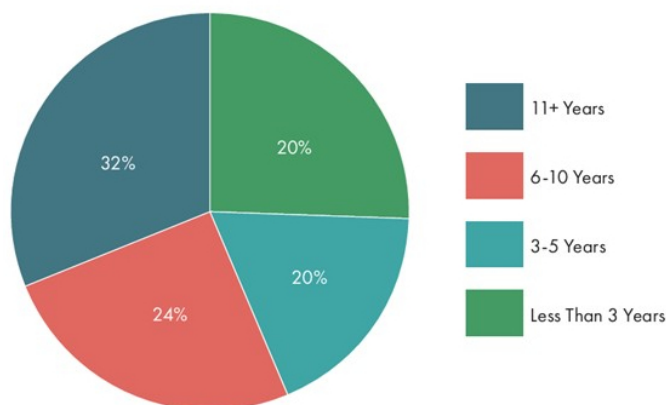
We operate through two primary offerings: (1) Insurance Services, through TWFG's exclusive Branch agreements or what we refer to as "Agency-in-a-Box" (over 400 agencies) and through Corporate Branches (approximately 14 agencies) and (2) TWFG MGA (over 2,000 agencies).

Insurance Services (81% of 2023 Revenue): Branch principals have approximately 17 years of insurance industry experience, on average, with established local relationships and deep ties to their communities.

TWFG Branch Agency Principals Insurance Industry Experience



TWFG Branch Agency Tenure



Agency-in-a-Box (77% of 2023 Revenue)

As a turnkey solution for new Branches, we facilitate the administrative work of operating an agency, allowing agents to focus on growing their business and serving our Clients. Our solution includes an agency management system, insurance carrier access, MGA access, training, mobile technology, virtual assistants, marketing tools, agency commission processing, agency bill accounting and M&A support.

Central to our best-in-class value proposition is a revenue and work sharing model that is efficient and mutually beneficial to the agents and to us. This arrangement acts as a powerful incentive, motivating agents to broaden our Books of Business, add new business lines and emphasize Client retention. Our model not only improves agents' income but offers a compelling built-in succession plan at fair market value that encourages long-term Client relationships, high-quality service and growth.

Unlike some other insurance distribution models, the operating costs incurred by our Branches do not transfer to TWFG. Instead, we receive all commission revenue and subsequently pay and record a commission expense to each Branch based on the relevant exclusive Branch agreement. The Branch is responsible for its operating costs, including fees for technology, E&O coverage and other services charged by us. This approach results in a streamlined and cost-effective operation, allowing us to concentrate on providing support, technology, marketing tools and additional growth opportunities to Branches. We believe our strategic approach to revenue sharing, expense management and growth is a cornerstone of our collective success.

Setting up an agency from scratch requires significant investment upfront in agency management systems and infrastructure, marketing and support functions, as well as a significant time investment in securing insurance carrier appointments, negotiating contracts, and training and development. Our Agency-in-a-Box offering is designed to assist independent and experienced captive agents with all of the foregoing and achieve scale and efficiency operating as a Branch.

Our turnkey solution provides a comprehensive suite of capabilities and the necessary infrastructure to distribute personal and commercial insurance products in an efficient and cost-effective way. Our platform provides:

- low start-up and monthly fees covering technology, E&O coverage and other services;
- TWFG business start-up package: full strategic marketing support, including pre-screened online marketing content, business cards, personalized website, stationary and TWFG branded merchandise, collateral and social media marketing platform;

- access to over 300 national, regional and local insurance carriers for personal, commercial and life and health;
- support on back-office functions, such as licensing and contracting, agency bill processing and reconciliation, commission processing and insurance carrier downloads;
- four-day extensive training and onboarding at our home office, with ongoing training available for agents and staff and free online continuing education;
- agency management system with personal lines comparative rater, e-signature platform, insurance forms, insurance carrier downloads and agency dashboard;
- a dedicated account executive, with access to a team of experienced agents on staff ready to provide functional product guidance;
- optional part-time or full-time service center;
- a mobile Client application;
- incentive trips for top producers;
- integrated cultural and support network, including TWFG National Convention – an annual networking meeting of TWFG agents, top insurance carriers and other industry participants;
- annual payments to Branches, or co-op money, that Branches can use for advertising and marketing;
- professional liability policy for E&O with cyber coverage at enterprise level pricing; and
- a contractually guaranteed option for succession planning.

Corporate Branches (4% of 2023 Revenue)

A portion of our branches are wholly owned by TWFG. These Corporate Branches were developed organically or acquired from third parties, and we retain 100% of the commission income received from insurance carriers and are responsible for 100% of the Corporate Branches' expenses. We have two compensation structures for our agents within our Corporate Branches. Our employee agents receive salaries, employee benefits and bonuses for services rendered, while our non-employee agents receive commission payments.

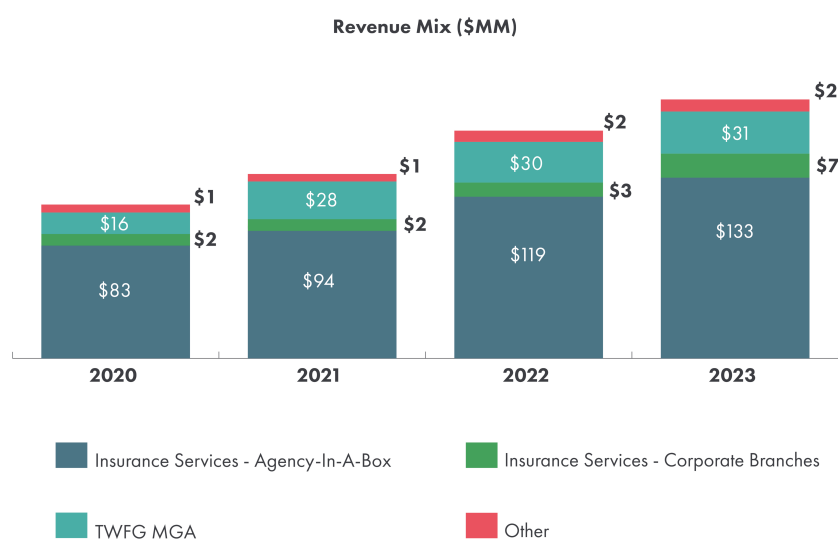
Our Branch agreements contain provisions that give our Branches the right to be acquired by us if we pursue an initial public offering of our common stock. We offered all of our existing Branches the opportunity to be acquired by us for consideration consisting of a combination of cash and our equity. We performed diligence on the Branches that elected to be purchased in order to establish valuations, and we negotiated pricing for the acquisitions based on multiples of revenue or Adjusted EBITDA, growth rates and loss ratios of the Branches. In January 2024, we acquired nine of our Branches for a total purchase price of \$40.8 million and converted them into Corporate Branches or employees, which will be additive to our net income and Adjusted EBITDA. Separately, in 2023, we completed five asset acquisitions in excess of \$0.5 million in annual revenue for a total purchase price of \$19.4 million. These acquisitions were added to our Corporate Branches, which increased our 2023 revenues by \$2.3 million. We expect to have sufficient financial resources for the next 12 months to provide any necessary capital to the Branches that we acquired in 2023 and 2024 and converted into Corporate Branches. See Note 4, "Intangible Assets" to our consolidated financial statements included elsewhere in this prospectus for information regarding the accounting for these acquired assets and their impact on our consolidated financial condition. Also see "Management's Discussion and Analysis of Financial Condition and Results of Operations" for the impact of these acquisitions on our results of operations.

We review acquisition opportunities and consider whether the acquisition would be beneficial as a Corporate Branch or a Branch operating through our Agency-in-a-Box offering. Branches with annual revenues greater than \$1.0 million in a geography where we currently do not have a physical location may be considered as a candidate for a Corporate Branch acquisition. Branches with less than \$1.0 million in annual revenues and

near another Branch are considered as candidates for acquisition by another Branch in the same geographic area. Until recently, we have not sought to acquire our existing Branches and instead have preferred combining an existing Branch with another Branch operating through our Agency-in-a-Box offering or with a new Branch joining the TWFG organization.

TWFG MGA (18% of 2023 Revenue): Through our TWFG MGA offering, we facilitate the placement of traditional and hard-to-place personal and commercial insurance risks. We provide access to insurance carrier relationships and products in both the admitted market and the E&S markets, which are often inaccessible by small agencies. We provide third-party administration, insurance carrier access and brokerage services, allowing MGA Agencies across the country to place business through markets they would otherwise not have access to based on their size relative to minimum volume requirements various insurance carriers use to offer new agent appointments. Similar to our Agency-in-a-Box offering, we receive all commission revenue earned by MGA Agencies and subsequently pay and record a commission expense to MGA Agencies based on the relevant MGA agreement. None of the operating costs incurred by the MGA Agencies are assumed by TWFG.

We earn commissions, policy fees and software licensing revenue on the business placed through our TWFG MGA. We have bonus compensation arrangements with insurance carriers that are contingent on the underlying performance of the Book of Business we intermediate or based on aggregate volume placed with a given insurance carrier based on underlying loss ratios and, to a lesser extent, the volume of business placed with the insurance carrier.

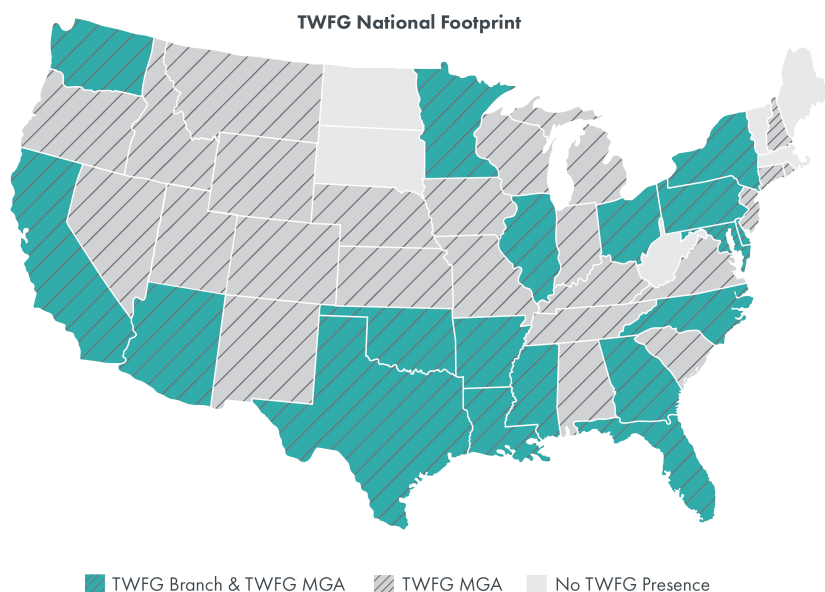


For additional information related to the breakdown of revenues and for a breakdown of commission income by offering for the three months ended March 31, 2024, and for the years ended December 31, 2023 and 2022, please see “Management’s discussion and analysis of financial condition and results of operations—Consolidated results of operations.”

Our geographic presence

Although a significant portion of our business is concentrated in Texas, California and Louisiana (representing 54.7%, 16.2% and 12.4%, respectively, of our Total Written Premiums in 2023), we are licensed in 49 states and have a physical presence in 41 states and the District of Columbia across our Insurance Services and

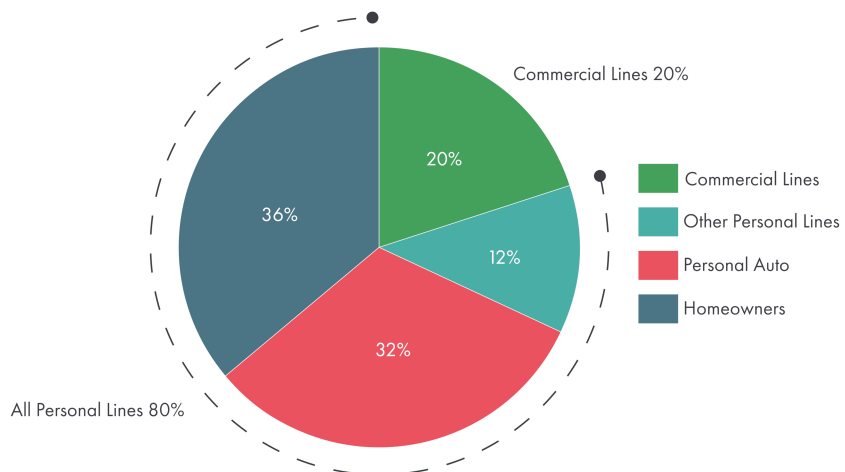
TWFG MGA offerings. We have mitigated our concentration risk by demonstrating that we can expand across the United States, as evidenced by our entry into the Ohio, Illinois and North Carolina markets in 2023.



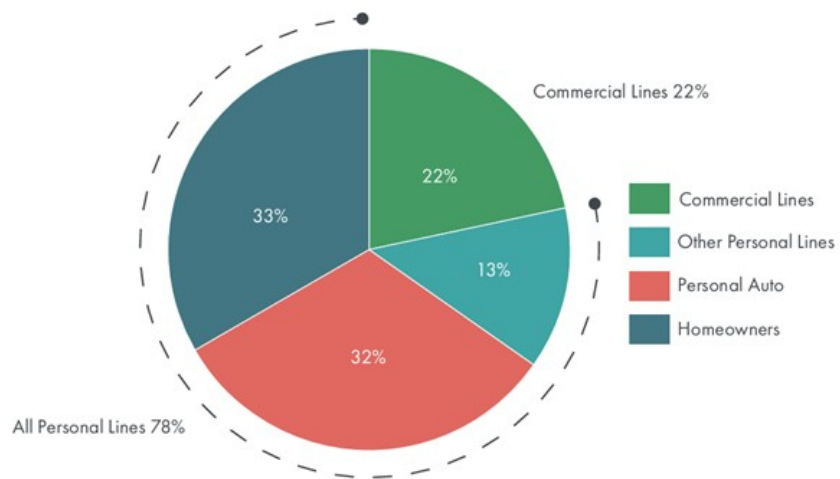
Our products

The insurance products we distribute primarily consist of personal and commercial lines, including auto, home, renters, life, health, motorcycle, umbrella, boat, recreational vehicles, flood, wind, event, luxury items, general liability, property, business auto, workers' compensation, business owner policy, professional liability, commercial bonds and group benefits. Through our TWFG MGA, we also provide access to admitted insurance markets, which are regulated in each state by the respective state's government, and E&S markets, which are often inaccessible by small agencies. We offer exclusive programs in certain niches, including catastrophe-exposed property and high value homes, within our footprint. The insurance products that we distribute are binding contracts between our Clients and the insurance carriers. In certain cases, we collect premiums on behalf of the insurance carriers. We do not underwrite risks in exchange for premiums. We placed \$1,248.1 million of Total Written Premium in 2023 in both of our offerings and are constantly evaluating opportunities to enhance our capacity.

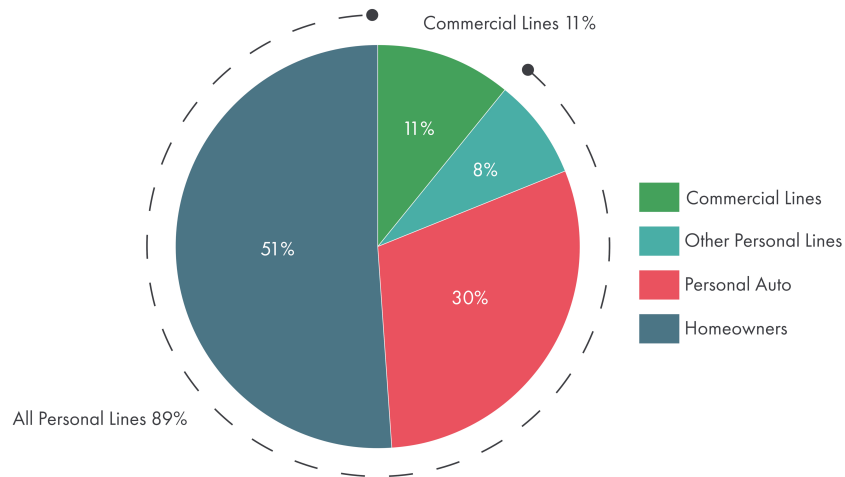
**All Written Premium Mix by Line of Business
2023**



**All Insurance Services Premium Mix by Line of Business
2023**



**All TWFG MGA Premium Mix by Line of Business
2023**



Our M&A strategy

We supplement our organic growth through strategic acquisitions. We believe we are the partner of choice for agencies, teams and individuals seeking to benefit from the resources of a larger organization without sacrificing culture, compensation and growth opportunities. We maintain a robust M&A pipeline and are in active dialogue with several agencies and potential targets. We are well positioned to continue to capitalize on the structural shift in our industry from the captive to the independent distribution model.

Since our inception, we have acquired agencies, books of business, MGAs, insurance networks and renewal rights across a range of specialties and geographies. We are highly selective in our M&A strategy and consider the following criteria as we execute our M&A strategy:

- cultural compatibility;
- attractive loss ratios;
- whether accretive to our organic growth or EBITDA margin;
- geographic diversification; and
- features that enhance the strength of the platform, like unique insurance carrier appointments.

We have implemented a systematic and disciplined integration playbook, and all of our Insurance Services acquisitions are or will be fully integrated into our agency management system. Given that we will be implementing an “Up-C” structure in connection with this offering, we will have the option in the future to offer acquisition targets equity in TWFG Holding Company that can be exchanged for stock of a public company (or cash of equivalent value) and offer a tax deferral mechanism, increasing the financial attractiveness of our platform to potential Branches.

We currently do not have any agreements or commitments to make any acquisitions or investments. We seek businesses that are involved in the retail and wholesale distribution of personal and commercial insurance in the United States. We currently track approximately 36 companies with respect to which we have engaged in conversations with investment bankers, business brokers or the management team about potential acquisition opportunities. These conversations are preliminary and highly exploratory in nature. The number of companies in our pipeline varies significantly from time to time. There can be no assurance that any of our conversations will result in an acquisition.

We also work with independent agents to support their tuck-in acquisition strategy. We typically coordinate third-party financing with our lending partners, assist on valuation, due diligence and contract negotiation, and coordinate onboarding and integration of the target.

Our competitive strengths

We have an established track record of sustainable growth regardless of economic and P&C pricing cycles.

For over two decades we have successfully navigated economic cycles to generate Organic Revenue Growth and healthy Adjusted Free Cash Flow. We believe that our growth is a function of our value proposition to agents, our reputation for consistency and fairness, our efficient operations, and our positioning relative to an industry shift in distribution from the captive model to the independent agent model.

Three structural shifts in insurance distribution that have supported our growth are gaining additional momentum: (1) insurance carriers are continuing to pivot their business models away from captive distribution; (2) direct-to-consumer insurance carriers are working with independent agents to access an additional distribution channel; and (3) smaller agencies are facing difficulties in securing appointments with insurance carriers as they look to be more efficient in their distribution. We believe that these persistent structural shifts, coupled with our business model, serve as tailwinds for our business and make us well positioned to continue to benefit from the accelerating momentum toward the independent agency model.

Innovation is a core tenet of our business, and we have a demonstrated ability to swiftly innovate when challenges or opportunities surface. Our revenue and work sharing model is an innovation in itself and offers agents an alternative to traditional distribution models. At each inflection point in our history, we have sought to create novel solutions for TWFG Agencies and our Clients. For example, when a national insurance carrier was looking for a trusted partner to deliver a solution to roll out its E&S homeowners program, we developed an agent-friendly policy administration software solution. When the Texas homeowner's insurance market was faced with disruptive hail claims, we developed a new form, adopted by multiple insurance carriers, that allows carriers to start writing insurance in the state while mitigating their exposure to loss cost increases. We launched an MGA and built an agency management system to solve problems our agents face. In 2021, when faced with rising labor costs, we expanded our support operations to the Philippines and developed an insurance licensing and training program for our Philippine employees at a lower cost than would be incurred in the U.S.

We offer a proven, turnkey Agency-in-a-Box solution to captive and independent agents seeking choice for Clients, expanded insurance carrier access, accelerated growth, independence and succession planning.

We consider our Agency-in-a-Box offering to be one of the most compelling value propositions in the market for entrepreneurial agents. In addition to removing much of the administrative burden of operating an independent agency and providing access to additional markets, our solution offers an exceptional revenue sharing model that allows our Branches to staff their businesses adequately, provide excellent Client service and enjoy profitable growth. Our offerings also provide the opportunity to sell all lines of insurance, grow through M&A and formulate succession strategies that we believe could be mutually beneficial for the Branch principal and TWFG.

We believe our differentiated value proposition makes TWFG the partner of choice for independent agents as well as captive agents looking to become independent. Many of our agents come from a captive agency background and are a large source of our current agent pipeline. Branches have access to administrative support and an expansive inventory of personal and commercial lines products, many of which they might not otherwise be able to write. We couple product access with tools that typically would be cost prohibitive to an independent agent, including an intuitive agency management system, scaled technology infrastructure, an integrated marketing solution and easy-to-use web and mobile application-based Client tools. These capabilities help drive efficiencies and allow Branches to focus their time on expanding their business and providing high-quality Client service.

We are trusted by insurance carriers, offering them efficient, effective and experienced distribution on a national scale.

Our twenty-plus year track record, expanding agent footprint, consistent growth and collaborative approach to managing portfolios provides our over 300 insurance carriers access to a profitable, efficient distribution channel.

By providing centralized insurance carrier relations, third-party administrative services and managing our network's premium volume and commissions, we make it easy for insurance carriers to operate with us. For certain lines of business, insurance carriers delegate underwriting duties to us, which include the authority to bind a policy within negotiated limits and criteria. These underwriting duties are regulated by the contract with, and underwriting guidelines established by, the insurance carriers.

TWFG's Branch principals average approximately 17 years of insurance industry experience and have deep ties with their respective communities. Agents' long-standing relationships with our Clients allow them to conduct business with an understanding of local nuances and preferences. We believe these relationships, coupled with access to the wide range of insurance carriers and products offered by TWFG, allows TWFG Agencies to find optimal solutions for our Clients.

We have a proven, experienced management team supported by a strong culture.

Our cohesive management team has extensive industry experience and has successfully grown our company since our formation in 2001. Our founder and Chief Executive Officer, Richard F. ("Gordy") Bunch III, a former insurance agent and executive, created TWFG with a mantra of "Built by Agents, for Agents." He identified the frictions inherent to captive distribution and set out to build a platform with tools and support functions that could better serve independent agents looking to run their own businesses. This foresight has positioned TWFG to benefit from a decades-long structural shift to independent agents that continues to gain momentum today. Our executive management team has an average of over 25 years of insurance industry experience and is supported by a deep bench of talented managers with extensive skillsets across operations, marketing, finance, distribution, recruiting and technology. We enjoy a close-knit, collaborative culture with a long history of internal career advancement and giving back to our community.

Key elements of our growth strategy

Attracting new agents to our platform:

We attract a diverse mix of agents to our platform, particularly those with experience, some of whom are in the prime of their "growth years" and some of whom are interested in succession planning and eventual monetization of the business they have built.

Experienced agents: We seek experienced agents who add to the growth, expertise and culture of our company. Experienced agents come to us with an existing Book of Business or work with us to quickly develop a Book of Business based on their existing centers of influence, which often translates to near-term productivity and accelerated revenue generation.

Our commission arrangements, administrative support and opportunity to grow through acquisitions where TWFG will provide access to financing by our lending partners are key attractors for top agents nationally. TWFG guides newly independent agents through the process of transitioning from a captive environment by providing comprehensive training, resources and a turnkey operational environment through our "Agency-in-a-Box." Our offering ensures agents can seamlessly transition and focus on growth, including an expansion of their product offerings such as adding commercial lines competency. We believe our approach cultivates deeper, longer-term relationships between the agent and our Client, as well as between the agent and TWFG. We also believe the brand awareness from being a public company will result in more recruiting and M&A opportunities.

Agents at the earlier stages of their careers have an opportunity to train with an experienced agent through our agency “Fast Track” program, which allows the agent to eventually start their own Branch with an existing Book of Business after completing the training program.

End of career and retiring agents: TWFG offers a financially compelling and thoughtful pathway for agents who have built stable Books of Business and are contemplating long-term succession planning. To facilitate succession planning, we offer TWFG Agencies that are Branches or MGA Agencies the ability to sell their Books of Business to TWFG, enabling a smooth handover of Client relationships and operational responsibilities. The transitioning Branch principal continues to operate the business while mentoring the next generation to replace them at exit or retirement. This approach ensures the smooth continuity of service for Clients and provides a rewarding exit for the retiring agent. TWFG Agencies that are MGA Agencies and that sell their Books of Business to us can either become part of our Agency-in-a-Box offering or become Corporate Branches. In general, Books of Business purchased in specific locations are placed with the existing Branch in such locations.

Expanding our product portfolio:

As we increase our Branch count and expand our expertise and offerings, we move closer to evolving our platform into one that can meet the needs of a much broader population of potential Clients. We are strategically expanding our reach in specialty distribution through wholesale and MGA distribution channels. Our structured agreements with MGAs, who in turn have established agreements with leading wholesale brokers and insurance carriers, form an expansive product offering that allows us to broaden our specialty insurance product offerings. This network enhances our value proposition to insurance carriers and Clients alike and expands growth beyond personal lines products. Finally, we are constantly surveying the insurance landscape for M&A opportunities that provide expertise and scale in areas outside of personal lines and small business insurance.

Helping our Branches grow:

Our independent, agent-owned Branches grow organically because these agents both retain existing Clients and add new Clients. We help our Branches supplement their organic growth by partnering with the Branch on purchases of both Books of Business and other agencies to further expand its businesses.

Supporting organic growth: We support organic growth for our Branches through product expansion, training opportunities and centralized resources. We offer a corporate marketing team with extensive experience in crafting local strategies and content to support our Branches. Our automated marketing campaign tools across mediums and numerous marketing initiatives throughout the year help maintain Client relationships and grow new Client relationships. We encourage a proactive approach to growing local presence for our Branches, such as civic engagement, formal center of influence referral agreements, lead generation and producer hiring. Many TWFG Agencies further expand their sphere of influence by participating in local Business Network International (BNI) networks and civic organizations.

Book purchases: The average age of an insurance agency principal in the United States is 55 according to data provided by the Independent Insurance Agents & Brokers of America, and each year, many agents seek to sell their Books of Business and transition their clients to a buyer that will take care of their clients. TWFG, our Branches, and M&A brokers identify Books of Business that resonate with TWFG’s strategic objectives. TWFG also works with our Branches to enable them to expand their own Books of Business through M&A support.

Branch acquisitions: Our Branches acquire smaller-sized agencies that allow them to grow, add new talent and provide additional services. TWFG provides due diligence and post-acquisition integration, so the Branch can focus on retaining and expanding the acquired Client relationships.

TWFG takes a conservative approach to Branch acquisitions and avoids earnouts. This provides the seller with certainty and avoids the balance sheet risk created by contingent liabilities.

In 2022, we completed two asset acquisitions in excess of \$0.5 million in annual revenue for a total purchase price of \$7.9 million. In 2023, we completed five asset acquisitions in excess of \$0.5 million in annual revenue for a total purchase price of \$19.4 million.

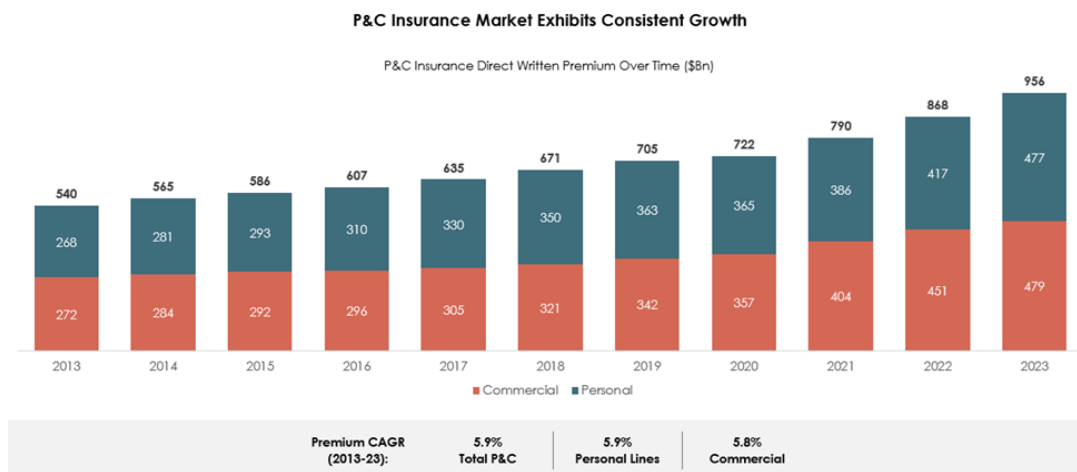
Partner of choice for M&A targets:

In a highly fragmented industry with approximately 40,000 independent agencies and brokerages as of 2022, our objective is to stand out as a preferred partner for agencies seeking accelerated growth and succession planning. We believe that the fragmented industry landscape presents us with the opportunity to continue acquiring high-quality targets. We focus on agencies that enhance our capabilities and that can be integrated in the TWFG ecosystem. Our M&A strategy entails crafting a compelling value proposition for agencies, including a robust operational backbone, a wide array of insurance products and markets, a collaborative culture that values individual legacies and the opportunity for long-term growth. We also prioritize a transparent and equitable transaction process to help ensure a good relationship and alignment from the beginning.

Our deal structures offer payment up front, providing agency sellers certainty of payment value, while at the same time limiting our contingent liabilities or future earnout payments. TWFG is well positioned with a strong balance sheet and healthy Adjusted Free Cash Flow, offering our M&A targets comfort that they are transitioning to an organization that strives for sustainable growth and opportunity. Our past acquisitions help lead to referrals and testimonials, creating a flywheel effect for new agencies considering joining TWFG, whereby the more transactions we complete, the more we have access to. Our past acquisitions have become a meaningful part of our future organic growth through integration onto our platform. We expect this dynamic to continue well into the future. While we are planning to continue to focus on our Agency-in-a-Box offering, we also expect to grow our Corporate Branches (organically or through third-party acquisitions). Given that we will be implementing an “Up-C” structure in connection with this offering, we will have the option in the future to offer acquisition targets equity in TWFG Holding Company that can be exchanged for stock of a public company (or cash of equivalent value) and offer a tax deferral mechanism, increasing the financial attractiveness of our platform to potential Branches.

Industry overview

According to S&P Global Market Intelligence, the P&C insurance distribution market grew at a 5.9% CAGR from 2013 to 2023. Personal lines insurance experienced a 14.3% industry premium growth in 2023 and commercial P&C insurance experienced a 6.3% industry premium growth in 2023.

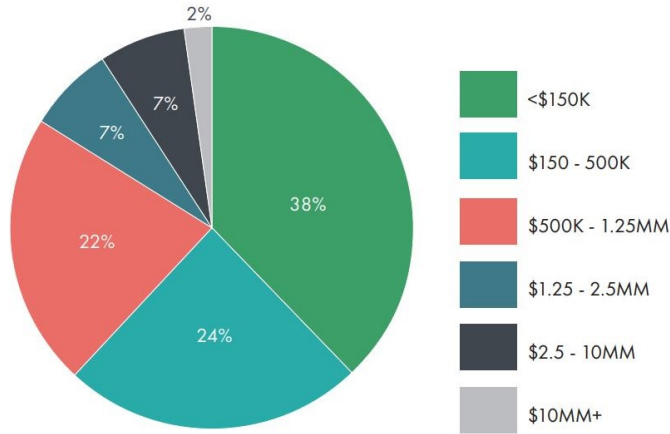


Source: S&P Global Market Intelligence

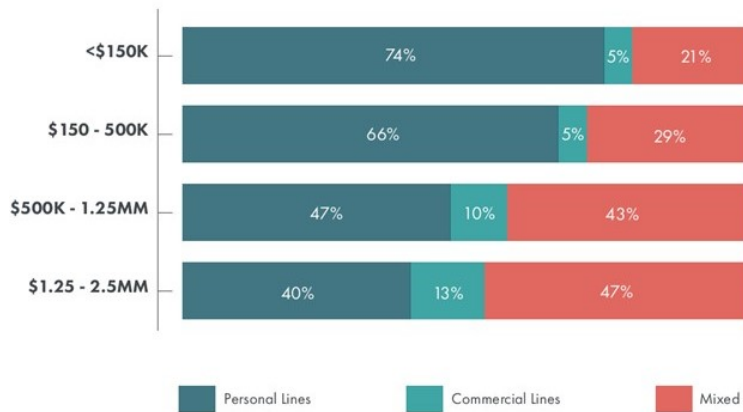
Within the personal lines offering, there are three primary sales offerings:

Independent agencies: (38% personal lines market share in 2022 according to the Independent Insurance Agents & Brokers of America). Independent agencies are “independent” of any one insurance carrier and can offer insurance products from multiple insurance carriers to their clients. The industry is highly fragmented with approximately 40,000 independent insurance agencies in the United States, according to the Agency Universe Study, which is ripe for consolidation. Many of the largest insurance agencies focus primarily on commercial lines.

Agency Distribution by Scale



Agency Lines Distribution

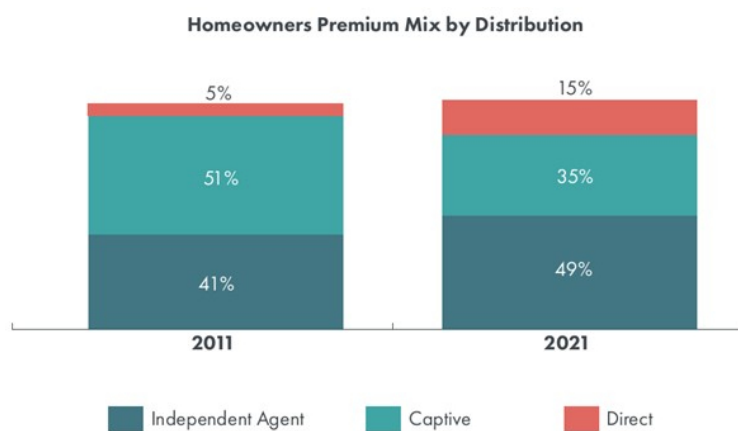


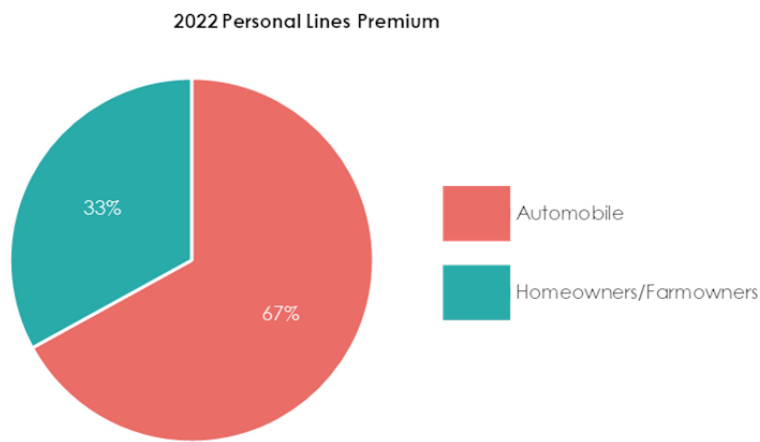
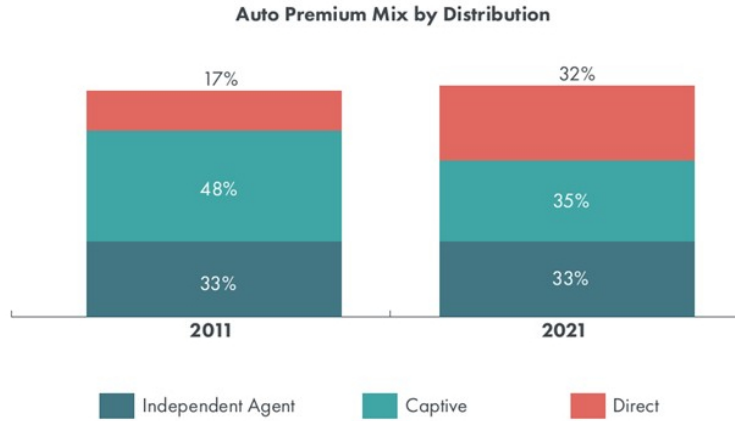
Captive agencies: (35% personal lines market share in 2022 according to the Independent Insurance Agents & Brokers of America). Captive agencies sell products for only one insurance carrier. The insurance carrier compensates the captive agency through sales commissions based on premiums placed on behalf of clients, and in some cases salary structures. The insurance carrier also provides the captive agency with operational support including advertising and certain back-office functions.

Direct distribution: (26% personal lines market share in 2022 according to the Independent Insurance Agents & Brokers of America). Certain insurance carriers market their products directly to clients. Historically, this strategy has been most effective for targeting clients who require auto insurance only, with clients seeking bundled solutions relying on advice from independent and captive agents. The largest insurance carriers that sell directly to clients include Berkshire Hathaway (via GEICO) and Progressive. Berkshire Hathaway and Progressive also distribute through independent agencies, including TWFG.

Historically, the majority of insurance agents in the United States were “captive” to a particular insurance carrier and limited to selling insurance products from that single insurance carrier. Captive agents face several challenges, including lack of product choice for their clients, outdated legacy systems, shrinking commissions, forced cross selling of investment and ancillary products, and susceptibility to insurance carrier decisions to withdraw from certain markets. Many of these challenges make it more difficult for the agent to produce the best outcome for the agent’s clients and the agent’s own business. These challenges have intensified in recent years and have accelerated the shift of insurance distribution towards alternative offerings, including (1) independent agencies selling commercial and personal lines products from multiple insurance carriers and (2) insurance carriers selling directly to their clients online and through call centers. Direct-to-consumer writers have increasingly established distribution relationships with independent agents and platforms like ours to increase their addressable market by serving their clients whose more complex needs require a consultative approach and open architecture.

The insurance landscape is experiencing a significant transition from captive agents to independent agents and direct-to-consumer distribution, a shift driven both by the evolving preferences of their clients and insurance carriers.





Source: ©A.M. Best — used with permission.

Insurance carriers that once supported thousands of captive agents are steadily making strategic decisions to transition their once captive agents to an independent agent model to lower distribution costs and focus on core underwriting operations. To replace the captive agents that historically sold the insurance carrier's products, insurance carriers are distributing their products through independent agents and, increasingly, platforms that have consolidated independent agents in order to reach the most end clients with the fewest points of distribution.

Industry consolidation

Given the size of the insurance market and the benefits that scale bring to insurance distribution, there has been significant M&A activity in the insurance brokerage space for many years. According to OPTIS Partners, there were 1,075 and 987 insurance brokerage acquisitions in 2021 and 2022, respectively. Despite the consolidation, the industry remains highly fragmented, and the number of independent agencies has remained roughly constant since 2006. We believe that the fragmented industry landscape presents us with the opportunity to continue acquiring high-quality targets.

Personal lines industry

Personal lines agencies provide consumers with access to home, auto, umbrella and recreational insurance products. Personal lines insurance agents generate revenue through commissions, calculated as percentage of total insurance premium and fees. Personal lines direct written premiums in 2022 were \$417.3 billion and have grown at a 4.5% annual rate since 2009, according to data provided by S&P Global Market Intelligence. Within personal lines, automobile premiums accounted for 67% of 2022 premiums and homeowners' premiums accounted for 33% of 2022 premiums according to data provided by AM Best (©A.M. Best — used with permission). The underwriting landscape is largely consolidated as the top ten underwriters accounted for 71% of 2022 total personal lines direct premiums written, according to data provided by S&P Global Market Intelligence. Top writers, defined by gross underwritten premium, of 2022 included State Farm, Allstate, Progressive, Berkshire Hathaway (through GEICO), United Services Automobile Association and Liberty Mutual. Personal lines premiums are traditionally sold through independent agents (38%), captive agents (35%) or direct distribution (26%), according to data provided by S&P Global Market Intelligence.

Commercial P&C industry

Commercial P&C agencies provide businesses with a wide variety of risk management and risk placement services, including access to property, professional liability, workers' compensation, management liability, commercial auto, cyber and other insurance products. Commercial lines insurance agents generate revenue through commissions, calculated as percentage of total insurance premium, and through fees for management and consulting services. Commercial lines direct written premiums in 2022 were \$450.8 billion and have grown at a 5.0% annual rate since 2009, according to data provided by S&P Global Market Intelligence. The underwriting landscape is fragmented, as the top ten underwriters accounted for only 36% of 2022 total commercial lines direct premiums written (\$450.8 billion). Top writers, defined by gross underwritten premium, of 2022 included Chubb, Travelers, Liberty Mutual, Berkshire Hathaway, Zurich, and AIG, according to data provided by S&P Global Market Intelligence. We have relationships with leading commercial writers, as well as regional insurance carriers who have a presence in our target markets.

Our technology

We make investments in technology to better service TWFG Agencies and Clients, drive growth and productivity and establish a competitive advantage.

TWFG Agencies use our comprehensive technology package that includes an agency management system that is customizable. The system facilitates the sales process, and includes integrated technology features like electronic signatures, personal lines rating and commonly used insurance forms. It also provides dynamic reporting on branch retention, renewal and marketing. We leverage technology to help TWFG Agencies acquire new Clients with social media, email marketing and text message integration within our agency management system. We also leverage technology to enhance the Client experience with our proprietary mobile application that allows Clients to access their ID cards and easily communicate with their agents.

We plan to continue to upgrade our systems in the future. We believe our technology investments will further broaden our Clients' access to the insurance market while increasing our efficiency and enhancing our growth profile.

Branding and marketing support

Our internal branding, advertising and marketing team supports Branches with their communication needs from environmental branding, social media and drip-marketing campaigns, print, collateral, insurance carrier co-branded assets and TWFG branded websites. We drive further Client penetration with social media, email marketing and text message integration within our agency management system, alongside our proprietary mobile application that allows Clients to access their ID cards and easily communicate with their agents.

Our reputation and brand recognition not only helps TWFG Agencies win in an extremely competitive environment, but also helps us attract successful and experienced agents to our platform. We use word-of-

mouth, referrals, industry relationships and targeted marketing campaigns through our website and industry publications to expand our offering broadly.

Exclusive Branch agreements

We enter into exclusive Branch agreements with our Branches under which the Branch operates as an independent contractor. TWFG receives 100% of the commission revenue on the Branch's Book of Business that is paid by the insurance carriers and typically remits 80% of the commission revenue to the Branch, while typically retaining 20% of the commission revenue and 100% of all contingency commission revenue. The Branches are responsible for all of their operating costs, including fees for technology, E&O premiums and other services charged by us. The exclusive Branch agreement requires the Branch to exclusively sell insurance products through TWFG's insurance carrier relationships. Our exclusive Branch agreements are straight-forward and written in plain English.

When the Branch reaches a minimum term and threshold of commission revenue, the Branch is granted the right to require TWFG to purchase the Branch's Book of Business upon termination of the Branch agreement at a negotiated price. The Branch agreement remains in force indefinitely, unless earlier terminated by either party with 30 days advance notice or immediately by TWFG in the case of fraud, bankruptcy, death and other events. Upon termination of the Branch agreement, the Branch must sell its Book of Business related to P&C products to TWFG or another TWFG-approved Branch at an agreed upon valuation, or if the parties cannot agree, at a valuation determined by independent appraisal. TWFG also has a right of first refusal on any proposed sale of the Branch to a third party. Our Branch agreements require confidentiality of all Client information and include Client non-solicitation clauses that generally stay in effect for two years following termination of the Branch agreement and our purchase of the Branch's Book of Business.

Within TWFG's product offerings, each Branch may utilize the products that best serve its Clients. Branch principals also have a high degree of autonomy in which to operate their business and expand their footprint.

Branches use our comprehensive technology and agency management system, benefiting from enterprise group rates that we believe are typically lower than agents would receive on their own or from leading agency management system vendors. Branches also participate in TWFG's group professional liability E&O insurance policy, benefiting from a reduced group rate, as TWFG passes these savings on to our Branches.

Intellectual property

We rely on a combination of copyright, trademark, trade dress and trade secret laws in the United States and other jurisdictions, as well as confidentiality procedures and contractual restrictions, to establish and protect our intellectual property and proprietary rights, including our Book of Business. These laws, procedures and restrictions provide only limited protection.

We have registered "TWFG" and numerous of our other brand names and logos, including "Our Policy is Caring," as trademarks in the United States.

We enter into agreements with our employees, contractors, Clients, insurance carriers and other parties with whom we do business to limit access to and disclosure of our proprietary information. We cannot assure you that the steps we have taken will be sufficient or effective to prevent the unauthorized access, use, copying or the reverse engineering of our proprietary information, including by third parties who may use our proprietary information to develop products and services that compete with ours. Moreover, others may independently develop products or services that are competitive with ours or that infringe on, misappropriate or otherwise violate our intellectual property and proprietary rights, and policing the unauthorized use of our intellectual property and proprietary rights can be difficult. The enforcement of our intellectual property and proprietary rights also depends on any legal actions we may bring against any such parties being successful, but these actions are costly, time-consuming and may not be successful, even when our rights have been infringed, misappropriated or otherwise violated.

Companies in the insurance industry may own large numbers of copyrights, trademarks and other intellectual property and proprietary rights, and these companies and entities have and may in the future request license

agreements, threaten litigation or file suit against us based on allegations of infringement, misappropriation or other violations of their intellectual property and proprietary rights.

See “Risk factors—Risks relating to intellectual property and cybersecurity” for a more comprehensive description of risks related to our intellectual property.

Regulatory matters

Licensing. Our business activities are subject to licensing requirements and extensive regulation under the laws of the states in which we operate. Regulatory authorities in the states in which our operating subsidiaries conduct business may require individual or company licensing to act as producers, brokers, agents, third-party administrators, managing general agents, reinsurance intermediaries or adjusters. Under the laws of most states in the United States, regulatory authorities have relatively broad discretion with respect to granting, renewing and revoking producers’, brokers’ and agents’ licenses to transact business in the state. The operating terms may vary according to the licensing requirements of the particular state, which may require that a firm operate in the state through a local corporation.

Fiduciary funds. Insurance authorities in the United States have also enacted laws and regulations governing the investment of funds, such as premiums and claims proceeds, held in a fiduciary capacity for others. These laws and regulations generally require the segregation of these fiduciary funds and limit the types of investments that may be made with them.

Agent and broker compensation. Some states permit insurance agents to charge policy fees, while other states prohibit this practice. In recent years, several states considered new legislation or regulations regarding the compensation of brokers by insurance carriers. The proposals ranged in nature from new disclosure requirements to new duties on insurance agents and brokers in dealing with Clients.

Rate regulation. Nearly all states have insurance laws requiring personal P&C insurance carriers to file rating plans, policy or coverage forms, and other information with the state’s regulatory authority. In many cases, such rating plans, policy or coverage forms, or both must be approved prior to use.

The speed with which an insurer can change rates in response to competition or in response to increasing costs depends, in part, on whether the rating laws are (i) prior approval, (ii) file-and-use, or (iii) use-and-file laws. In states having prior approval laws, the regulator must approve a rate before the insurer may use it. In states having file-and-use laws, the insurer does not have to wait for the regulator’s approval to use a rate, but the rate must be filed with the regulatory authority prior to being used. A use-and-file law requires an insurer to file rates within a certain period of time after the insurer begins using them. Eighteen states, including California and New York, have prior approval laws. Under all three types of rating laws, the regulator has the authority to disapprove a rate filing.

Privacy regulation. Federal law and the laws of many states require financial institutions to protect the security and confidentiality of client information and to notify clients about their policies and practices relating to collection and disclosure of client information and their policies relating to protecting the security and confidentiality of that information. Federal law and the laws of many states also regulate disclosures and disposal of client information. Congress, state legislatures, and regulatory authorities are expected to consider additional regulation relating to privacy and other aspects of client information.

Competition

The insurance brokerage business is highly competitive, and numerous firms actively compete with us for clients and insurance markets. Competition in the insurance business is largely based upon innovation, knowledge, terms and condition of coverage, quality of service and price. A number of firms and banks with substantially greater resources and market presence compete with us.

Our brokerage operations compete with firms, which operate globally or nationally or are strong in a particular region or locality and may have, in that region or locality, an office with revenues as large as or larger than those of our corresponding local office. We believe that the primary factors determining our

competitive position with other organizations in our industry are the quality of the services we render, the technology we use, the diversity of products we offer, and the overall costs to our Clients. Our offerings are fulsome and flexible in that we offer all lines of insurance, multiple distribution contract options, M&A services, proprietary virtual assistants, proprietary technology, proprietary premium financing, unlimited continuing education, recognition programs, co-op funding, marketing support and overall lower costs to operate.

A number of insurance carriers directly sell insurance, primarily to individuals, and do not pay commissions to third-party agents and brokers.

Human capital management

Our culture is the foundation of everything we do. We enjoy a close-knit, collaborative culture with a long history of internal career advancement and giving back to our community. Our key differentiator is not only our talent and expertise but also the creativity and execution we deliver on behalf of our Clients. Our commitment to attracting and retaining top industry talent to assist our Clients is matched only by our entrepreneurial spirit and passion for excellence.

As of March 31, 2024, we employed approximately 264 people with 23 offices across the United States and approximately 61 people in the Philippines. As of December 31, 2023, we employed approximately 193 people with 12 offices across the United States and approximately 58 people in the Philippines. We also engage temporary employees and consultants. None of our employees are represented by unions. We offer competitive compensation and benefits programs in order to attract and retain top talent.

We are committed to building and sustaining a diverse workforce reflective of society throughout the entirety of the organization. Our vision is of a workplace free of conscious and unconscious bias where all employees are valued and evaluated based on their performance and contributions. Differences in race, creed, color, religious beliefs, background, gender identity and sexual orientation are considered corporate assets, as bringing together varied perspectives better serves our Clients, the other industry participants we have relationships with and communities.

Cybersecurity risk management

Cybersecurity risk management is an integral part of our overall enterprise risk management program. Our cybersecurity risk management program is based on industry best practices and provides a framework for handling cybersecurity threats and incidents, including threats and incidents associated with the use of applications developed and services provided by third-party service providers, and facilitate coordination across different departments of our company. This framework includes steps for assessing the severity of a cybersecurity threat, identifying the source of a cybersecurity threat including whether the cybersecurity threat is associated with a third-party service provider, implementing cybersecurity countermeasures and mitigation strategies and informing management and our board of directors of material cybersecurity threats and incidents. Our cybersecurity team also engages third-party security experts for risk assessment and system enhancements. In addition, our cybersecurity team provides training to all employees annually.

Our board of directors is responsible for overseeing management's assessments of major risks facing the Company and for reviewing options to mitigate such risks, including cybersecurity risk management. Management is responsible for identifying, considering and assessing material cybersecurity risks on an ongoing basis, establishing processes to ensure that such potential cybersecurity risk exposures are monitored, putting in place appropriate mitigation measures and maintaining cybersecurity programs. The Chief Executive Officer, members of senior management and other personnel and advisors, as requested by the board of directors, report on the risks to the Company, including cybersecurity risks, at regularly scheduled annual meetings of the board of directors. Based on these reports, the board of directors may request follow-up data and presentations to address any specific concerns and recommendations.

Despite our efforts, we cannot eliminate all risks from cybersecurity threats, or provide assurances that we have not experienced an undetected cybersecurity incident. For more information about these risks, please

see “Risk Factors—Risks relating to intellectual property and cybersecurity—Improper disclosure of confidential, personal or proprietary data, whether due to human error, misuse of information by employees or vendors, or as a result of security breaches, cyberattacks or other similar incidents with respect to our or our vendors’ systems, could result in regulatory scrutiny, legal liability or reputational harm, and could have an adverse effect on our business or operations.”

Facilities

Our corporate headquarters is in The Woodlands, Texas, where we lease approximately 22,359 square feet of office space under a lease that expires in 2027. We plan to move our corporate headquarters to a new location in The Woodlands, Texas in 2024. We have leased office facilities in California, Illinois, Louisiana, North Carolina, Ohio, Texas and the Philippines. We believe that our facilities are adequate for our current needs.

Legal proceedings

From time to time, we may be involved in various legal proceedings and subject to claims that arise in the ordinary course of business. Although the results of litigation and claims are inherently unpredictable and uncertain, we are not presently a party to any litigation the outcome of which, we believe, if determined adversely to us, would individually or taken together have a material adverse effect on our business, operating results, cash flows or financial condition.

MANAGEMENT

Executive officers and directors

Set forth below is certain biographical and other information regarding our directors, after giving effect to the reorganization transactions, and our executive officers and key employees.

Name	Age	Position
Richard F. (“Gordy”) Bunch III	51	Chief Executive Officer, Chairman and Director
Katherine C. Nolan	63	Chief Operating Officer
Charles Alexander Bunch	53	Chief Creative and Marketing Officer
Janice E. Zwinggi	63	Chief Financial Officer
Julie E. Benes	48	General Counsel and Secretary
Jonathan Anderson	45	Director
Michelle Caroline Bunch	52	Director
Michael Doak	49	Director
Janet S. Wong	65	Director Nominee
Robin A. Ferracone	70	Director Nominee

Richard F. (“Gordy”) Bunch III is an entrepreneur who founded TWFG in 2001. Mr. Bunch has served as Chairman, President and Chief Executive Officer of TWFG since its inception. Mr. Bunch has over 28 years of industry experience. Prior to founding TWFG, Mr. Bunch worked in the insurance industry as a Manager, Financial Services at Prudential, Associate General Agent at American National and Agent at Texas Farm Bureau. Mr. Bunch holds multiple professional licenses, including L&H, Property & Casualty, Managing General Agent, Surplus Lines Agent and Lloyds Cover Holder. Mr. Bunch previously held FINRA Series 6, 7, 24, 63 and 65 licenses. Mr. Bunch also served in the United States Coast Guard as Petty Officer 3rd Class with a focus on logistics, accounting, U.S. General Services Administration contracting and law enforcement. During his time in service, Mr. Bunch embarked on several deployments, including the Hurricane Andrew Emergency Response Team, Human Trafficking & Drug interdiction, and Search & Rescue. He currently serves as the Capital Campaign Chair for the Future National Coast Guard Museum. Mr. Bunch also served on The Woodlands Township Board of Directors from 2012 to 2022, including as the elected Chairman from 2016 to 2022. Mr. Bunch was named the 2015 Ernst & Young Products & Services Entrepreneur of the Year for the Gulf Coast Region. We believe that Mr. Bunch’s extensive industry and leadership experience and his insight into our business as our founder and Chief Executive Officer make him a valuable member of our board of directors.

Katherine C. Nolan has served as our Chief Operating Officer since 2009. Prior to joining TWFG, Ms. Nolan was President of Affirmative Retail Inc., Executive Vice President of Planning and Integration for Affirmative Insurance Holdings and Senior Vice President of Operations at Bristol West Insurance Company. Ms. Nolan earned her Bachelor of Business Administration from Kent University and Master of Business Administration from John Carroll University.

Charles Alexander Bunch has served as our Chief Creative and Marketing Officer since 2015. Mr. Bunch has over 20 years of experience in marketing and advertising. Prior to joining TWFG, Mr. Bunch was the Chief Creative Officer for Slingshot Advertising from 2000 until 2006. He then served as the Senior Vice President Creative Director of the Martin Agency – Advertising from 2006 to 2009. In 2009, Mr. Bunch became the Executive Vice President Global Branding Director for EF Education First International until he joined TWFG in 2015.

Janice E. Zwinggi has served as our Chief Financial Officer since 2019. Prior to joining TWFG, Ms. Zwinggi was the Senior Vice President and Chief Financial Officer for Hudson Insurance Group from 2018 to 2019. Ms. Zwinggi was the Vice President and Controller of Argo Group International Holdings from 2007 to 2018.

She was the Controller at Texas General Agency, Inc. Managing General Agency from 1987 to 1995 and then served as their Chief Financial Officer from 1995 to 2007. Ms. Zwinggi earned her Bachelor of Business Administration, Accounting from Texas State University and she has an Executive Leadership Certification from Harvard Business School. She is also a licensed Certified Public Accountant.

Julie E. Benes has served as our General Counsel and Secretary since 2019. Prior to joining TWFG, Mrs. Benes practiced law at O'Donnell Ferebee & Frazer, P.C. from 2015 to 2019, where she represented TWFG as outside counsel and other businesses in commercial litigation and general corporate matters before joining TWFG. Prior to that, Mrs. Benes represented various companies and individuals in complex litigation matters. Mrs. Benes served on the Board of Klein Independent School District and as a member of the Literacy and Teach Texas committees of the Houston Bar Association of Lawyers. Mrs. Benes earned her Bachelor of Arts and Bachelor of Science degrees from Boston University and her Juris Doctor from Chicago-Kent College of Law. Mrs. Benes is a licensed attorney in Texas since 2015 and in Illinois since 2004.

Jonathan Anderson has served on our board of directors since 2020. Mr. Anderson has served as Senior Vice President, Global Head – Strategic Investments of RenaissanceRe, a P&C reinsurance provider, since 2020. Prior to joining RenaissanceRe, Mr. Anderson was an Executive Director in Morgan Stanley's Investment Banking group, advising insurance companies on M&A and capital raising transactions from 2010 to 2020. Mr. Anderson earned his Bachelor of Arts degree from the Ivey School of Business at Western University and his Master of Business Administration degree from The University of Chicago Booth School of Business. We believe Mr. Anderson is qualified to serve on our board of directors due to his experience advising boards and executives of insurance companies, his expertise in finance and corporate governance and his experience in the insurance industry.

Michelle Caroline Bunch has served on our board of directors since 2008. She was previously licensed in life and health and P&C insurance and was an insurance agent with American National Insurance. Mrs. Bunch earned her Bachelor of Science degree from the University of North Texas. We believe Mrs. Bunch is qualified to serve on our board of directors due to her insurance industry experience and extensive knowledge of TWFG's business.

Michael Doak has served on our board of directors since 2023 and previously served from 2018 until 2020. Mr. Doak has served as the Chief Executive Officer and Managing Partner of Griffin Highline Capital since 2020. Prior to founding Griffin Highline Capital, he served in various leadership roles at entities associated with RenaissanceRe and as the portfolio manager of the direct investments portfolio. Mr. Doak currently serves on the board of managers of Open Road Ultimate Holdings LLC and Inness Ultimate Holdings LLC. He was previously a director and chair of the Nominating and Governance Committee of Trupanion, Inc., a director at Falcon Risk Holdings LLC, a director of Tower Hill Insurance Group and a director of DaVinci Reinsurance Ltd. Mr. Doak earned his Bachelor of Arts degree from the University of Virginia and his Juris Doctor from the University of Pennsylvania Law School. We believe Mr. Doak is qualified to serve on our board of directors due to his experience advising insurance and high growth companies, his financial and investment expertise and his experience with private and public companies.

Janet S. Wong is a director nominee to our board of directors. Ms. Wong is a licensed Certified Public Accountant with more than 30 years of public accounting experience. She is a partner (retired) with KPMG LLP, an international professional services firm, where she served as a National Practice Lead Partner from 1995 to 2008. Ms. Wong has served as a director of Enviva Inc., a global energy company, since 2015 and a director of Lumentum Holdings Inc., a manufacturer of innovative optical and photonic products as well as a developer of next-generation technologies since 2020. In addition, she has served as a director of Lucid Group, Inc., a technology manufacturer of electric vehicles and energy storage, since 2021. She previously served as a director of Shine Technologies, a private company focusing on nuclear technology and clean energy, from 2021 to 2022 and a director of Allegiance Bancshares, Inc., a commercial banking organization, from 2020 to 2022. In addition, she served on the advisory board of Big Controls Inc., a business intelligence and analytics company, from 2016 to 2020. She also serves on the non-profit boards of the Louisiana Tech University Foundation and of the Tri-Cities Chapter of the National Association of Corporate Directors. She holds a Master of Professional Accountancy from Louisiana Tech University and a Master of Taxation from

Golden Gate University. She is a NACD (National Association of Corporate Directors) Certified® Director, a professional credential supporting her qualifications and experience as a corporate board director. She has completed executive education programs for corporate board directors at Harvard Business School and Stanford Law School. We believe Ms. Wong is qualified to serve on our board of directors due to her extensive experience and expertise in finance, board governance, risk and regulatory matters (including cyber), M&A and strategy.

Robin A. Ferracone is a director nominee to our board of directors. Since 2007, Ms. Ferracone has served as the Chief Executive Officer of Farient Advisors LLC, a performance and strategic compensation advisory firm. Previously, she was Vice Chair of the western region of Marsh & McLennan Companies, Inc. (“MMC”), a global professional services firm in the areas of risk, strategy, and human capital, and President, Human Capital Business of Mercer, a subsidiary of MMC. Ms. Ferracone served as a member of Trupanion Inc.’s (“Trupanion”) board of directors from 2015 to 2021. She also served as Chair of Trupanion’s Compensation Committee from 2015 to 2021 and was a member of Trupanion’s Nominating and Corporate Governance Committee from 2015 to 2021. Ms. Ferracone holds a Masters of Business Administration from the Harvard Business School and a Bachelor of Arts degree in Economics and Management Science from Duke University. We believe Ms. Ferracone is qualified to serve on our board of directors due to her extensive expertise in corporate governance, human capital and compensation consulting, her leadership experience, her prior service on a public company board, and her experience as an insurance brokerage and consulting company executive.

Family relationships

Richard F. (“Gordy”) Bunch III, our Chief Executive Officer, Chairman of our board of directors and founder, is married to Michelle Bunch, a member of our board of directors.

Charles Alexander Bunch, our Chief Creative and Marketing Officer, is the brother of Richard F. (“Gordy”) Bunch III, our Chief Executive Officer, Chairman of our board of directors and founder.

Board structure

Composition

Upon the consummation of the offering, our board of directors will consist of six directors. Jonathan Anderson, Michael Doak, Janet S. Wong and Robin A. Ferracone qualify as independent directors under the applicable corporate governance standards of Nasdaq.

In accordance with our certificate of incorporation and by-laws, the number of directors on our board of directors will be determined from time to time by the board of directors but shall not be less than three persons nor more than eleven persons.

Initially and for so long as Bunch Holdings holds at least a majority of the voting power of our common stock, which we refer to as the “Majority Ownership Requirement,” our board of directors will not be classified, and each of our directors will be subject to re-election annually; however, following the time when the Majority Ownership Requirement is no longer met, our board of directors will be divided into three classes of directors, with each class as equal in number as possible, serving staggered three-year terms, and such directors will be removable only for cause.

Our independent directors will appoint a “lead independent director,” whose responsibilities will include, among others, calling meetings of the independent directors, presiding over executive sessions of the independent directors, participating in the formulation of board and committee agendas and, if requested by stockholders, ensuring that he or she is available, when appropriate, for consultation and direct communication.

Each director is to hold office until his or her successor is duly elected and qualified or until his or her earlier death, resignation or removal. Vacancies and newly created directorships on the board of directors may be filled at any time by the remaining directors.

Until the Substantial Ownership Requirement is no longer met, Bunch Holdings and the Class C Permitted Holders (as defined in our certificate of incorporation) may designate a majority of the nominees for election to our board of directors, including the nominee for election to serve as Chairman of our board of directors.

Following the time when the Majority Ownership Requirement is no longer met, and subject to obtaining any required stockholder votes, directors may only be removed for cause and by the affirmative vote of holders of 75% of the total voting power of our outstanding shares of common stock, voting together as a single class. This requirement of a super-majority vote to remove directors for cause could enable a minority of our stockholders to exercise veto power over any such removal. Prior to such time, directors may be removed with or without cause by the affirmative vote of the holders of a majority of the total voting power of our outstanding shares of common stock. Following the time when the Majority Ownership Requirement is no longer met, our board of directors will be divided into three classes of directors, with each class as equal in number as possible, serving staggered three-year terms.

Controlled company exception

After the consummation of this offering, Bunch Holdings will have more than 50% of the combined voting power for the election of directors. As a result, we will be a "controlled company" within the meaning of the Nasdaq rules and may elect not to comply with certain corporate governance standards, including that director nominees selected or recommended for our board of directors be approved by either a majority of our independent directors or a nominating committee that is composed entirely of independent directors with a written charter or board resolutions addressing the nomination process and related matters. We intend to rely on the foregoing exemptions provided to controlled companies under the Nasdaq rules. Therefore, immediately following the consummation of this offering, we do not intend to have director nominees selected or recommended for our board of directors be approved by either a majority of our independent directors or a nominating committee. Accordingly, to the extent and for so long as we rely on these exemptions, you will not have the same protections afforded to stockholders of companies that are subject to all of these corporate governance requirements. In the event that we cease to be a "controlled company" and our Class A common stock continues to be listed on Nasdaq, we will be required to comply with these provisions within the applicable transition periods.

Committees of the board

Upon the consummation of this offering, our board of directors will have two standing committees: a fully independent audit committee and a fully independent compensation committee. The following is a brief description of our committees.

Audit committee

Upon the completion of this offering, Jonathan Anderson, Michael Doak and Janet S. Wong are expected to be the members of our audit committee. Janet S. Wong is expected to be the chair of our audit committee. The board of directors has determined that Janet S. Wong qualifies as an "audit committee financial expert" as such term is defined under the rules of the SEC implementing Section 407 of the Sarbanes-Oxley Act of 2002. Each member of the audit committee is "independent" for purposes of Rule 10A-3 of the Exchange Act and under the current listing standards of Nasdaq. We believe that our audit committee complies with the applicable requirements of Nasdaq. Our audit committee is directly responsible for, among other things:

- selecting a firm to serve as the independent registered public accounting firm to audit our financial statements;
- ensuring the independence of the independent registered public accounting firm;
- discussing the scope and results of the audit with the independent registered public accounting firm and reviewing, with management and that firm, our interim and year-end operating results;
- establishing procedures for employees to anonymously submit concerns about questionable accounting or audit matters;

- considering the adequacy of our internal controls and internal audit function;
- reviewing material related party transactions or those that require disclosure; and
- approving or, as permitted, pre-approving all audit and non-audit services to be performed by the independent registered public accounting firm.

Compensation committee

Upon the completion of this offering, Jonathan Anderson and Robin A. Ferracone are expected to be the members of our compensation committee. Robin A. Ferracone is expected to be the chair of our compensation committee. The members of this committee are non-employee directors, as defined by Rule 16b-3 promulgated under the Exchange Act, and meet the requirements for independence under the current Nasdaq listing standards. We believe that our compensation committee complies with the applicable requirements of Nasdaq. Our compensation committee is responsible for, among other things:

- reviewing and approving, or recommending that our board of directors approve, the compensation of the executive officers employed by us;
- reviewing and recommending to our board of directors the compensation of our directors;
- administering our stock and equity incentive plans;
- reviewing and approving, or making recommendations to our board of directors with respect to, incentive compensation and equity plans; and
- reviewing our overall compensation philosophy.

Compensation committee interlocks and insider participation

None of our executive officers has served as a member of a compensation committee (or other committee performing that function) of any other entity that has an executive officer serving as a member of our board of directors.

Code of business conduct and ethics policy

We have adopted a code of business conduct and ethics policy that applies to all of our employees, officers and directors, including those officers responsible for financial reporting. These standards are designed to deter wrongdoing and to promote honest and ethical conduct. The full text of our code of business conduct and ethics policy will be available on our website at www.twfg.com. Any waiver of the code for directors or executive officers may be made only by our board of directors or a board committee to which the board of directors has delegated that authority and will be promptly disclosed to our stockholders as required by applicable U.S. federal securities laws and the corporate governance rules of Nasdaq. Amendments to the code must be approved by our board of directors and will be promptly disclosed (other than technical, administrative or non-substantive changes). Any amendments to the code, or any waivers of its requirements for which disclosure is required, will be disclosed on our website.

Indemnification of officers and directors

Our certificate of incorporation provides that we will indemnify our directors and officers to the fullest extent permitted by the General Corporation Law of the State of Delaware (the "DGCL"). We have established directors' and officers' liability insurance that insures such persons against the costs of defense, settlement or payment of a judgment under certain circumstances.

Our certificate of incorporation provides that our directors will not be liable for monetary damages for breach of fiduciary duty, except for liability relating to any breach of the director's duty of loyalty, acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, violations under Section 174 of the DGCL or any transaction from which the director derived an improper personal benefit.

We have entered into indemnification agreements with each of our directors and executive officers. These agreements, among other things, require us to indemnify each director and executive officer to the fullest extent permitted by Delaware law, including indemnification of expenses such as attorneys' fees, judgments, fines and settlement amounts incurred by the director or executive officer in any action or proceeding, including any action or proceeding by or in right of us, arising out of the person's services as a director or executive officer.

EXECUTIVE COMPENSATION

We are currently considered an “emerging growth company,” within the meaning of the Securities Act, for purposes of the SEC’s executive compensation disclosure rules. In accordance with such rules, we are required to provide a Summary Compensation Table, an Outstanding Equity Awards at Fiscal Year End Table and a Director Compensation Table, as well as limited narrative disclosures regarding executive compensation for our last completed fiscal year. Further, our reporting obligations extend only to our “named executive officers,” who are the individuals who served as our principal executive officer, our next two other most highly compensated officers at the end of the last completed fiscal year and up to two additional individuals who would have been considered one of our next two most highly compensated officers except that such individuals did not serve as executive officers at the end of the last completed fiscal year. Accordingly, our “named executive officers” are:

- Richard F. (“Gordy”) Bunch III, *Chief Executive Officer*;
- Katherine C. Nolan, *Chief Operating Officer*;
- Janice E. Zwinggi, *Chief Financial Officer*

Summary Compensation Table

The following table summarizes the compensation awarded to, earned by or paid to our named executive officers for the fiscal year ended December 31, 2023.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	All Other Compensation (\$)*	Total (\$)
Richard F. (“Gordy”) Bunch III Chief Executive Officer	2023	700,000		11,000	711,000
Katherine C. Nolan Chief Operating Officer	2023	400,000	75,000	12,200	487,200
Janice E. Zwinggi Chief Financial Officer	2023	375,000	70,000	12,200	457,200

* The amounts shown in this column reflect amounts of Company contributions under the 401(k) Plan to the named executive officers.

Narrative Disclosure to Summary Compensation Table

Employment Agreements

None of our named executive officers are subject to an employment agreement with the Company or any of its subsidiaries.

Base Salary

Annual base salaries are intended to provide a level of compensation sufficient to attract and retain an effective management team, when considered in combination with the other components of the executive compensation program. Base salaries earned by Mr. Bunch and Mrs. Nolan and Mrs. Zwinggi in 2023 were \$700,000, \$400,000 and \$375,000, respectively.

Annual Bonus

Historically, we have maintained an annual discretionary cash bonus program.

For 2023, based on individual and company performance, annual bonuses earned by Mrs. Nolan and Mrs. Zwinggi in 2023 were \$75,000 and \$70,000, respectively.

Equity Compensation

No stock awards or option awards were granted to named executive officers in 2023 and there are no outstanding equity or equity-based compensation awards.

2024 Long-Term Incentive Plan

We do not currently maintain or sponsor an equity or equity-based compensation plan, however we intend to adopt the TWFG, Inc. 2024 Omnibus Incentive Plan (the "2024 Incentive Plan") for our directors, officers, employees, consultants and advisors. The description of the 2024 Incentive Plan set forth below is a summary of what we expect will be the material features of the 2024 Plan. This summary, however, does not purport to be a complete description of all the provisions of the 2024 Incentive Plan. This summary is qualified in its entirety by reference to the 2024 Incentive Plan.

General

The purpose of the 2024 Incentive Plan is to assist TWFG in attracting, retaining, motivating and rewarding certain employees, officers, directors and consultants of TWFG and its affiliates and promoting the creation of long-term value for stockholders of TWFG by closely aligning the interests of participants with those of stockholders.

Administration

The 2024 Incentive Plan will be administered by our board of directors, the compensation committee of the board of directors, or such other committee appointed by the board of directors to administer the 2024 Incentive Plan (the "Committee"). The Committee will have the authority to construe and interpret the 2024 Incentive Plan, grant awards and make all other determinations necessary or advisable for the administration of the 2024 Incentive Plan.

Nonemployee Director Award Limits

The aggregate maximum value of all awards granted under the 2024 Incentive Plan (determined as of the date of grant) to any non-employee director of TWFG during any one calendar year, taken together with any cash fees paid to such non-employee director for service as a non-employee director during such calendar year, will not exceed \$750,000. The independent members of the board of directors or the Committee may determine to make an exception to this limit, provided, that the director for whom the exception is sought does not participate in such determination.

Eligibility

Employees, officers, directors and consultants of TWFG and its affiliates, will be eligible to receive awards under the 2024 Incentive Plan. The Committee will determine who will receive awards, and the terms and conditions associated with such award.

Share Reserve and Counting

In connection with and subject to the 2024 Incentive Plan's adoption by the board of directors and approval by the stockholders, TWFG will reserve _____ shares of Class A Common Stock for issuance under the 2024 Incentive Plan, subject to an annual increase on the first day of each calendar year beginning on January 1, 2024 and ending on and including January 1, 2034 equal to the lesser of (x) 4% of the aggregate number of shares of Class A Common Stock outstanding on the final day of the immediately preceding calendar year and (y) such smaller number of shares as determined by the board of directors.

In addition, the following shares will again be available for grant or issuance under the 2024 Incentive Plan:

- shares subject to awards granted under the 2024 Incentive Plan that are required to be paid in cash pursuant to their terms;

- shares subject to awards granted under the 2024 Incentive Plan that terminate, expire, or are cash-settled, canceled, forfeited, exchanged, or surrendered without having been exercised, vested or settled;
- shares tendered by participants or withheld by the TWFG as full or partial payment to the TWFG upon exercise of options;
- shares reserved for issuance upon the grant of stock appreciation rights (“SARs”), to the extent the number of reserved shares exceeds the number of shares actually issued upon the exercise of the SARs; and
- shares of Class A Common Stock withheld by or otherwise remitted to TWFG to satisfy withholding obligations upon the exercise, lapse of restrictions or settlement of awards.

Awards

The 2024 Incentive Plan authorizes the award of stock options, restricted stock, restricted stock units (“RSUs”), SARs, and other stock-based awards. For stock options that are intended to qualify as incentive stock options (“ISOs”) under Section 422 of the Code, the maximum number of shares subject to ISO awards shall be set forth in the 2024 Incentive Plan. All awards under the 2024 Incentive Plan will be set forth in award agreements, which will detail the terms and conditions of the awards, including any applicable vesting and payment terms and post-termination exercise limitations. A brief description of each award type follows.

- **Stock Options.** Stock options provide for the purchase of shares of Class A Common Stock at an exercise price set on the grant date. The 2024 Incentive Plan provides for the grant of ISOs only to employees of TWFG and its affiliates. Nonqualified options (“NSOs”) may be granted to employees, officers, directors and consultants of TWFG and its affiliates. The exercise price of each option to purchase Class A Common Stock must be at least equal to the fair market value of shares of Class A Common Stock on the date of grant. The exercise price of ISOs granted to 10% or more stockholders must be at least equal to 110% of that value. Options granted under the 2024 Incentive Plan may be exercisable at such times and subject to such terms and conditions as the Committee determines. The maximum term of options granted under the 2024 Incentive Plan is ten years (five years in the case of ISOs granted to 10% or more stockholders). No dividend or dividend equivalent rights shall be paid out on options.
- **Restricted Stock.** The Committee may grant awards consisting of shares of Class A Common Stock, for which restrictions will lapse upon the terms that the Committee determines at the time of grant. The Committee will determine the requirements for the lapse of the restrictions for the restricted stock awards, which may be based on the service of the participant for a specified time period or the attainment of one or more performance goals. Participants holding restricted stock awards will have the rights of a stockholder and to receive all dividends and other distributions with respect thereto, unless the Committee determines otherwise to the extent permitted under applicable law. If a participant has the right to receive dividends paid with respect to a restricted stock award, such dividends shall not be paid to the participant until the underlying award vests. Unless otherwise provided in an award agreement or otherwise, vesting will cease on the date the participant no longer provides services to TWFG and unvested shares will be repurchased by TWFG as soon as practicable following such termination. Any shares granted under a restricted stock award are nontransferable, except in limited circumstances.
- **Restricted Stock Units.** An RSU is a notional unit representing the right to receive one share of Class A Common Stock (or the cash value of one share of common stock) on a specified settlement date. The Committee may grant awards consisting of RSUs subject to restrictions on sale and transfer. The Committee may condition the grant or vesting of RSUs on the achievement of performance conditions and/or the satisfaction of a time-based vesting schedule. Unless otherwise determined by the Committee at the time of award, vesting will cease on the date the participant no longer provides services to TWFG and unvested RSUs will be forfeited. Further, unless otherwise set forth in a Participant’s award

agreement, a Participant shall be not entitled to dividends or dividend equivalents with respect to RSUs prior to settlement.

- *Stock Appreciation Rights.* SARs provide for a payment, or payments, in cash, Class A Common Stock or property, as specified in the applicable award, to the holder based upon the difference between the fair market value of Class A Common Stock on the date of exercise and the stated exercise price of the stock appreciation right. The exercise price must be at least equal to the fair market value of shares of Class A Common Stock on the date the stock appreciation right is granted. SARs may vest based on time or achievement of performance conditions, as determined by the Committee in its discretion. No dividends or dividend equivalents shall be paid on SARs.
- *Other Stock-Based Awards.* The Committee is authorized, subject to limitations under applicable law, to grant participants other awards under the 2024 Incentive Plan that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based upon or related to Class A Common Stock. The Committee may also grant Class A Common Stock as a bonus and grant awards in lieu of obligations of TWFG or its affiliates to pay cash or deliver property under the 2024 Incentive Plan or other plans or compensatory arrangements.

Adjustment

In the event of changes in the outstanding Class A Common Stock or in the capital structure of TWFG by reason of stock dividends, extraordinary cash dividends, stock splits, reverse stock splits, recapitalizations, reorganizations, mergers, amalgamations, consolidations, combinations, exchanges, or other relevant changes in capitalization, in connection with any extraordinary dividend declared and paid in respect of shares of Class A Common Stock, in the event of any change in applicable laws or circumstances or as otherwise set forth in the 2024 Incentive Plan, in each case, that results in or could result in, in either case, as determined by the Committee in its sole discretion, any substantial dilution or enlargement of the rights intended to be granted to, or available for, participants in the 2024 Incentive Plan, awards shall be equitably and proportionally adjusted or substituted, as determined by the Committee, in its sole discretion, as to the number, price, or kind of a share of Class A Common Stock, other securities or other consideration subject to such awards.

Generally, except as otherwise provided by the Committee in an award agreement or otherwise, in connection with certain corporate events, including but not limited to a "change in control" (as defined in the 2024 Incentive Plan), the Committee may provide for any one or more of the following (i) the assumption or substitution of any or all awards in connection therewith, with awards that vest based on performance criteria being deemed earned at the target level (or if no target is specified, the maximum level) and converted into solely service-based vesting awards, (ii) the acceleration of vesting of any or all awards not assumed or substituted in connection with the corporate event (with vesting of performance-based awards deemed earned at the target level (or if no target is specified, the maximum level), unless otherwise specified in the applicable award agreement), (iii) the cancellation of any or all awards not assumed or substituted in connection with such corporate event (whether vested or unvested) together with the payment to participants holding vested awards so canceled of an amount in respect of cancellation based on the per-share consideration being paid for the Class A Common Stock in connection with such corporate event, (iv) the cancellation or any or all options, SARs, and other awards subject to exercise not assumed or substituted in connection with any such corporate event (whether vested or unvested) after providing the holder thereof with a period of at least ten days to exercise such awards, and (v) the replacement of any and all awards (subject to certain limitations) with a cash incentive program that preserves the value of the awards so replaced.

Plan Amendment and Termination

The board of directors or Committee may amend the 2024 Incentive Plan and awards at any time and from time to time. The board of directors or the Committee may suspend or terminate the 2024 Incentive Plan at any time. Unless sooner terminated, the 2024 Incentive Plan shall terminate on the day before the tenth

anniversary of the date the stockholders approve the 2024 Incentive Plan. No awards may be granted under the 2024 Incentive Plan while it is suspended.

Outstanding Equity Awards at Fiscal Year-End

There were no outstanding equity-based awards held by the named executive officers as of December 31, 2023. Accordingly, the “Outstanding Equity Award at Fiscal Year-End” Table has been omitted pursuant to Item 402(m)(4) of Regulation S-K.

Additional Narrative Disclosure

Retirement Benefits

The Company is a participating employer in a tax-qualified 401(k) retirement savings plan sponsored by Insperity, a third-party professional employer organization, pursuant to which eligible employees (including our named executive officers) are able to defer a percentage of cash compensation up to the maximum allowed under Internal Revenue Service Guidelines. The Company makes safe harbor matching contributions to the 401(k) plan, up to a 4% total match of each participating employee’s deferred salary. 401(k) plan participants are always fully vested with respect to both employee and employer contributions. We do not maintain, sponsor or otherwise have any liability with respect to any defined pension plan or nonqualified deferred compensation plan.

Potential Payments upon Termination or Change in Control

There are no contracts, agreements, plans or arrangements, whether written or unwritten, that provides for payment to a named executive officer at, following, or in connection with the resignation, retirement or other termination of a named executive officer, or a change in control or a change in the named executive officer’s responsibilities following a change in control, with respect to each named executive officer.

Actions Taken Following Fiscal Year-End

2024 Pre-IPO Equity Grants

The Company distributed letters to each of Ms. Nolan and Ms. Zwinggi (the “Pre-IPO Grant Letter Agreements”) providing that TWFG, Inc. will make grants of restricted stock under the 2024 Incentive Plan having a grant date fair value of \$1.5 million in the case of Ms. Nolan and \$1.0 million in the case of Ms. Zwinggi, in each case, based upon the initial public offering price following the adoption of the 2024 Incentive Plan (the “Pre-IPO Equity Grants”). The Pre-IPO Grant Letter Agreements provide that the Pre-IPO Equity Grants will be contingent on the successful completion of the initial public offering, and thereafter, will vest in substantially equal installments as follows: the first installment will vest 180 days following the initial public offering, and the second and third installments will vest on the second and third anniversaries of the initial public offering, respectively, subject in each case to (i) the named executive officer’s continuing employment with the Company on each applicable vesting date and (ii) other customary terms and conditions contained in the 2024 Incentive Plan and in an award agreement to entered into with the named executive officer.

Director Compensation

We did not award or pay any form of compensation to the members of the board of directors for their services as directors in the fiscal year ended December 31, 2023. Accordingly, the Director Compensation Table has been omitted pursuant to Item 402(m)(4) of Regulation S-K.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

We describe below transactions and series of similar transactions, during our last three fiscal years or currently proposed, to which we were or will be a participant, in which:

- the amounts involved exceeded or will exceed \$120,000; and
- any of our directors or executive officers (in each case, including their immediate family members) or beneficial holders of more than 5% of any class of our voting securities had or will have a direct or indirect material interest.

Other than as described below, there have not been, nor are there any currently proposed, transactions or series of similar transactions meeting this criteria to which we have been or will be a participant other than compensation arrangements, which are described where required under “Executive compensation.”

Intercompany services and cost allocation agreement with TWICO

We are party to an intercompany services and cost allocation agreement, dated October 1, 2017, with our affiliate, TWICO, under which we provide management and other services. TWICO, an insurance carrier licensed in Texas and Louisiana, was formerly our wholly owned subsidiary and was distributed to the owners of the Company and is now owned directly by Bunch Holdings, RenRe and GHC. Bunch Holdings is owned by Richard F. (“Gordy”) Bunch III, our Chief Executive Officer. Each of RenRe and GHC will be a beneficial holder of more than 5% of our Class B common stock following the reorganization transactions and this offering. We are reimbursed on a pass-through cost basis for third-party services provided and we also charge a monthly management fee to TWICO, the amount of which is based one of the following methods: (1) percentage measurement of time spent by a full-time employee to the costs incurred for that employee; (2) actual hours worked by our employees multiplied by an internal billing rate; or (3) fair value of the services if the services had been provided by a third party. We determine the method to calculate the monthly management fee based on the nature of services provided and the costs allocated. Salaries and employee benefits are the primary costs allocated to TWICO. Therefore, we utilized the first method described above to calculate the monthly management fee. The intercompany services and cost allocation agreement may be terminated by any party without cause upon 30 days’ prior written notice or with cause upon 10 days’ prior written notice if the reason for such cause has not been cured during that period. In addition, TWICO may terminate the intercompany services and cost allocation agreement upon 30 days’ prior written notice to an affiliate party to the agreement if such affiliate has become insolvent or is subject to a bankruptcy or similar proceeding and provided that such affiliate is not an insurance company. Under the intercompany services and cost allocation agreement, we received \$0.004 million, \$0.03 million, \$0.03 million, and \$0.2 million of cost reimbursements from TWICO for the three months ended March 31, 2024 and the years ended December 31, 2023, 2022 and 2021, respectively.

Managing general agency agreement with TWICO

We are party to a managing general agency and claims administration agreement, dated as of January 1, 2017, and amended as of June 1, 2021, July 19, 2021 and August 1, 2022, with TWICO. TWICO is owned directly by Bunch Holdings, RenRe and GHC. Bunch Holdings is owned by Richard F. (“Gordy”) Bunch III, our Chief Executive Officer. Under the managing general agency agreement, TWICO appointed TWFG MGA as its managing general agent and TWFG MGA agreed to provide licensing, statistical accounting and management services to TWICO. On a monthly basis, TWFG MGA receives commissions in the amount of 18% of TWICO’s net collected premiums and fees for its services (prior to the amendment of the agreement in August 2022, TWFG MGA received commissions in the amount of 21% of net collected premiums, and prior to the amendment of the agreement on June 1, 2021, TWFG MGA received commissions in the amount of 27% of net collected premiums). TWICO may terminate the managing general agency agreement without cause on or after August 1, 2025. In addition, either party may terminate the managing general agency

agreement upon the other party's failure to comply with any provision of the agreement after giving such party written notice of the alleged default and a reasonable time to cure such alleged default in certain circumstances. Commission income, policy fees and TPA fees retained paid to TWFG MGA pursuant to the managing general agency agreement were \$1.46 million, \$5.8 million, \$6.4 million and \$6.2 million respectively, for the three months ended March 31, 2024 and the years ended December 31, 2023, 2022 and 2021, respectively.

Management agreement with EVO

We are party to a management agreement, dated May 1, 2023, with Evolution Agency Management, LLC ("EVO"), a software development company specializing in insurance services. EVO was formerly our wholly owned subsidiary and was spun off and is now owned directly by Bunch Holdings, RenRe and GHC. Bunch Holdings is owned by Richard F. ("Gordy") Bunch III, our Chief Executive Officer. We provide management and related services to EVO, including commercial development services, financial services, tax and audit services, legal services, human resources services, marketing services, information technology services, data processing services and software design and development services. Either party may terminate the management agreement without cause upon 30 days' prior written notice or for cause upon 10 days' prior written notice if the reason for such cause has not been cured during that period. In addition, either party may terminate the management agreement upon 30 days' prior written notice if the other party has become insolvent or subject to a bankruptcy or similar proceeding. We are reimbursed on a pass-through cost basis for third-party services provided and we also charge a monthly management fee to EVO, the amount of which is based one of the following methods: (1) percentage measurement of time spent by a full-time employee to the costs incurred for that employee; (2) actual hours worked by our employees multiplied by an internal billing rate; or (3) fair value of the services if the services had been provided by a third party. We determine the method to calculate the monthly management fee based on the nature of services provided and the costs allocated. Salaries and employee benefits are the primary costs allocated to EVO. Therefore, we utilized the first method described above to calculate the monthly management fee. For the three months ended March 31, 2024 and the year ended December 31, 2023, we received \$0.06 million and \$0.3 million, respectively, from EVO under the management agreement.

Enterprise license agreements with EVO

We are party to enterprise license agreements with EVO governing our license and use of EVO's proprietary client relationship management and client intake software. EVO is owned directly by Bunch Holdings, RenRe and GHC. Bunch Holdings is owned by Richard F. ("Gordy") Bunch III, our Chief Executive Officer. EVO charges TWFG-IS and TWFG-GA each an annual fee, which is payable on a monthly basis. The fee is determined annually based on market rates for software development services and the estimated number of users per year. For the three months ended March 31, 2024 and the years ended December 31, 2023, 2022, and 2021 we paid EVO \$0.5 million, \$1.3 million, \$1.3 million and \$1.1 million, respectively, under these enterprise license agreements.

Lease agreement

We expect to relocate our headquarters and enter into a new long-term lease agreement in 2024 at market rates with Parkwood 2, LLC, an entity that is owned directly or indirectly by Richard F. ("Gordy") Bunch, our Chief Executive Officer, RenRe and GHC.

Employment of an Immediate Family Member

Charles Alexander Bunch, our Chief Creative and Marketing Officer, is the brother of Richard F. ("Gordy") Bunch III, our Chief Executive Officer, Chairman of our board of directors and founder. He has been an employee of the Company since 2015. His 2021 total compensation was approximately \$316,250, including a base salary of \$275,000 and bonuses of approximately \$41,250. His 2022 total compensation was approximately \$348,000, including a base salary of \$290,000 and bonuses of approximately \$58,000. His 2023 total compensation was approximately \$348,000, including a base salary of \$290,000 and bonuses of approximately \$58,000. He also received benefits generally available to all employees. His compensation was

determined in accordance with our standard employment and compensation practices applicable to employees with similar responsibilities and positions.

Amended and restated TWFG Holding Company, LLC agreement

In connection with the reorganization transactions, we, TWFG Holding Company, LLC and each of the Pre-IPO LLC Members will enter into the TWFG LLC Agreement. Following the reorganization transactions, and in accordance with the terms of the TWFG LLC Agreement, we will operate our business through TWFG Holding Company, LLC. Pursuant to the terms of the TWFG LLC Agreement, so long as the Pre-IPO LLC Members continue to own any LLC Units or securities redeemable or exchangeable into shares of our Class A common stock, we will not, without the prior written consent of such holders, engage in any business activity other than the management and ownership of TWFG Holding Company, LLC or own any assets other than securities of TWFG Holding Company, LLC and/or any cash or other property or assets distributed by or otherwise received from TWFG Holding Company, LLC, unless we determine in good faith that such actions or ownership are in the best interest of TWFG Holding Company, LLC.

As the sole managing member of TWFG Holding Company, LLC, we will have control over all of the affairs and decision making of TWFG Holding Company, LLC. As such, through our officers and directors, we will be responsible for all operational and administrative decisions of TWFG Holding Company, LLC and the day-to-day management of TWFG Holding Company, LLC's business. We will fund any dividends to our stockholders by causing TWFG Holding Company, LLC to make distributions to the Pre-IPO LLC Members and us. See "Dividend policy."

The holders of LLC Units will generally incur U.S. federal, state and local income taxes on their proportionate share of any net taxable income of TWFG Holding Company, LLC. Net profits and net losses of TWFG Holding Company, LLC will generally be allocated to its members pro rata in accordance with the percentages of their respective ownership of LLC Units, though certain non-pro rata adjustments will be made to reflect certain items of tax depreciation, amortization and other tax items in accordance with applicable tax law. The TWFG LLC Agreement will provide for pro rata cash distributions to the holders of LLC Units for purposes of funding their tax obligations in respect of the taxable income of TWFG Holding Company, LLC that is allocated to them. Generally, these tax distributions will be computed based on TWFG Holding Company, LLC's estimate of the net taxable income of TWFG Holding Company, LLC allocable to each holder of LLC Units multiplied by an assumed tax rate equal to the highest effective marginal combined U.S. federal, state and local income tax rate prescribed for an individual or corporate resident of Texas (taking into account the non-deductibility of certain expenses and the character of our income).

Except as otherwise determined by us, if at any time we issue a share of our Class A common stock, the net proceeds received by us with respect to such share, if any, shall be concurrently invested in TWFG Holding Company, LLC and TWFG Holding Company, LLC shall issue to us one LLC Unit (unless such share was issued by us solely to fund the purchase of an LLC Unit from a holder of LLC Units (upon an election by us to exchange such LLC Unit in lieu of redemption following a redemption request by such holder of LLC Units in which case such net proceeds shall instead be transferred to the selling holder of LLC Units as consideration for such purchase, and TWFG Holding Company, LLC will not issue an additional LLC Unit to us)). Similarly, except as otherwise determined by us, (i) TWFG Holding Company, LLC will not issue any additional LLC Units to us unless we issue or sell an equal number of shares of our Class A common stock and (ii) should TWFG Holding Company, LLC issue any additional LLC Units to the Pre-IPO LLC Members or any other person, we will issue an equal number of shares of our non-economic Class B common stock or non-economic Class C common stock to such Pre-IPO LLC Members or any other person. Conversely, if at any time any shares of our Class A common stock are redeemed, purchased or otherwise acquired, TWFG Holding Company, LLC will redeem, purchase or otherwise acquire an equal number of LLC Units held by us, upon the same terms and for the same price per security, as the shares of our Class A common stock are redeemed, purchased or otherwise acquired. In addition, TWFG Holding Company, LLC will not effect any subdivision (by any unit split, unit distribution, reclassification, reorganization, recapitalization or otherwise) or combination (by reverse unit split, reclassification, reorganization, recapitalization or otherwise) of the LLC Units unless it is accompanied by substantively identical subdivision or combination, as applicable, of each class of our

common stock, and we will not effect any subdivision or combination of any class of our common stock unless it is accompanied by a substantively identical subdivision or combination, as applicable, of the LLC Units.

Under the TWFG LLC Agreement, the holders of LLC Units (other than us) will have the right, from and after the completion of this offering (subject to the terms of the TWFG LLC Agreement), to require TWFG Holding Company, LLC to redeem all or a portion of their LLC Units for, at our election, newly-issued shares of Class A common stock on a one-for-one basis or a cash payment equal to the volume weighted average market price of one share of our Class A common stock for each LLC Unit redeemed (subject to customary adjustments, including for stock splits, stock dividends and reclassifications). If we decide to make a cash payment, the holder of an LLC Unit has the option to rescind its redemption request within a specified time period. Upon the exercise of the redemption right, the redeeming member will surrender its LLC Units to TWFG Holding Company, LLC for cancellation. The TWFG LLC Agreement requires that we contribute cash or shares of our Class A common stock to TWFG Holding Company, LLC in exchange for an amount of newly-issued LLC Units in TWFG Holding Company, LLC that will be issued to us equal to the number of LLC Units redeemed from the holders of LLC Units. TWFG Holding Company, LLC will then distribute the cash or shares of our Class A common stock to such holder of an LLC Unit to complete the redemption. In the event of a redemption request by a holder of an LLC Unit, we may, at our option, effect a direct exchange of cash or Class A common stock for LLC Units in lieu of such a redemption. Whether by redemption or exchange, we are obligated to ensure that at all times the number of LLC Units that we or our wholly owned subsidiaries own equals the number of shares of Class A common stock issued by us (subject to certain exceptions for treasury shares and shares underlying certain convertible or exchangeable securities). Shares of non-economic Class B common stock or non-economic Class C common stock will be cancelled on a one-for-one basis if we, following a redemption request of a holder of an LLC Unit, redeem or exchange LLC Units of such holder of an LLC Unit pursuant to the terms of the TWFG LLC Agreement.

The TWFG LLC Agreement provides that, in the event that a tender offer, share exchange offer, issuer bid, take-over bid, recapitalization or similar transaction with respect to our Class A common stock is proposed by us or our stockholders and approved by our board of directors or is otherwise consented to or approved by our board of directors, the holders of LLC Units will be permitted to participate in such offer by delivery of a notice of redemption or exchange that is effective immediately prior to the consummation of such offer. In the case of any such offer proposed by us, we are obligated to use our reasonable efforts to enable and permit the holders of LLC Units to participate in such offer to the same extent or on an economically equivalent basis as the holders of shares of our Class A common stock without discrimination. In addition, we are obligated to use our reasonable efforts to ensure that the holders of LLC Units may participate in each such offer without being required to redeem or exchange LLC Units.

Subject to certain exceptions, TWFG Holding Company, LLC will indemnify all of its members and their officers and other related parties, against all losses or expenses arising from claims or other legal proceedings in which such person (in its capacity as such) may be involved or become subject to in connection with TWFG Holding Company, LLC's business or affairs or the TWFG LLC Agreement or any related document.

TWFG Holding Company, LLC may be dissolved (i) 45 days after the sale or other disposition of all or substantially all of the assets of TWFG Holding Company, LLC, (ii) upon the determination by us to dissolve TWFG Holding Company, LLC, (iii) upon any event which would cause the dissolution of TWFG Holding Company, LLC under the Texas Business Organizations Code or (iv) at any time TWFG Holding Company, LLC has no members, unless TWFG Holding Company, LLC is continued in accordance with the Texas Business Organizations Code. Upon dissolution, TWFG Holding Company, LLC will be liquidated and the proceeds from any liquidation will be applied and distributed in the following manner: (a) first, to creditors (including creditors who are members or affiliates of members) in satisfaction of all of TWFG Holding Company, LLC's liabilities (whether by payment or by making reasonable provision for payment of such liabilities, including the setting up of any reasonably necessary reserves) and (b) second, to the members in proportion to their LLC Units.

Tax receivable agreement

As described under “Organizational structure — Holding company structure and the tax receivable agreement,” we intend to enter into the tax receivable agreement with the Pre-IPO LLC Members that will provide for the payment by us to the Pre-IPO LLC Members and any future party to the tax receivable agreement of 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax or franchise tax that we actually realize as a result of (i) any increase in tax basis in TWFG Holding Company, LLC’s assets resulting from (a) the purchase of LLC Units from any of the Pre-IPO LLC Members using the net proceeds from any future offering of shares of our Class A common stock, (b) future taxable redemptions or exchanges by the Pre-IPO LLC Members of LLC Units for shares of our Class A common stock or cash or (c) payments under the tax receivable agreement and (ii) tax benefits related to imputed interest resulting from payments made under the tax receivable agreement. The payment obligations under the tax receivable agreement are our obligations and not obligations of TWFG Holding Company, LLC. Our obligations under the tax receivable agreement will also apply with respect to any person who becomes a party to the tax receivable agreement. See “Risk factors—Risks relating to our organizational structure—We will be required to pay the Pre-IPO LLC Members and any other persons that become parties to the tax receivable agreement for certain tax benefits we may receive, and the amounts we may pay could be significant.”

Registration rights agreement

Prior to the consummation of this offering, we will enter into a Registration Rights Agreement (the “Registration Rights Agreement”) with the Pre-IPO LLC Members.

At any time beginning 180 days following the closing of this offering, subject to several exceptions, including underwriter cutbacks and our right to defer a demand registration under certain circumstances, Pre-IPO LLC Members may require that we register for public resale under the Securities Act all shares of common stock constituting registrable securities that they request be registered at any time following this offering so long as the securities requested to be registered in each registration statement have an aggregate estimated market value of least \$25 million. If we become eligible to register the sale of our securities on Form S-3 under the Securities Act, which will not be until at least twelve months after the date of this prospectus, the Pre-IPO LLC Members have the right to require us to register the sale of the registrable securities held by them on Form S-3, subject to offering size and other restrictions. If we propose to register any of our securities under the Securities Act for our own account or the account of any other holder (excluding any registration related to employee benefit plan or a corporate reorganization or other Rule 145 transaction), the Pre-IPO LLC Members are entitled to notice of such registration and to request that we include registrable securities for resale on such registration statement, and we are required, subject to certain exceptions, to include such registrable securities in such registration statement.

We will undertake in the Registration Rights Agreement to use our reasonable best efforts to file a shelf registration statement on Form S-3 to permit the resale of the shares of Class A common stock held by Pre-IPO LLC Members.

In connection with the transfer of their registrable securities, the parties to the Registration Rights Agreement may assign certain of their respective rights under the Registration Rights Agreement under certain circumstances. In connection with the registrations described above, we will indemnify any selling stockholders and we will bear all fees, costs and expenses (except underwriting discounts and spreads).

Indemnification agreements

We expect to enter into an indemnification agreement with each of our executive officers and directors that provides, in general, that we will indemnify them to the fullest extent permitted by law in connection with their service to us or on our behalf. See “Management— Indemnification of officers and directors.”

Related party transactions policies and procedures

Upon the consummation of this offering, we will adopt a written Related Person Transaction Policy (the “policy”), which will set forth our policy with respect to the review, approval, ratification and disclosure of all related person transactions by our audit committee. In accordance with the policy, our audit committee will have overall responsibility for implementation of and compliance with the policy.

For purposes of the policy, a “related person transaction” is a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which we were, are or will be a participant and the amount involved exceeded, exceeds or will exceed \$120,000 and in which any related person (as defined in the policy) had, has or will have a direct or indirect material interest. A “related person transaction” does not include any employment relationship or transaction involving an executive officer and any related compensation resulting solely from that employment relationship that has been reviewed and approved by our board of directors.

The policy will require that notice of a proposed related person transaction be provided to our legal department prior to entry into such transaction. If our legal department determines that such transaction is a related person transaction, the proposed transaction will be submitted to our audit committee for consideration at its next meeting. Under the policy, our audit committee may approve only those related person transactions that are in, or not inconsistent with, our best interests. In the event that we become aware of a related person transaction that has not been previously reviewed, approved or ratified under the policy and that is ongoing or is completed, the transaction will be submitted to the audit committee so that it may determine whether to ratify, rescind or terminate the related person transaction.

The policy will also provide that the audit committee review certain previously approved or ratified related person transactions that are ongoing to determine whether the related person transaction remains in our best interests and the best interests of our stockholders. Additionally, we will make periodic inquiries of directors and executive officers with respect to any potential related person transaction of which they may be a party or of which they may be aware.

PRINCIPAL STOCKHOLDERS

The following table sets forth information regarding the beneficial ownership of our common stock as of (1) as adjusted to give effect to the reorganization transactions, but prior to this offering, and (2) as adjusted to give effect to the reorganization transactions and this offering by:

- each person or group whom we know to own beneficially more than 5% of our common stock;
- each of the directors, director nominees and named executive officers individually; and
- all directors, director nominees and executive officers as a group.

The numbers of shares of common stock beneficially owned, percentages of beneficial ownership and percentages of combined voting power before this offering that are set forth below are based on the number of shares of Class A, non-economic Class B and non-economic Class C common stock to be issued and outstanding prior to this offering after giving effect to the reorganization transactions. See “Organizational structure.” The numbers of shares of common stock beneficially owned, percentages of beneficial ownership and percentages of combined voting power after this offering that are set forth below are based on the number of shares of Class A, non-economic Class B and non-economic Class C common stock to be issued and outstanding immediately after this offering (based on the midpoint of the estimated public offering price range set forth on the cover page of this prospectus).

In connection with this offering, we will issue to each Pre-IPO LLC Member one share of non-economic Class B common stock or non-economic Class C common stock, respectively, for each LLC Unit such Pre-IPO LLC Member beneficially owns immediately prior to the consummation of this offering. Shares of non-economic Class B common stock and non-economic Class C common stock will be cancelled on a one-for-one basis if we, at the election of a Pre-IPO LLC Member, redeem or exchange LLC Units of such Pre-IPO LLC Member pursuant to the terms of the TWFG LLC Agreement. See “Certain relationships and related party transactions—Amended and restated TWFG Holding Company, LLC agreement.” As a result, the number of shares of Class A common stock, non-economic Class B common stock and non-economic Class C common stock listed in the table below correlates to the number of LLC Units each Pre-IPO LLC Member will beneficially own immediately after this offering.

In accordance with the rules of the SEC, beneficial ownership includes voting or investment power with respect to securities and includes the shares issuable pursuant to stock options that are exercisable within 60 days of . The number of shares of Class A common stock outstanding after this offering includes shares of common stock being offered for sale by us in this offering. Unless otherwise indicated, the address for each listed stockholder is: . To our knowledge, except as indicated in the footnotes to this table and pursuant to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares of common stock.

The tables below do not reflect any shares of our common stock that our directors and executive officers may purchase through the directed share program, described under “Underwriting.”

The following table assumes the underwriters' option to purchase additional shares of Class A common stock is not exercised.

Name of Beneficial Owner	Class A common stock owned ⁽¹⁾				Class B common stock owned ⁽²⁾				Class C common stock owned ⁽³⁾				Combined voting power ⁽⁴⁾			
	Before this offering		After this offering		Before this offering		After this offering		Before this offering		After this offering		Before this offering		After this offering	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
5% Stockholders:		%		%		%		%		%		%		%		%
Bunch Family Holdings, LLC ⁽⁵⁾		%		%		%		%		%		%		%		%
RenaissanceRE Ventures U.S. LLC ⁽⁶⁾		%		%		%		%		%		%		%		%
Named Executive Officers, Directors and Director Nominees		%		%		%		%		%		%		%		%
Richard F. ("Gordy") Bunch III ⁽⁷⁾		%		%		%		%		%		%		%		%
Katherine C. Nolan		%		%		%		%		%		%		%		%
Janice E. Zwinggi		%		%		%		%		%		%		%		%
Jonathan Anderson		%		%		%		%		%		%		%		%
Michelle Caroline Bunch ⁽⁸⁾		%		%		%		%		%		%		%		%
Michael Doak ⁽⁹⁾		%		%		%		%		%		%		%		%
Janet S. Wong		%		%		%		%		%		%		%		%
Robin Ferracone		%		%		%		%		%		%		%		%
All executive officers, Directors and director nominees as a group		%		%		%		%		%		%		%		%

The following table assumes the underwriters' option to purchase additional shares of Class A common stock is exercised in full.

Name of Beneficial Owner	Class A common stock owned ⁽¹⁾				Class B common stock owned ⁽²⁾				Class C common stock owned ⁽³⁾				Combined voting power ⁽⁴⁾			
	Before this offering		After this offering		Before this offering		After this offering		Before this offering		After this offering		Before this offering		After this offering	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
5% Stockholders:		%		%		%		%		%		%		%		%
Bunch Family Holdings, LLC ⁽⁵⁾		%		%		%		%		%		%		%		%
RenaissanceRE Ventures U.S. LLC ⁽⁶⁾		%		%		%		%		%		%		%		%
Named Executive Officers, Directors and Director Nominees		%		%		%		%		%		%		%		%
Richard F. ("Gordy") Bunch III ⁽⁷⁾		%		%		%		%		%		%		%		%
Katherine C. Nolan		%		%		%		%		%		%		%		%
Janice E. Zwinggi		%		%		%		%		%		%		%		%
Jonathan Anderson		%		%		%		%		%		%		%		%
Michelle Caroline Bunch ⁽⁸⁾		%		%		%		%		%		%		%		%
Michael Doak ⁽⁹⁾		%		%		%		%		%		%		%		%
Janet S. Wong		%		%		%		%		%		%		%		%
Robin Ferracone		%		%		%		%		%		%		%		%
All executive officers, directors and director nominees as a group		%		%		%		%		%		%		%		%

(1) On a fully exchanged and converted basis. Subject to the terms of the TWFG LLC Agreement, LLC Units are redeemable or exchangeable for shares of our Class A common stock on a one-for-one basis. Beneficial ownership of shares of our Class A common stock reflected in this table does not include beneficial ownership of shares of our Class A common stock for which such LLC Units may be redeemed or exchanged.

(2) On a fully exchanged and converted basis. RenRe and GHC hold all of the issued and outstanding shares of our non-economic Class B common stock.

(3) On a fully exchanged and converted basis. Bunch Holdings holds all of the issued and outstanding shares of our non-economic Class C common stock.

(4) Represents percentage of voting power of the Class A common stock, non-economic Class B common stock and non-economic Class C common stock held by such person voting together as a single class. Each holder of Class A and non-economic Class B common stock is entitled to one vote per share, and each holder of non-economic Class C common stock is entitled to ten votes per share, on all matters submitted to our stockholders for a vote. See "Description of capital stock—Common stock."

(5) Represents shares owned by Bunch Holdings. The managing member of Bunch Holdings is Mr. Richard F. ("Gordy") Bunch III, who is the sole member. Mr. Richard F. ("Gordy") Bunch III may be deemed to have indirect voting and investment control over the shares held by Bunch Holdings. The address for Bunch Holdings is 1201 Lake Woodlands Dr., Ste. 4020, The Woodlands, Texas 77380.

(6) Represents shares owned by RenRe. RenRe is a wholly owned subsidiary of RenaissanceRe Holdings Ltd., which is a publicly listed reinsurance company. RenaissanceRe Holdings Ltd. may be deemed to have indirect voting and investment control over the shares held by RenRe. The address for RenaissanceRe Holdings Ltd. and RenRe is 12 Crow Lane, Pembroke HM19, Bermuda.

(7) Consists of shares beneficially owned by Bunch Family Holdings, LLC, an entity controlled by Mr. Richard F. ("Gordy") Bunch III.

(8) Ms. Michelle Caroline Bunch is married to Mr. Richard F. ("Gordy") Bunch III. By virtue of this relationship, Ms. Michelle Caroline Bunch may be deemed to share beneficial ownership of the securities held of record of Mr. Richard F. ("Gordy") Bunch III, which are not reflected as owned by Ms. Michelle Caroline Bunch in the table.

(9) Consists of shares beneficially owned by GHC, of which Griffin Highline Capital, LLC is the managing member. Mr. Michael Doak is the Chief Executive Officer, Co-Chairman and Manager of Griffin Highline Capital, LLC and has sole voting and dispositive power over the shares held by GHC. The address for GHC is 4514 Cole Avenue, Suite 802, Dallas, Texas 75205.

DESCRIPTION OF CAPITAL STOCK

In connection with this offering, we will amend and restate our certificate of incorporation and our bylaws. The following is a description of the material terms of, and is qualified in its entirety by, our certificate of incorporation and bylaws, each of which will be in effect upon the consummation of this offering, the forms of which are filed as exhibits to the registration statement of which this prospectus forms a part.

Under “Description of capital stock,” “we,” “us,” “our,” and “our company” refer to TWFG, Inc.

Upon the consummation of this offering, our authorized capital stock will consist of 300,000,000 shares of Class A common stock, par value \$0.01 per share, 25,000,000 shares of non-economic Class B common stock, par value \$0.01 per share, 100,000,000 shares of non-economic Class C common stock, par value \$0.01 per share, and 50,000,000 shares of preferred stock, par value \$0.01 per share. Unless our board of directors determines otherwise, we will issue all shares of our capital stock in uncertificated form.

Common stock

Class A common stock

Holders of shares of our Class A common stock are entitled to one vote for each share held of record on all matters on which stockholders are entitled to vote generally, including the election or removal of directors. The holders of our Class A common stock do not have cumulative voting rights in the election of directors.

Holders of shares of our Class A common stock are entitled to receive dividends when and if declared by our board of directors out of funds legally available therefor, subject to any statutory or contractual restrictions on the payment of dividends and to any restrictions on the payment of dividends imposed by the terms of any outstanding preferred stock.

Upon our liquidation, dissolution or winding up and after payment in full of all amounts required to be paid to creditors and to the holders of preferred stock having liquidation preferences, if any, the holders of shares of our Class A common stock will be entitled to receive pro rata our remaining assets available for distribution.

All shares of our Class A common stock that will be outstanding at the time of the completion of the offering will be fully paid and non-assessable. The Class A common stock will not be subject to further calls or assessments by us. The rights powers and privileges of our Class A common stock will be subject to those of the holders of any shares of our preferred stock or any other series or class of stock we may authorize and issue in the future.

Class B common stock

Each share of non-economic Class B common stock will entitle its holder to one vote per share on all matters submitted to a vote of our stockholders. If at any time the ratio at which LLC Units are redeemable or exchangeable for shares of our Class A common stock changes from one-for-one as described under “Certain relationships and related party transactions—Amended and restated TWFG Holding Company, LLC agreement,” the number of votes to which non-economic Class B common stockholders are entitled will be adjusted accordingly. The holders of our non-economic Class B common stock do not have cumulative voting rights in the election of directors. Except for certain permitted transfers, including transfers to us or to certain other permitted transferees or transfers approved by TWFG, Inc. as the sole managing member of TWFG Holding Company, LLC, the Pre-IPO LLC Members are not permitted to sell, transfer or otherwise dispose of any LLC Units or shares of non-economic Class B common stock or non-economic Class C common stock. Holders of shares of our non-economic Class B common stock will vote together with holders of our Class A common stock and non-economic Class C common stock as a single class on all matters on which stockholders are entitled to vote generally, except as otherwise required by law.

Holders of our non-economic Class B common stock do not have any right to receive dividends or to receive a distribution upon a liquidation or winding up of TWFG, Inc.

Class C common stock

Each share of non-economic Class C common stock will initially entitle its holder to ten votes per share on all matters submitted to a vote of our stockholders. The high/low vote structure of the non-economic Class C common stock will terminate and each share of non-economic Class C common stock will be entitled to one vote per share automatically (i) 12 months following the death or disability of Richard F. (“Gordy”) Bunch III or (ii) upon the first trading day on or after such date that the outstanding shares of non-economic Class C common stock represent less than 10% of the then-outstanding Class A, non-economic Class B and non-economic Class C common stock, which, in either instance, may be extended to 18 months upon affirmative approval of a majority of the independent directors. Future transfers of LLC Units by the holder of non-economic Class C common stock will result in the corresponding shares of non-economic Class C common stock converting into shares of non-economic Class B common stock, subject to limited exceptions, including transfers to Richard F. (“Gordy”) Bunch III, his family members or affiliates of Bunch Holdings or that are effected for estate planning purposes.

For purposes of calculating the Substantial Ownership Requirement and the Majority Ownership Requirement, shares of non-economic Class C common stock held by Bunch Holdings include shares held by the Class C Permitted Holders (as defined in our certificate of incorporation). If at any time the ratio at which LLC Units are redeemable or exchangeable for shares of our Class A common stock changes from one-for-one as described under “Certain relationships and related party transactions—Amended and restated TWFG Holding Company, LLC agreement,” the number of votes to which non-economic Class C common stockholders are entitled will be adjusted accordingly. Except for transfers to us pursuant to the TWFG LLC Agreement or to certain permitted transferees, Bunch Holdings is not permitted to sell, transfer or otherwise dispose of any LLC Units or shares of non-economic Class C common stock. Holders of shares of our non-economic Class C common stock will vote together with holders of our Class A common stock and non-economic Class B common stock as a single class on all matters on which stockholders are entitled to vote generally, except as otherwise required by law.

Holders of our non-economic Class C common stock do not have any right to receive dividends or to receive a distribution upon a liquidation or winding up of TWFG, Inc.

Preferred stock

No shares of preferred stock will be issued or outstanding immediately after the offering contemplated by this prospectus. Our certificate of incorporation authorizes our board of directors to establish one or more series of preferred stock (including convertible preferred stock). Unless required by law or any stock exchange, the authorized shares of preferred stock will be available for issuance without further action by holders of our Class A, non-economic Class B or non-economic Class C common stock. Our board of directors is able to determine, with respect to any series of preferred stock, the powers (including voting powers), preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, including, without limitation:

- the designation of the series;
- the number of shares of the series, which our board of directors may, except where otherwise provided in the preferred stock designation, increase (but not above the total number of authorized share of the class) or decrease (but not below the number of shares then outstanding);
- whether dividends, if any, will be cumulative or non-cumulative and the dividend rate of the series;
- the dates at which dividends, if any, will be payable;
- the redemption rights and price or prices, if any, for shares of the series;

- the terms and amounts of any sinking fund provided for the purchase or redemption of shares of the series;
- the amounts payable on shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding-up of the affairs of our company;
- whether the shares of the series will be convertible into shares of any other class or series, or any other security, of our company or any other entity, and, if so, the specification of the other class or series or other security, the conversion price or prices or rate or rates, any rate adjustments, the date or dates as of which the shares will be convertible and all other terms and conditions upon which the conversion may be made;
- restrictions on the issuance of shares of the same series or of any other class or series; and
- the voting rights, if any, of the holders of the series.

We could issue a series of preferred stock that could, depending on the terms of the series, impede or discourage an acquisition attempt or other transaction that some, or a majority, of the holders of our common stock might believe to be in their best interests or in which the holders of our common stock might receive a premium over the market price of the shares of common stock. Additionally, the issuance of preferred stock may adversely affect the holders of our common stock by restricting dividends on the common stock, diluting the voting power of the common stock or subordinating the liquidation rights of the common stock. As a result of these or other factors, the issuance of preferred stock could have an adverse impact on the market price of our common stock.

Authorized but unissued capital stock

Delaware law does not require stockholder approval for any issuance of authorized shares. However, the listing requirements of Nasdaq, which would apply so long as the shares of Class A common stock remains listed on Nasdaq, require stockholder approval of certain issuances equal to or exceeding 20% of the then outstanding voting power or the then outstanding number of shares of Class A common stock (we believe the position of Nasdaq is that the calculation in this latter case treats as outstanding shares of Class A common stock issuable upon redemption or exchange of outstanding LLC Units not held by TWFG, Inc.). These additional shares of Class A common stock may be used for a variety of corporate purposes, including future public offerings, to raise additional capital or to facilitate acquisitions.

One of the effects of the existence of unissued and unreserved common stock or preferred stock may be to enable our board of directors to issue shares to persons friendly to current management, which issuance could render more difficult or discourage an attempt to obtain control of our company by means of a merger, tender offer, proxy contest or otherwise, and thereby protect the continuity of our management and possibly deprive the stockholders of opportunities to sell their shares at prices higher than prevailing market prices.

Dividends

The DGCL permits a corporation to declare and pay dividends out of "surplus" or, if there is no "surplus," out of its net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year. "Surplus" is defined as the excess of the net assets of the corporation over the amount determined to be the capital of the corporation by its board of directors. The capital of the corporation is typically calculated to be (and cannot be less than) the aggregate par value of all issued shares of capital stock. Net assets equals the fair value of the total assets minus total liabilities. The DGCL also provides that dividends may not be paid out of net profits if, after the payment of the dividend, remaining capital would be less than the capital represented by the outstanding stock of all classes having a preference upon the distribution of assets. Declaration and payment of any dividend will be subject to the discretion of our board of directors.

Stockholder meetings

Our certificate of incorporation and our bylaws provide that annual stockholder meetings will be held at a date, time and place, if any, as exclusively selected by our board of directors. Our bylaws provide that special meetings of the stockholders may be called only by or at the direction of the board of directors, the chairman of our board, the vice chairman of our board or the chief executive officer. To the extent permitted under applicable law, we may conduct meetings by remote communications, including by webcast.

Transferability, redemption and exchange

Under the TWFG LLC Agreement, the Pre-IPO LLC Members will have the right, from and after the completion of this offering (subject to the terms of the TWFG LLC Agreement), to require TWFG Holding Company, LLC to redeem all or a portion of their LLC Units for, at our election, newly-issued shares of Class A common stock on a one-for-one basis or a cash payment equal to the volume weighted average market price of one share of our Class A common stock for each LLC Unit redeemed (subject to customary adjustments, including for stock splits, stock dividends and reclassifications) in accordance with the terms of the TWFG LLC Agreement. Additionally, in the event of a redemption request by a Pre-IPO LLC Member, we may, at our option, effect a direct exchange of cash or Class A common stock for LLC Units in lieu of such a redemption. Shares of non-economic Class B common stock will be cancelled on a one-for-one basis if we, at the election of a Pre-IPO LLC Member, redeem or exchange LLC Units of such Pre-IPO LLC Member pursuant to the terms of the TWFG LLC Agreement. See "Certain relationships and related party transactions—Amended and restated TWFG Holding Company, LLC agreement." Shares of our non-economic Class C common stock will be cancelled on a one-for-one basis if we, at the election of a Pre-IPO LLC Member, redeem or exchange LLC Units of such Pre-IPO LLC Member pursuant to the terms of the TWFG LLC Agreement.

Except for certain permitted transfers, including transfers to us or to certain other permitted transferees or transfers approved by TWFG, Inc. as the sole managing member of TWFG Holding Company, LLC, the Pre-IPO LLC Members are not permitted to sell, transfer or otherwise dispose of any LLC Units or shares of non-economic Class B common stock or non-economic Class C common stock.

Other provisions

Class A common stock, non-economic Class B common stock or non-economic Class C common stock do not have any preemptive or other subscription rights.

There will be no redemption or sinking fund provisions applicable to the Class A common stock, non-economic Class B common stock or non-economic Class C common stock.

At such time when no LLC Units remain redeemable or exchangeable for shares of our Class A common stock, our non-economic Class B common stock and non-economic Class C common stock will be cancelled.

Corporate opportunity

Our certificate of incorporation will provide that, to the fullest extent permitted by law, the doctrine of "corporate opportunity" will only apply against our directors and officers and their respective affiliates for competing activities related to insurance brokerage activities.

Certain certificate of incorporation, by-laws and statutory provisions

The provisions of our certificate of incorporation and by-laws and of the DGCL summarized below may have an anti-takeover effect and may delay, defer or prevent a tender offer or takeover attempt that you might consider in your best interest, including an attempt that might result in your receipt of a premium over the market price for your shares of Class A common stock.

Forum selection

Our certificate of incorporation will provide that, unless we consent in writing to the selection of an alternative forum, or as otherwise required by law, the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, the United States District Court for the District of Delaware) will be the sole and exclusive forum for any state court action for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by, or other wrongdoing by, any current or former director, officer or other employee of ours or our stockholders, or a claim of aiding and abetting any such breach of fiduciary duty, (iii) any action asserting a claim against us or any director, officer or other employee of ours arising pursuant to any provision of the DGCL, our certificate of incorporation or our bylaws (as either may be amended, restated, modified, supplemented or waived from time to time) (iv) any action to interpret, apply, enforce or determine the validity of our certificate of incorporation or our bylaws (as either may be amended), (v) any action asserting a claim against us or any director, officer or other employee of ours that is governed by the internal affairs doctrine or (vi) any action asserting an "internal corporate claim" as that term is defined in Section 115 of the DGCL. This provision would not apply to any action or proceeding asserting a claim under the Securities Act or the Exchange Act for which the federal courts have exclusive jurisdiction or any other claim for which the federal courts have exclusive jurisdiction. Furthermore, our certificate of incorporation will also provide that, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States will be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act, against us or any director, officer or other employee of ours. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock will be deemed to have notice of and to have consented to the provisions of our certificate of incorporation described above. Although we believe that these provisions benefit us by providing increased consistency in the application of Delaware law or the Securities Act, as applicable, for the specified types of actions and proceedings, the provisions may have the effect of discouraging lawsuits against us or our directors and officers. Alternatively, if a court were to find any of the forum selection provisions contained in our certificate of incorporation to be inapplicable or unenforceable, we may incur additional costs associated with having to litigate such action in other jurisdictions, which could have an adverse effect on our business, financial condition, results of operations, cash flows and prospects and result in a diversion of the time and resources of our employees, management and board of directors.

Anti-takeover effects of our certificate of incorporation and by-laws

Our certificate of incorporation and by-laws will contain certain provisions that are intended to enhance the likelihood of continuity and stability in the composition of our board of directors and that may have the effect of delaying, deferring or preventing a future takeover or change in control of our company unless such takeover or change in control is approved by our board of directors. These provisions include:

No cumulative voting. Under Delaware law, the right to vote cumulatively does not exist unless the certificate of incorporation specifically authorizes cumulative voting. Our certificate of incorporation does not authorize cumulative voting. Therefore, stockholders holding a majority in voting power of the shares of our stock entitled to vote generally in the election of directors will be able to elect all our directors.

Election and removal of directors. Our certificate of incorporation will provide that our board shall consist of not less than three nor more than eleven directors. Our certificate of incorporation will also provide that, subject to the rights granted to one or more series of preferred stock then outstanding, any vacancies on our board will be filled only by the affirmative vote of a majority of the remaining directors, even if less than a quorum. Our certificate of incorporation will provide that, until the Substantial Ownership Requirement is no longer met, Bunch Holdings and the Class C Permitted Holders (as defined in our certificate of incorporation) may designate a majority of the nominees for election to our board of directors, including the nominee to serve as Chairman of our board of directors.

In addition, our certificate of incorporation will provide that, following the time when the Majority Ownership Requirement is no longer met, and subject to obtaining any required stockholder votes, directors may only be removed for cause and by the affirmative vote of holders of 75% of the total voting power of our

outstanding shares of common stock, voting together as a single class. This requirement of a super-majority vote to remove directors for cause could enable a minority of our stockholders to exercise veto power over any such removal. Prior to such time, directors may be removed with or without cause by the affirmative vote of the holders of a majority of the total voting power of our outstanding shares of common stock.

Springing classified board. Initially and for so long as the Majority Ownership Requirement is met, our board of directors will not be classified, and each of our directors will be subject to re-election annually. Following the time when the Majority Ownership Requirement is no longer met, our board of directors will be divided into three classes of directors, with each class as equal in number as possible, serving staggered three-year terms.

Action by written consent; special meetings of stockholders. Our certificate of incorporation will provide that, following the time that the Majority Ownership Requirement is no longer met, stockholder action can be taken only at an annual or special meeting of stockholders and cannot be taken by written consent in lieu of a meeting. Our certificate of incorporation and by-laws will also provide that, subject to any special rights of the holders as required by law, special meetings of the stockholders can only be called by the chairman or vice chairman of the board of directors or, until the time that the Majority Ownership Requirement is no longer met, at the request of holders of a majority of the total voting power of our outstanding shares of common stock, voting together as a single class. Except as described above, stockholders are not permitted to call a special meeting or to require the board of directors to call a special meeting.

Advance notice procedures. Our by-laws will establish an advance notice procedure for stockholder proposals to be brought before an annual meeting of our stockholders, including proposed nominations of persons for election to the board of directors. Stockholders at an annual meeting will only be able to consider proposals or nominations specified in the notice of meeting or brought before the meeting by or at the direction of the board of directors or by a stockholder who was a stockholder of record on the record date for the meeting, who is entitled to vote at the meeting and who has given our Secretary timely written notice, in proper form, of the stockholder's intention to bring that business before the meeting. Although the by-laws will not give our board of directors the power to approve or disapprove stockholder nominations of candidates or proposals regarding other business to be conducted at a special or annual meeting, the by-laws may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed or may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect its own slate of directors or otherwise attempting to obtain control of our company.

Super-majority approval requirements. The DGCL generally provides that the affirmative vote of the holders of a majority of the total voting power of the shares entitled to vote on any matter is required to amend a corporation's certificate of incorporation or by-laws, unless either a corporation's certificate of incorporation or by-laws require a greater percentage. Our certificate of incorporation and by-laws will provide that, following the time that the Majority Ownership Requirement is no longer met, the affirmative vote of holders of 75% of the total voting power of our outstanding common stock eligible to vote in the election of directors, voting together as a single class, will be required to amend, alter, change or repeal specified provisions, including those relating to actions by written consent of stockholders, calling of special meetings of stockholders, business combinations and amendment of our certificate of incorporation and by-laws. This requirement of a super-majority vote to approve amendments to our certificate of incorporation and by-laws could enable a minority of our stockholders to exercise veto power over any such amendments.

Authorized but unissued shares. The authorized but unissued shares of common stock and preferred stock are available for future issuance without stockholder approval, subject to any limitations imposed by the listing rules of Nasdaq. The existence of authorized but unissued and unreserved common stock and preferred stock could make more difficult or discourage an attempt to obtain control of us by means of a proxy contest, tender offer, merger or otherwise. See "—Preferred stock" and "—Authorized but unissued capital stock" above.

Business combinations with interested stockholders. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a business combination, such as a merger, with a person or group owning 15% or more of the corporation's voting stock for a period of three years following the date the

person became an interested stockholder, unless (with certain exceptions) the business combination or the transaction in which the person became an interested stockholder is approved in a prescribed manner. We have expressly elected not to be governed by the “business combination” provisions of Section 203 of the DGCL, until after the Majority Ownership Requirement is no longer met. At that time, such election shall be automatically withdrawn and we will thereafter be governed by the “business combination” provisions of Section 203 of the DGCL.

Directors’ liability; indemnification of directors and officers

Our certificate of incorporation will limit the liability of our directors to the fullest extent permitted by the DGCL and provides that we will provide them with customary indemnification. We expect to enter into customary indemnification agreements with each of our executive officers and directors that provide them, in general, with customary indemnification in connection with their service to us or on our behalf.

Transfer agent and registrar

The transfer agent and registrar for our Class A common stock will be Continental Stock Transfer & Trust Company. Its address is 1 State Street, 30th Floor, New York NY 10004, and its telephone number is 212-509-4000.

Securities exchange

We have applied to have our Class A common stock approved for listing on Nasdaq under the symbol “TWFG.”

MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS TO NON-U.S. HOLDERS

The following is a general discussion of the material U.S. federal income tax consequences of the purchase, ownership and disposition of our Class A common stock by a “non-U.S. holder.” A “non-U.S. holder” is a beneficial owner of a share of our Class A common stock that is, for U.S. federal income tax purposes:

- a non-resident alien individual, other than a former citizen or resident of the United States subject to U.S. tax as an expatriate,
- a foreign corporation, or
- a foreign estate or trust.

If a partnership or other pass-through entity (including an entity or arrangement treated as a partnership or other type of pass-through entity for U.S. federal income tax purposes) owns our Class A common stock, the tax treatment of a partner or beneficial owner of the entity may depend upon the status of the partner or beneficial owner, the activities of the entity and certain determinations made at the partner or beneficial owner level. Partners and beneficial owners in partnerships or other pass-through entities that own our Class A common stock should consult their own tax advisors as to the particular U.S. federal income tax consequences applicable to them.

This discussion is based on the Internal Revenue Code of 1986, as amended (the “Code”), and administrative pronouncements, judicial decisions and final, temporary and proposed Treasury Regulations, changes to any of which subsequent to the date of this prospectus may affect the tax consequences described herein (possibly with retroactive effect). This discussion does not address all aspects of U.S. federal income taxation that may be relevant to non-U.S. holders in light of their particular circumstances and does not address any U.S. federal estate, gift, alternative minimum tax or Medicare contribution tax considerations or any tax consequences arising under the laws of any state, local or non-U.S. jurisdiction. We have not sought any ruling from the IRS with respect to the statements made and the conclusions reached in the following discussion, and there can be no assurance that the IRS or a court will agree with such statements and conclusions.

PROSPECTIVE HOLDERS ARE URGED TO CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS THE TAX CONSIDERATIONS RELATED TO THE OWNERSHIP AND DISPOSITION OF OUR CLASS A COMMON STOCK IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES, AS WELL AS ANY TAX CONSIDERATIONS RELATED TO THE U.S. FEDERAL ESTATE OR GIFT TAX LAWS OR UNDER THE APPLICABLE LAWS OF ANY STATE, LOCAL OR NON-U.S. TAXING AUTHORITY OR UNDER ANY APPLICABLE INCOME TAX TREATY.

Distributions

To the extent that we make a distribution of cash or other property (other than certain pro rata distributions of our stock) in respect of our Class A common stock, the distribution generally will be treated as a dividend for U.S. federal income tax purposes to the extent it is paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Any portion of a distribution that exceeds our current and accumulated earnings and profits generally will be treated first as a tax-free return of capital, causing a reduction in the adjusted tax basis of a non-U.S. holder’s Class A common stock, and to the extent the amount of the distribution exceeds a non-U.S. holder’s adjusted tax basis in our Class A common stock, the excess will be treated as gain from the disposition of our Class A common stock (the tax treatment of which is discussed below under “—Gain on disposition of Class A common stock”).

Dividends paid to a non-U.S. holder generally will be subject to U.S. federal withholding tax at a 30% rate, or a reduced rate specified by an applicable income tax treaty, subject to the discussion of FATCA (as defined

below) withholding taxes below. In order to obtain a reduced rate of withholding under an applicable income tax treaty, a non-U.S. holder generally will be required to provide a properly executed IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, certifying its entitlement to benefits under the treaty.

Dividends paid to a non-U.S. holder that are effectively connected with the non-U.S. holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, are attributable to a permanent establishment or fixed base maintained by the non-U.S. holder in the United States) will not be subject to U.S. federal withholding tax if the non-U.S. holder provides a properly executed IRS Form W-8ECI.

Instead, the effectively connected dividend income will generally be subject to regular U.S. income tax as if the non-U.S. holder were a U.S. person as defined under the Code. A non-U.S. holder that is treated as a corporation for U.S. federal income tax purposes receiving effectively connected dividend income may also be subject to an additional "branch profits tax" imposed at a rate of 30% (or a lower treaty rate) on its effectively connected earnings and profits (subject to certain adjustments).

A non-U.S. holder eligible for a reduced rate of U.S. federal withholding tax pursuant to an income tax treaty may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS.

Gain on disposition of Class A common stock

Subject to the discussions of backup withholding and FATCA withholding taxes below, a non-U.S. holder generally will not be subject to U.S. federal income tax on gain realized on a sale or other disposition of Class A common stock unless:

- the gain is effectively connected with a trade or business of the non-U.S. holder in the United States (and, if required by an applicable tax treaty, the gain is attributable to a permanent establishment or fixed base maintained by the non-U.S. holder in the United States), in which case the gain will be subject to U.S. federal income tax generally in the same manner as effectively connected dividend income as described above;
- the non-U.S. holder is an individual present in the United States for 183 days or more in the taxable year of disposition and certain other conditions are met, in which case the gain (net of certain US-source losses) generally will be subject to U.S. federal income tax at a rate of 30% (or a lower treaty rate), which gain may generally be offset by certain U.S.-source capital losses; or
- we are or have been a "United States real property holding corporation" (as described below), at any time within the five-year period preceding the disposition or the non-U.S. holder's holding period, whichever period is shorter, and either (i) our Class A common stock is not regularly traded on an established securities market prior to the beginning of the calendar year in which the sale or disposition occurs or (ii) the non-U.S. holder has owned or is deemed to have owned, at any time within the five-year period preceding the disposition or the non-U.S. holder's holding period, whichever period is shorter, more than 5% of our Class A common stock.

We will be a United States real property holding corporation at any time that the fair market value of our "United States real property interests," as defined in the Code and applicable Treasury Regulations, equals or exceeds 50% of the aggregate fair market value of our worldwide real property interests and our other assets used or held for use in a trade or business (all as determined for the U.S. federal income tax purposes). We believe that we are not, and do not anticipate becoming in the foreseeable future, a United States real property holding corporation.

Information reporting requirements and backup withholding

Distributions paid to a non-U.S. holder and the amount of any tax withheld with respect to such distributions generally will be reported to the IRS. Copies of the information returns reporting such distributions and any

withholding may also be made available to the tax authorities in the country in which the non-U.S. holder resides under the provisions of an applicable income tax treaty.

A non-U.S. holder will not be subject to backup withholding on dividends received if such holder certifies under penalty of perjury that it is a non-U.S. holder (and the payor does not have actual knowledge or reason to know that such holder is a U.S. person as defined under the Code), or such holder otherwise establishes an exemption.

Information reporting and, depending on the circumstances, backup withholding will apply to the proceeds of a sale or other disposition of our Class A common stock made within the United States or conducted through certain U.S.-related financial intermediaries, unless the non-U.S. holder complies with certification procedures to establish that it is not a U.S. person in order to avoid additional information reporting and backup withholding. The certification procedures required to claim a reduced rate of withholding under a treaty will generally satisfy the certification requirements necessary to avoid backup withholding as well.

Backup withholding is not an additional tax and the amount of any backup withholding from a payment to a non-U.S. holder will be allowed as a credit against the non-U.S. holder's U.S. federal income tax liability and may entitle the non-U.S. holder to a refund, provided that the required information is furnished to the IRS in a timely manner.

FATCA withholding taxes

Under Sections 1471 through 1474 of the Code (such Sections commonly referred to as "FATCA"), payments of dividends on and, subject to the discussion below regarding the Proposed Regulations (defined below), the gross proceeds of dispositions of Class A common stock of a U.S. issuer paid to (i) a "foreign financial institution" (as specifically defined in the Code) or (ii) a "non-financial foreign entity" (as specifically defined in the Code) will be subject to a withholding tax (separate and apart from, but without duplication of, the withholding tax described above) at a rate of 30%, unless various U.S. information reporting and due diligence requirements (generally relating to ownership by U.S. persons of interests in or accounts with those entities) have been satisfied or an exemption from these rules applies. An intergovernmental agreement between the United States and an applicable foreign country may modify these requirements. If a dividend payment is both subject to withholding under FATCA and subject to the withholding tax discussed above under "—Distributions," the withholding under FATCA may be credited against, and therefore reduce, such other withholding tax.

Although FATCA withholding could apply to gross proceeds on the disposition of our common stock, on December 13, 2018, the U.S. Department of the Treasury released proposed regulations (the "Proposed Regulations") the preamble to which specifies that taxpayers may rely on them pending finalization. The Proposed Regulations eliminate FATCA withholding on the gross proceeds from a sale or other disposition of our common stock. There can be no assurance that the Proposed Regulations will be finalized in their present form.

Non-U.S. holders should consult their tax advisors regarding the possible implications of this withholding tax on their investment in our Class A common stock.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our Class A common stock. We cannot make any prediction as to the effect, if any, that sales of Class A common stock or the availability of Class A common stock for future sales will have on the market price of our Class A common stock. The market price of our Class A common stock could decline because of the sale of a large number of shares of our Class A common stock or the perception that such sales could occur in the future. These factors could also make it more difficult to raise funds through future offerings of Class A common stock. See “Risk factors—Risks relating to ownership of our Class A common stock and this offering—If a substantial number of shares become available for sale and are sold in a short period of time, the market price of our Class A common stock could decline.”

Sale of restricted shares

Upon the consummation of this offering, we will have _____ shares of Class A common stock (or _____ shares if the underwriters exercise their option to purchase additional shares of Class A common stock in full) outstanding. Of these shares, the _____ shares sold in this offering (or _____ shares if the underwriters exercise their option to purchase additional shares of Class A common stock in full) will be freely tradable, other than any shares sold pursuant to our directed share program that are subject to “lock up” restrictions as described under “Underwriting,” without further restriction or registration under the Securities Act, except any shares held by our “affiliates,” as that term is defined in Rule 144 under the Securities Act. In the absence of registration under the Securities Act, shares held by affiliates may only be sold in compliance with the limitations of Rule 144 described below or another exemption from the registration requirements of the Securities Act. As defined in Rule 144, an affiliate of an issuer is a person that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with the issuer. Upon the completion of this offering, approximately _____ of our outstanding shares of Class A common stock (or shares if the underwriters exercise their option to purchase additional shares of Class A Common stock in full), will be deemed “restricted securities,” as that term is defined under Rule 144, and would also be subject to the “lock-up” period noted below.

In addition, upon the consummation of the offering, the Pre-IPO LLC Members will own an aggregate of _____ LLC Units, _____ shares of our Class A common stock, all of the _____ shares of our non-economic Class B common stock and all of the _____ shares of our non-economic Class C common stock. The Pre-IPO LLC Members, from time to time following the offering may require TWFG Holding Company, LLC to redeem or exchange all or a portion of their LLC Units for newly-issued shares of Class A common stock on a one-for-one basis. Shares of our non-economic Class B common stock and shares of our non-economic Class C common stock will be cancelled on a one-for-one basis if we, at the election of a Pre-IPO LLC Member, redeem or exchange LLC Units of such Pre-IPO LLC Member pursuant to the terms of the TWFG LLC Agreement. Shares of our Class A common stock issuable to the Pre-IPO LLC Members or in connection with the contribution of LLC Units prior to the IPO upon a redemption or exchange of LLC Units would be considered “restricted securities,” as that term is defined under Rule 144 and would also be subject to the “lock-up” period noted below.

Restricted securities may be sold in the public market only if they qualify for an exemption from registration under Rule 144 under the Securities Act, which is summarized below, or any other applicable exemption under the Securities Act, or pursuant to a registration statement that is effective under the Securities Act. Immediately following the consummation of this offering, the holders of approximately _____ shares of our non-economic Class B common stock (on an assumed as-exchanged basis) and the holders of approximately _____ shares of our non-economic Class C common stock (on an assumed as-exchanged basis) will be entitled to dispose of their shares following the expiration of an initial 180-day underwriter “lock-up” period pursuant to the holding period, volume and other restrictions of Rule 144. J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC, as representatives of the underwriters, are entitled to waive these lock-up provisions at their discretion prior to the expiration dates of such lock-up agreements.

Rule 144

In general, a person who has beneficially owned restricted shares of our common stock for at least six months would be entitled to sell such securities, provided that (i) such person is not deemed to have been one of our affiliates at the time of, or at any time during the 90 days preceding, the sale and (ii) we are subject to the Exchange Act periodic reporting requirements for at least 90 days before the sale. Persons who have beneficially owned restricted shares of our common stock for at least six months but who are our affiliates at the time of, or any time during the 90 days preceding, the sale, would be subject to additional restrictions, by which such person would be entitled to sell within any three-month period only a number of securities that does not exceed the greater of the following:

- 1% of the number of shares of our Class A common stock then outstanding, which will equal approximately _____ shares immediately after this offering (or approximately _____ shares if the underwriters exercise their purchase option in full); or
- the average weekly trading volume of our common stock on Nasdaq during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale;

provided, in each case, that we are subject to the Exchange Act periodic reporting requirements for at least 90 days before the sale. Such sales both by affiliates and by non-affiliates must also comply with the manner of sale and notice provisions of Rule 144 to the extent applicable.

Lock-up agreements

Our executive officers, directors, and our significant stockholders have agreed that, for a period of 180 days from the date of this prospectus, they will not, without the prior written consent of the representatives of the underwriters, dispose of or hedge any shares of our common stock or any securities convertible into or exchangeable for our common stock (including LLC Units) subject to certain exceptions (including dispositions in connection with the reorganization transactions). See “Underwriting.” In addition, participants in the directed share program described under “Underwriting” will be subject to similar restrictions during the 180-day period beginning on the date of this prospectus, except with the prior written consent of J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC.

Immediately following the consummation of this offering, stockholders subject to lock-up agreements will hold _____ shares of our Class A common stock (assuming the Pre-IPO LLC Members redeem or exchange all their non-economic Class B common stock, non-economic Class C common stock and LLC Units for shares of our Class A common stock), representing approximately _____ % of our then-outstanding shares of Class A common stock (or _____ shares of Class A common stock, representing approximately _____ % of our then-outstanding shares of Class A common stock if the underwriters exercise their option to purchase additional shares of Class A common stock in full and giving effect to the use of the net proceeds therefrom).

We have agreed, subject to certain exceptions, not to issue, sell or otherwise dispose of any shares of our Class A common stock or any securities convertible into or exchangeable for our Class A common stock (including LLC Units) during the 180-day period following the date of this prospectus.

Registration rights

Our Registration Rights Agreement grants registration rights to the Pre-IPO LLC Members. See “Certain relationships and related party transactions—Registration rights agreement.”

UNDERWRITING

We are offering the shares of Class A common stock described in this prospectus through a number of underwriters. J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC are acting as joint book-running managers of the offering and as representatives of the underwriters. We have entered into an underwriting agreement with the underwriters. Subject to the terms and conditions of the underwriting agreement, we have agreed to sell to the underwriters, and each underwriter has severally agreed to purchase, at the initial public offering price less the underwriting discounts and commissions set forth on the cover page of this prospectus, the number of shares of Class A common stock listed next to its name in the following table:

Name	Number of Shares
J.P. Morgan Securities LLC	
Morgan Stanley & Co. LLC	
BMO Capital Markets Corp.	
Piper Sandler & Co.	
Total	

The underwriters are committed to purchase all the shares of Class A common stock offered by us if they purchase any shares. The underwriting agreement also provides that if an underwriter defaults, the purchase commitments of non-defaulting underwriters may also be increased or the offering may be terminated. The offering of the shares of Class A common stock by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

The underwriters propose to offer the shares of Class A common stock directly to the public at the initial public offering price set forth on the cover page of this prospectus and to certain dealers at that price less a concession not in excess of \$ _____ per share. Any such dealers may resell shares to certain other brokers or dealers at a discount of up to \$ _____ per share from the initial public offering price. After the initial offering of the shares to the public, if all of the shares of Class A common stock are not sold at the initial public offering price, the underwriters may change the offering price and the other selling terms. Sales of any shares made outside of the United States may be made by affiliates of the underwriters.

The underwriters have an option to buy up to _____ additional shares of Class A common stock from us to cover sales of shares by the underwriters which exceed the number of shares specified in the table above. The underwriters have 30 days from the date of this prospectus to exercise this option to purchase additional shares. If any shares are purchased with this option to purchase additional shares, the underwriters will purchase shares in approximately the same proportion as shown in the table above. If any additional shares of Class A common stock are purchased, the underwriters will offer the additional shares on the same terms as those on which the shares are being offered.

The underwriting fee is equal to the initial public offering price per share of Class A common stock less the amount paid by the underwriters to us per share of Class A common stock. The underwriting fee is \$ _____ per share. The following table shows the per share and total underwriting discounts and commissions to be

paid to the underwriters assuming both no exercise and full exercise of the underwriters' option to purchase additional shares.

	No exercise of underwriters' option to purchase additional shares	Full exercise of underwriters' option to purchase additional shares
Per Share	\$	\$
Total	\$	\$

We estimate that the total expenses of this offering, including registration, filing and listing fees, printing fees and legal and accounting expenses, but excluding the underwriting discounts and commissions, will be approximately \$. We have also agreed to reimburse the underwriters for certain expenses relating to clearance of this offering with the Financial Industry Regulatory Authority in an amount up to \$.

Directed Share Program

At our request, the underwriters have reserved up to shares of Class A common stock, or % of the shares of Class A common stock to be offered by this prospectus for sale, at the initial public offering price, through a directed share program for directors, officers certain employees and certain agents associated with our Branches. We will offer these shares to the extent permitted under applicable regulations in the United States. Pursuant to the underwriting agreement we have entered into with the underwriters, the sales will be made by Morgan Stanley & Co. LLC through a directed share program. We do not know if these persons will choose to purchase all or any portion of these reserved shares, but any purchases they do make will reduce the number of shares of Class A common stock available for sale to the general public. Any reserved shares that are not so purchased will be offered by the underwriters to the general public on the same terms as the other shares of Class A common stock offered by this prospectus. Any of our directors, officers and other stockholders that have entered into lock-up agreements with the underwriters prior to the commencement of this offering and buy shares of Class A common stock through the directed share program will be subject to a 180-day lock-up period with respect to such shares. See "Underwriting." We agreed to indemnify Morgan Stanley & Co. LLC in connection with the directed share program, including for the failure of any participant to pay for its shares. Other than the underwriting discount described on the front cover of this prospectus, the underwriters will not be entitled to any commission with respect to shares of Class A common stock sold pursuant to the directed share program.

A prospectus in electronic format may be made available on the web sites maintained by one or more underwriters, or selling group members, if any, participating in the offering. The underwriters may agree to allocate a number of shares to underwriters and selling group members for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters and selling group members that may make internet distributions on the same basis as other allocations.

We have agreed that we will not (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, or submit to, or file with, the Securities and Exchange Commission a registration statement under the Securities Act relating to, any shares of our Class A common stock or Class B common stock (the "common stock"), or any options, rights or warrants to purchase any shares of common stock or any securities convertible into or exercisable or exchangeable for, or that represent the right to receive, common stock, including limited liability company interests in the LLC convertible or exercisable or exchangeable for or that represent the right to receive common stock, or publicly disclose the intention to undertake any of the foregoing (other than filings on Form S-8 relating to our stock plans), or (ii) enter into any swap or other arrangement that transfers all or a portion of the economic consequences associated with the ownership of any shares of common stock or any such other securities (regardless of whether any of these transactions are to be settled by the delivery of shares of common stock

or such other securities, in cash or otherwise), in each case without the prior written consent of J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC for a period of 180 days after the date of this prospectus, other than (i) the shares of our Class A common stock to be sold in this offering, (ii) any shares of common stock, options or other awards issued pursuant to our or TWFG Holding Company, LLC's existing equity incentive plans, (iii) any shares of common stock otherwise issued in connection with the reorganization transactions described herein and (iv) shares of common stock issued pursuant to the terms of the TWFG LLC Agreement.

Our directors and executive officers and certain of our stockholders (such persons or entities, the "lock-up parties") have entered into lock-up agreements with the underwriters prior to the commencement of this offering pursuant to which each lock-up party, with limited exceptions, for a period of 180 days after the date of this prospectus (such period, the "restricted period"), may not (and may not cause any of their direct or indirect affiliates to), without the prior written consent of J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC, or pursuant to certain limited exceptions, (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any shares of our common stock or any securities convertible into or exercisable or exchangeable for our common stock (including, without limitation, common stock or such other securities which may be deemed to be beneficially owned by such lock-up parties in accordance with the rules and regulations of the SEC and securities which may be issued upon exercise of a stock option or warrant (collectively with the common stock, the "lock-up securities")), (2) enter into any hedging, swap or other agreement or transaction that transfers, in whole or in part, any of the economic consequences of ownership of the lock-up securities, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of lock-up securities, in cash or otherwise, (3) make any demand for, or exercise any right with respect to, the registration of any lock-up securities, or (4) publicly disclose the intention to do any of the foregoing.

The restrictions described in the immediately preceding paragraph and contained in the lock-up agreements between the underwriters and the lock-up parties do not apply, subject in certain cases to various conditions, to certain transactions, including (a) transfers of lock-up securities: (i) as bona fide gifts, or for bona fide estate planning purposes, (ii) to any immediate family member of the lock-up party, (iii) by will or intestacy, (iv) to any trust for the direct or indirect benefit of the lock-up party or any immediate family member, (v) to a partnership, limited liability company or other entity of which the lock-up party and its immediate family members are the legal and beneficial owner of all of the outstanding equity securities or similar interests, (vi) to a nominee or custodian of a person or entity to whom a disposition or transfer would be permissible under clauses (i) through (v), (vii) in the case of a corporation, partnership, limited liability company, trust or other business entity, (A) to another corporation, partnership, limited liability company, trust or other business entity that is an affiliate of the lock-up party, or to any investment fund or other entity controlling, controlled by, managing or managed by or under common control with the lock-up party or its affiliates or (B) as part of a distribution to members or stockholders of the lock-up party; (viii) by operation of law, (ix) to us from an employee upon death, disability or termination of employment of such employee, (x) as part of a sale of lock-up securities acquired in open market transactions after the completion of this offering, (xi) to us in connection with the vesting, settlement or exercise of restricted stock units, options, warrants or other rights to purchase shares of our common stock (including "net" or "cashless" exercise), including for the payment of exercise price and tax and remittance payments, (xii) pursuant to a bona fide third-party tender offer, merger, consolidation or other similar transaction approved by our board of directors and made to all stockholders involving a change in control, provided that if such transaction is not completed, all such lock-up securities would remain subject to the restrictions in the immediately preceding paragraph, or (xiii) (A) transfers, conversions, reclassifications, redemptions or exchanges pursuant to the reorganization transactions described herein and (B) redemptions or exchanges of any of the lock-up parties' lock-up securities pursuant to the terms of the TWFG LLC Agreement, provided that in the case of each of clauses (A) and (B), any shares of Class A common stock or securities convertible or exercisable into shares of Class A common stock received in connection with such transfer, conversion, reclassification, redemption or exchange remain subject to the restrictions in the immediately preceding paragraph; (b) exercise of the options, settlement of RSUs or other equity awards, or the exercise of warrants granted pursuant to plans described in this prospectus, provided that any lock-up securities received upon such exercise, vesting or settlement would be

subject to restrictions similar to those in the immediately preceding paragraph; (c) the conversion of outstanding preferred stock, warrants to acquire preferred stock, or convertible securities into shares of our common stock or warrants to acquire shares of our common stock, provided that any common stock or warrant received upon such conversion would be subject to restrictions similar to those in the immediately preceding paragraph; and (d) the establishment by lock-up parties of trading plans under Rule 10b5-1 under the Exchange Act, provided that such plan does not provide for the transfer of lock-up securities during the restricted period.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933.

We have applied to have our Class A common stock approved for listing/quotation on Nasdaq under the symbol "TWFG."

In connection with this offering, the underwriters may engage in stabilizing transactions, which involves making bids for, purchasing and selling shares of Class A common stock in the open market for the purpose of preventing or retarding a decline in the market price of the Class A common stock while this offering is in progress. These stabilizing transactions may include making short sales of Class A common stock, which involves the sale by the underwriters of a greater number of shares of Class A common stock than they are required to purchase in this offering, and purchasing shares of Class A common stock on the open market to cover positions created by short sales. Short sales may be "covered" shorts, which are short positions in an amount not greater than the underwriters' option to purchase additional shares of Class A common stock referred to above, or may be "naked" shorts, which are short positions in excess of that amount. The underwriters may close out any covered short position either by exercising their option to purchase additional shares of Class A common stock, in whole or in part, or by purchasing shares of Class A common stock in the open market. In making this determination, the underwriters will consider, among other things, the price of shares of Class A common stock available for purchase in the open market compared to the price at which the underwriters may purchase shares of Class A common stock through the option to purchase additional shares of Class A common stock. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the Class A common stock in the open market that could adversely affect investors who purchase in this offering. To the extent that the underwriters create a naked short position, they will purchase shares of Class A common stock in the open market to cover the position.

The underwriters have advised us that, pursuant to Regulation M of the Securities Act of 1933, they may also engage in other activities that stabilize, maintain or otherwise affect the price of the Class A common stock, including the imposition of penalty bids. This means that if the representatives of the underwriters purchase common stock in the open market in stabilizing transactions or to cover short sales, the representatives can require the underwriters that sold those shares of Class A common stock as part of this offering to repay the underwriting discounts and commissions received by them.

These activities may have the effect of raising or maintaining the market price of the Class A common stock or preventing or retarding a decline in the market price of the Class A common stock, and, as a result, the price of the Class A common stock may be higher than the price that otherwise might exist in the open market. If the underwriters commence these activities, they may discontinue them at any time. The underwriters may carry out these transactions on Nasdaq, in the over-the-counter market or otherwise.

Prior to this offering, there has been no public market for our Class A common stock. The initial public offering price will be determined by negotiations between us and the representatives of the underwriters. In determining the initial public offering price, we and the representatives of the underwriters expect to consider a number of factors including:

- the information set forth in this prospectus and otherwise available to the representatives;
- our prospects and the history and prospects for the industry in which we compete;
- an assessment of our management;

- our prospects for future earnings;
- the general condition of the securities markets at the time of this offering;
- the recent market prices of, and demand for, publicly traded common stock of generally comparable companies; and
- other factors deemed relevant by the underwriters and us.

Neither we nor the underwriters can assure investors that an active trading market will develop for shares of Class A common stock, or that the shares of Class A common stock will trade in the public market at or above the initial public offering price.

Other than in the United States, no action has been taken by us or the underwriters that would permit a public offering of the securities offered by this prospectus in any jurisdiction where action for that purpose is required. The securities offered by this prospectus may not be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sale of any such securities be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus comes are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

Other Relationships

Certain of the underwriters and their affiliates have provided in the past to us and our affiliates and may provide from time to time in the future certain commercial banking, financial advisory, investment banking and other services for us and such affiliates in the ordinary course of their business, for which they have received and may continue to receive customary fees and commissions. In addition, from time to time, certain of the underwriters and their affiliates may effect transactions for their own account or the account of clients, and hold on behalf of themselves or their clients, long or short positions in our debt or equity securities or loans, and may do so in the future.

Selling Restrictions

General

Other than in the United States, no action has been taken by us or the underwriters that would permit a public offering of the securities offered by this prospectus in any jurisdiction where action for that purpose is required. The securities offered by this prospectus may not be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sale of any such securities be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus comes are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

Notice to Prospective Investors in Canada

The shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Notice to Prospective Investors in European Economic Area

In relation to each Member State of the European Economic Area, each a "Relevant State," no shares have been offered or will be offered pursuant to the offering to the public in that Relevant State prior to the publication of a prospectus in relation to the shares which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that the shares may be offered to the public in that Relevant State at any time:

- (a) to any legal entity which is a qualified investor as defined under Article 2 of the Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the Prospectus Regulation), subject to obtaining the prior consent of the underwriters; or
- (c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of the shares shall require us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation. Each person who initially acquires any shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with each of the underwriters and us that it is a "qualified investor" within the meaning of Article 2(e) of the Prospectus Regulation. In the case of any shares being offered to a financial intermediary as that term is used in the Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the shares acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any shares to the public other than their offer or resale in a Relevant State to qualified investors as so defined or in circumstances in which the prior consent of the underwriters have been obtained to each such proposed offer or resale.

For the purposes of this provision, the expression an "offer to the public" in relation to the shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares to be offered so as to enable an investor to decide to purchase or subscribe for any shares, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

Notice to Prospective Investors in United Kingdom

No shares have been offered or will be offered pursuant to the offering to the public in the United Kingdom prior to the publication of a prospectus in relation to the shares which either (i) has been approved by the Financial Conduct Authority or (ii) is to be treated as if it had been approved by the Financial Conduct Authority in accordance with the transitional provisions in Article 74 (transitional provisions) of the Prospectus (Amendment etc.) (EU Exit) Regulations 2019/1234, except that the share may be offered to the public in the United Kingdom at any time:

- (a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;

- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of representatives for any such offer; or
- (c) in any other circumstances falling within Section 86 of the FSMA,

provided that no such offer of the shares shall require us or any representative to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an “offer to the public” in relation to the shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any shares to be offered so as to enable an investor to decide to purchase or subscribe for any shares and the expression “UK Prospectus Regulation” means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are “qualified investors” (as defined in the Prospectus Regulation) (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Order”) and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “relevant persons”) or otherwise in circumstances which have not resulted and will not result in an offer to the public of the shares in the United Kingdom within the meaning of the Financial Services and Markets Act 2000. Any person in the United Kingdom that is not a relevant person should not act or rely on the information included in this document or use it as basis for taking any action. In the United Kingdom, any investment or investment activity that this document relates to may be made or taken exclusively by relevant persons.

Notice to Prospective Investors in Switzerland

The shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange, or the SIX, or on any other stock exchange or regulated trading facility in Switzerland. This prospectus does not constitute a prospectus within the meaning of, and has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this prospectus nor any other offering or marketing material relating to the shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this prospectus nor any other offering or marketing material relating to the offering, us or the shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this prospectus will not be filed with, and the offer of shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA, or FINMA, and the offer of shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes, CISA. The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of shares.

Notice to Prospective Investors in Australia

This prospectus:

- does not constitute a disclosure document or a prospectus under Chapter 6D.2 of the Corporations Act 2001 (Cth), or the Corporations Act;
- has not been, and will not be, lodged with the Australian Securities and Investments Commission, or the ASIC, as a disclosure document for the purposes of the Corporations Act and does not purport to include the information required of a disclosure document for the purposes of the Corporations Act; and

- may only be provided in Australia to select investors who are able to demonstrate that they fall within one or more of the categories of investors, available under section 708 of the Corporations Act, or the Exempt Investors.

The shares may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for or buy the shares may be issued, and no draft or definitive offering memorandum, advertisement or other offering material relating to any shares may be distributed in Australia, except where disclosure to investors is not required under Chapter 6D of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the shares, you represent and warrant to us that you are an Exempt Investor.

As any offer of shares under this prospectus will be made without disclosure in Australia under Chapter 6D.2 of the Corporations Act, the offer of those securities for resale in Australia within 12 months may, under section 707 of the Corporations Act, require disclosure to investors under Chapter 6D.2 if none of the exemptions in section 708 applies to that resale. By applying for the shares you undertake to us that you will not, for a period of 12 months from the date of issue of the shares, offer, transfer, assign or otherwise alienate those shares to investors in Australia except in circumstances where disclosure to investors is not required under Chapter 6D.2 of the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

Notice to Prospective Investors in Japan

The shares have not been and will not be registered pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Act, or the FIEA. Accordingly, none of the shares nor any interest therein may be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any “resident” of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to or for the benefit of a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan in effect at the relevant time.

Notice to Prospective Investors in Hong Kong

The shares have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), or the SFO, of Hong Kong and any rules made under the SFO; or (b) in other circumstances which do not result in this prospectus being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, or the CO, or which do not constitute an offer to the public within the meaning of the CO. No advertisement, invitation or document relating to the shares has been or may be issued or has been or may be in the possession of any person for the purposes of issuance, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

Notice to Prospective Investors in Singapore

Singapore SFA Product Classification—In connection with Section 309B of the SFA and the CMP Regulations 2018, unless otherwise specified before an offer of shares, we have determined, and hereby notify all relevant persons (as defined in Section 309A(1) of the SFA), that the shares are “prescribed capital markets products” (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or

invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than:

- (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time, or the SFA) pursuant to Section 274 of the SFA;
- (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or
- (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the shares pursuant to an offer made under Section 275 of the SFA except:
 - i. to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i) (B) of the SFA;
 - ii. where no consideration is or will be given for the transfer;
 - iii. where the transfer is by operation of law;
 - iv. as specified in Section 276(7) of the SFA; or
 - v. as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Notice to Prospective Investors in China

This prospectus will not be circulated or distributed in the People's Republic of China ("PRC") and the shares will not be offered or sold, and will not be offered or sold to any person for re-offering or resale directly or indirectly to any residents of the PRC except pursuant to any applicable laws and regulations of the PRC. Neither this prospectus nor any advertisement or other offering material may be distributed or published in the PRC, except under circumstances that will result in compliance with applicable laws and regulations.

Notice to Prospective Investors in Korea

The shares have not been and will not be registered under the Financial Investments Services and Capital Markets Act of Korea and the decrees and regulations thereunder, or the FSCMA, and the shares have been and will be offered in Korea as a private placement under the FSCMA. None of the shares may be offered, sold or delivered directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to the applicable laws and regulations of Korea, including the FSCMA and the Foreign Exchange Transaction Law of Korea and the decrees and regulations thereunder, or the FETL. Furthermore, the purchaser of the shares shall comply with all applicable regulatory requirements (including but not limited to requirements under the FETL) in connection with the purchase of the shares. By the purchase of the shares, the relevant holder thereof will be deemed to

represent and warrant that if it is in Korea or is a resident of Korea, it purchased the shares pursuant to the applicable laws and regulations of Korea.

Notice to Prospective Investors in Taiwan

The shares have not been and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be sold, issued or offered within Taiwan through a public offering or in circumstances which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorized to offer, sell, give advice regarding or otherwise intermediate the offering and sale of the shares in Taiwan.

Notice to Prospective Investors in Saudi Arabia

This prospectus may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations as issued by the board of the Saudi Arabian Capital Market Authority, or the CMA, pursuant to resolution number 2-11-2004 dated 4 October 2004 as amended by resolution number 1-28-2008, as amended, or the CMA Regulations. The CMA does not make any representation as to the accuracy or completeness of this prospectus and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this prospectus. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this prospectus, you should consult an authorized financial adviser.

Notice to Prospective Investors in the Dubai International Financial Centre

This prospectus relates to an Exempt Offer in accordance with the Markets Rules 2012 of the Dubai Financial Services Authority, or the DFSA. This prospectus is intended for distribution only to persons of a type specified in the Markets Rules 2012 of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus supplement nor taken steps to verify the information set forth herein and has no responsibility for this prospectus. The securities to which this prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If you do not understand the contents of this prospectus you should consult an authorized financial advisor.

In relation to its use in the Dubai International Financial Centre, or the DIFC, this prospectus is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the securities may not be offered or sold directly or indirectly to the public in the DIFC.

Notice to Prospective Investors in the United Arab Emirates

The shares have not been, and are not being, publicly offered, sold, promoted or advertised in the United Arab Emirates (including the DIFC) other than in compliance with the laws of the United Arab Emirates (and the DIFC) governing the issue, offering and sale of securities. Further, this prospectus does not constitute a public offer of securities in the United Arab Emirates (including the DIFC) and is not intended to be a public offer. This prospectus has not been approved by or filed with the Central Bank of the United Arab Emirates, the Securities and Commodities Authority or the DFSA.

Notice to Prospective Investors in Bermuda

Shares may be offered or sold in Bermuda only in compliance with the provisions of the Investment Business Act of 2003 of Bermuda which regulates the sale of securities in Bermuda. Additionally, non-Bermudian persons (including companies) may not carry on or engage in any trade or business in Bermuda unless such persons are permitted to do so under applicable Bermuda **legislation**.

Notice to Prospective Investors in the British Virgin Islands

The shares are not being, and may not be offered to the public or to any person in the British Virgin Islands for purchase or subscription by or on behalf of the us. The shares may be offered to companies incorporated under the BVI Business Companies Act, 2004 (British Virgin Islands), or the BVI Companies, but only where the offer will be made to, and received by, the relevant BVI Company entirely outside of the British Virgin Islands.

Notice to Prospective Investors in South Africa

Due to restrictions under the securities laws of South Africa, the shares are not offered, and the offer shall not be transferred, sold, renounced or delivered, in South Africa or to a person with an address in South Africa, unless one or other of the following exemptions applies:

Section 96 (1) (a) the offer, transfer, sale, renunciation or delivery is to:

- i. persons whose ordinary business, or part of whose ordinary business, is to deal in securities, as principal or agent;
- ii. the South African Public Investment Corporation;
- iii. persons or entities regulated by the Reserve Bank of South Africa;
- iv. authorised financial service providers under South African law;
- v. financial institutions recognised as such under South African law;
- vi. a wholly owned subsidiary of any person or entity contemplated in (iii), (iv) or (v), acting as agent in the capacity of an authorised portfolio manager for a pension fund, or as manager for a collective investment scheme (in each case duly registered as such under South African law); or
- vii. any combination of the person in (i) to (vi); or

Section 96 (1) (b) the total contemplated acquisition cost of the securities, for any single addressee acting as principal is equal to or greater than ZAR 1,000,000 or such higher amount as may be promulgated by notice in the Government Gazette of South Africa pursuant to section 96(2)(a) of the South African Companies Act.

Information made available in this prospectus should not be considered as “advice” as defined in the South African Financial Advisory and Intermediary Services Act, 2002.

Notice to Prospective Investors in Israel

This prospectus does not constitute a prospectus under the Israeli Securities Law, 5728-1968, or the Israeli Securities Law, and has not been filed with or approved by the Israel Securities Authority. In Israel, this prospectus is being distributed only to, and is directed only at, and any offer of the shares is directed only at, (i) a limited number of persons in accordance with the Israeli Securities Law and (ii) investors listed in the first addendum, or the Addendum, to the Israeli Securities Law, consisting primarily of joint investment in trust funds, provident funds, insurance carriers, banks, portfolio managers, investment advisors, members of the Tel Aviv Stock Exchange, underwriters, venture capital funds, entities with equity in excess of NIS 50 million and “qualified individuals,” each as defined in the Addendum (as it may be amended from time to time), or, collectively referred to as qualified investors (in each case, purchasing for their own account or, where permitted under the Addendum, for the accounts of their clients who are investors listed in the Addendum). Qualified investors are required to submit written confirmation that they fall within the scope of the Addendum, are aware of the meaning of same and agree to it.

Notice to Prospective Investors in Italy

The offering of the shares has not been registered pursuant to Italian securities legislation and, accordingly, no shares may be offered or sold in the Republic of Italy in a solicitation to the public, and sales of the shares

in the Republic of Italy shall be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulation.

No offer, sale or delivery of the shares or distribution of copies of any document relating to the shares will be made in the Republic of Italy except: (a) to "Professional Investors," as defined in Article 31.2 of Regulation No. 11522 of 1 July 1998 of the *Commissione Nazionale per la Società e la Borsa*, or the CONSOB, as amended, or CONSOB Regulation No. 11522, pursuant to Article 30.2 and 100 of Legislative Decree No. 58 of 24 February 1998, as amended, or the Italian Financial Act; or (b) in any other circumstances where an express exemption from compliance with the solicitation restrictions applies, as provided under the Italian Financial Act or Regulation No. 11971 of 14 May 1999, as amended.

Any such offer, sale or delivery of the shares or any document relating to the shares in the Republic of Italy must be: (1) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 385 of 1 September 1993 as amended, the Italian Financial Act, CONSOB Regulation No. 11522 and any other applicable laws and regulations; and (2) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

Investors should also note that, in any subsequent distribution of the shares in the Republic of Italy, Article 100-bis of the Italian Financial Act may require compliance with the law relating to public offers of securities. Furthermore, where the shares are placed solely with professional investors and are then systematically resold on the secondary market at any time in the 12 months following such placing, purchasers of shares who are acting outside of the course of their business or profession may in certain circumstances be entitled to declare such purchase void and to claim damages from any authorized person at whose premises the shares were purchased, unless an exemption provided for under the Italian Financial Act applies.

Notice to Prospective Investors in Monaco

The shares may not be offered or sold, directly or indirectly, to the public in Monaco other than by a Monaco Bank or a duly authorized Monegasque intermediary acting as a professional institutional investor which has such knowledge and experience in financial and business matters as to be capable of evaluating the risks and merits of an investment in the Fund. Consequently, this prospectus may only be communicated to (i) banks, and (ii) portfolio management companies duly licensed by the "Commission de Contrôle des Activités Financières" by virtue of Law n° 1.338, of September 7, 2007, and authorized under Law n° 1.144 of July 26, 1991. Such regulated intermediaries may in turn communicate this document to potential investors.

Notice to Prospective Investors in New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMA Act"). The shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Notice to Prospective Investors in Malaysia

No prospectus or other offering material or document in connection with the offer and sale of the shares has been or will be registered with the Securities Commission of Malaysia ("Commission") for the Commission's approval pursuant to the Capital Markets and Services Act 2007. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the

shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Malaysia other than (i) a closed end fund approved by the Commission; (ii) a holder of a Capital Markets Services Licence; (iii) a person who acquires the shares, as principal, if the offer is on terms that the shares may only be acquired at a consideration of not less than RM250,000 (or its equivalent in foreign currencies) for each transaction; (iv) an individual whose total net personal assets or total net joint assets with his or her spouse exceeds RM3 million (or its equivalent in foreign currencies), excluding the value of the primary residence of the individual; (v) an individual who has a gross annual income exceeding RM300,000 (or its equivalent in foreign currencies) per annum in the preceding twelve months; (vi) an individual who, jointly with his or her spouse, has a gross annual income of RM400,000 (or its equivalent in foreign currencies), per annum in the preceding twelve months; (vii) a corporation with total net assets exceeding RM10 million (or its equivalent in a foreign currencies) based on the last audited accounts; (viii) a partnership with total net assets exceeding RM10 million (or its equivalent in foreign currencies); (ix) a bank licensee or insurance licensee as defined in the Labuan Financial Services and Securities Act 2010; (x) an Islamic bank licensee or takaful licensee as defined in the Labuan Financial Services and Securities Act 2010; and (xi) any other person as may be specified by the Commission; provided that, in each of the preceding categories (i) to (xi), the distribution of the shares is made by a holder of a Capital Markets Services Licence who carries on the business of dealing in securities. The distribution in Malaysia of this prospectus is subject to Malaysian laws. This prospectus does not constitute and may not be used for the purpose of public offering or an issue, offer for subscription or purchase, invitation to subscribe for or purchase any securities requiring the registration of a prospectus with the Commission under the Capital Markets and Services Act 2007.

Notice to Prospective Investors in Qatar

The shares described in this prospectus have not been, and will not be, offered, sold or delivered, at any time, directly or indirectly in the State of Qatar in a manner that would constitute a public offering. This prospectus has not been, and will not be, registered with or approved by the Qatar Financial Markets Authority or Qatar Central Bank and may not be publicly distributed. This prospectus is intended for the original recipient only and must not be provided to any other person. It is not for general circulation in the State of Qatar and may not be reproduced or used for any other purpose.

Notice to Prospective Investors in Bahamas

Shares may not be offered or sold in The Bahamas via a public offer. Shares may not be offered or sold or otherwise disposed of in any way to any person(s) deemed "resident" for exchange control purposes by the Central Bank of The Bahamas.

Notice to Prospective Investors in Chile

THESE SHARES ARE PRIVATELY OFFERED IN CHILE PURSUANT TO THE PROVISIONS OF LAW 18,045, THE SECURITIES MARKET LAW OF CHILE, AND NORMA DE CARÁCTER GENERAL NO. 336 ("RULE 336"), DATED JUNE 27, 2012, ISSUED BY THE SUPERINTENDENCIA DE VALORES Y SEGUROS DE CHILE ("SVS"), THE SECURITIES REGULATOR OF CHILE, TO RESIDENT QUALIFIED INVESTORS THAT ARE LISTED IN RULE 336 AND FURTHER DEFINED IN RULE 216 OF JUNE 12, 2008 ISSUED BY THE SVS.

PURSUANT TO RULE 336 THE FOLLOWING INFORMATION IS PROVIDED IN CHILE TO PROSPECTIVE RESIDENT INVESTORS IN THE OFFERED SECURITIES:

1. THE INITIATION OF THE OFFER IN CHILE IS
2. THE OFFER IS SUBJECT TO NCG 336 OF JUNE 27, 2012 ISSUED BY THE SUPERINTENDENCIA DE VALORES Y SEGUROS DE CHILE (SUPERINTENDENCY OF SECURITIES AND INSURANCE OF CHILE).

3. THE OFFER REFERS TO SECURITIES THAT ARE NOT REGISTERED IN THE REGISTRO DE VALORES (SECURITIES REGISTRY) OR THE REGISTRO DE VALORES EXTRANJEROS (FOREIGN SECURITIES REGISTRY) OF THE SVS AND THEREFORE:
 - a. THE SECURITIES ARE NOT SUBJECT TO THE OVERSIGHT OF THE SVS; AND
 - b. THE ISSUER THEREOF IS NOT SUBJECT TO REPORTING OBLIGATION WITH RESPECT TO ITSELF OR THE OFFERED SECURITIES.
4. THE SECURITIES MAY NOT BE PUBLICLY OFFERED IN CHILE UNLESS AND UNTIL THEY ARE REGISTERED IN THE SECURITIES REGISTRY OF THE SVS.

INFORMACIÓN A LOS INVERSIONISTAS RESIDENTES EN CHILE

LOS VALORES OBJETO DE ESTA OFERTA SE OFRECEN PRIVADAMENTE EN CHILE DE CONFORMIDAD CON LAS DISPOSICIONES DE LA LEY N° 18.045 DE MERCADO DE VALORES, Y LA NORMA DE CARÁCTER GENERAL N° 336 DE 27 DE JUNIO DE 2012 ("NCG 336") EMITIDA POR LA SUPERINTENDENCIA DE VALORES Y SEGUROS DE CHILE, A LOS "INVERSIONISTAS CALIFICADOS" QUE ENUMERA LA NCG 336 Y QUE SE DEFINEN EN LA NORMA DE CARÁCTER GENERAL N° 216 DE 12 DE JUNIO DE 2008 EMITIDA POR LA MISMA SUPERINTENDENCIA.

EN CUMPLIMIENTO DE LA NCG 336, LA SIGUIENTE INFORMACIÓN SE PROPORCIONA A LOS POTENCIALES INVERSIONISTAS RESIDENTES EN CHILE:

1. LA OFERTA DE ESTOS VALORES EN CHILE COMIENZA EL DÍA DE DE .
2. LA OFERTA SE ENCUENTRA ACOGIDA A LA NCG 336 DE FECHA ECHA 27 DE JUNIO DE 2012 EMITIDA POR LA SUPERINTENDENCIA DE VALORES Y SEGUROS.
3. LA OFERTA VERSA SOBRE VALORES QUE NO SE ENCUENTRAN INSCRITOS EN EL REGISTRO DE VALORES NI EN EL REGISTRO DE VALORES EXTRANJEROS QUE LLEVA LA SUPERINTENDENCIA DE VALORES Y SEGUROS, POR LO QUE:
 - a. LOS VALORES NO ESTÁN SUJETOS A LA FISCALIZACIÓN DE ESA SUPERINTENDENCIA; Y
 - b. EL EMISOR DE LOS VALORES NO ESTÁ SUJETO A LA OBLIGACIÓN DE ENTREGAR INFORMACIÓN PÚBLICA SOBRE LOS VALORES OFRECIDOS NI SU EMISOR.
4. LOS VALORES PRIVADAMENTE OFRECIDOS NO PODRÁN SER OBJETO DE OFERTA PÚBLICA EN CHILE MIENTRAS NO SEAN INSCRITOS EN EL REGISTRO DE VALORES CORRESPONDIENTE.

LEGAL MATTERS

The validity of the issuance of the shares of Class A common stock offered hereby will be passed upon for TWFG, Inc. by Akin Gump Strauss Hauer & Feld LLP, Houston, Texas. Davis Polk & Wardwell LLP, New York, New York, is representing the underwriters in this offering.

EXPERTS

The financial statements of TWFG Holding Company, LLC as of December 31, 2023 and 2022, and for the years then ended, included in this prospectus, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report. Such financial statements are included in reliance upon the report of such firm given their authority as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the Class A common stock offered hereby. This prospectus does not contain all of the information set forth in the registration statement and the exhibits and schedules thereto. For further information with respect to the Company and its Class A common stock, reference is made to the registration statement and the exhibits and any schedules filed therewith. Statements contained in this prospectus as to the contents of any contract or other document referred to are not necessarily complete and in each instance, if such contract or document is filed as an exhibit, reference is made to the copy of such contract or other document filed as an exhibit to the registration statement, each statement being qualified in all respects by such reference. A copy of the registration statement, including the exhibits and schedules thereto, may be read and copied at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet site at www.sec.gov, from which interested persons can electronically access the registration statement, including the exhibits and any schedules thereto.

As a result of the offering, we will be required to file periodic reports and other information with the SEC. We also maintain a website at twfg.com. Our website and the information contained therein or connected thereto shall not be deemed to be incorporated into this prospectus or the registration statement of which it forms a part.

Index to Consolidated Financial Statements

	<u>Page</u>
TWFG Holding Company, LLC Audited Consolidated Financial Statements	
Report of Independent Registered Public Accounting Firm	F-2
Consolidated Statements of Operations for the years ended December 31, 2023 and 2022	F-3
Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2023 and 2022	F-4
Consolidated Statements of Financial Position as of December 31, 2023 and 2022	F-5
Consolidated Statements of Member's Equity for the years ended December 31, 2023 and 2022	F-6
Consolidated Statements of Cash Flows for the years ended December 31, 2023 and 2022	F-7
Notes to the Consolidated Financial Statements	F-9
TWFG Holding Company, LLC Consolidated Financial Statements (Unaudited)	
Consolidated Statement of Operations for the three months ended March 31, 2024 and 2023	F-28
Consolidated Statement of Comprehensive Income (Loss) for the three months ended March 31, 2024 and 2023	F-29
Consolidated Statement of Financial Position as of March 31, 2024 and December 31, 2023	F-30
Consolidated Statement of Members' Equity for the three months ended March 31, 2024 and 2023	F-31
Consolidated Statement of Cash Flows for the three months ended March 31, 2024 and 2023	F-32
Notes to the Consolidated Financial Statements	F-34

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of TWFG Holding Company, LLC and Subsidiaries

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of TWFG Holding Company, LLC and subsidiaries (the "Company") as of December 31, 2023 and 2022, the related consolidated statements of operations, comprehensive income (loss), members' equity and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Deloitte & Touche LLP

Houston, Texas

April 12, 2024

We have served as the Company's auditor since 2018.

TWFG Holding Company, LLC

Consolidated Statements of Operations

(Amounts in thousands, except units and per unit data)

	Year Ended December 31,	
	2023	2022
Revenues		
Commission income (related party: 2023–\$4,203 and 2022–\$4,609)	\$ 158,679	\$ 139,488
Contingent income	4,085	4,620
Fee income (related party: 2023–\$1,593 and 2022–\$1,830)	8,311	8,296
Other income	1,859	1,517
Total revenues	172,934	153,921
Expenses		
Commission expense	116,847	104,911
Salaries and employee benefits	13,970	12,240
Other administrative expenses (related party: 2023–\$415 and 2022–\$29)	10,973	9,705
Depreciation and amortization	4,862	3,302
Total operating expenses	146,652	130,158
Operating income	26,282	23,763
Interest expense	(1,003)	(398)
Other non-operating expense, net	(17)	(18)
Net income from continuing operations	25,262	23,347
Net income (loss) from discontinued operation, net of tax	834	(2,733)
Net income	\$ 26,096	\$ 20,614
Weighted average units used in the computation of net income (loss) per unit (See Note 10):		
Basic	631,750	631,750
Diluted	631,750	631,750
Net income (loss) per Common unit (2022), Class B Common and Class C Common units (2023) (see Note 10):		
Net income from continuing operations per unit - basic	\$ 39.99	\$ 36.96
Net income from continuing operations per unit - diluted	\$ 39.99	\$ 36.96
Net income (loss) from discontinued operation per unit - basic	\$ 1.32	\$ (4.33)
Net income (loss) from discontinued operation per unit - diluted	\$ 1.32	\$ (4.33)
Net income per unit - basic	\$ 41.31	\$ 32.63
Net income per unit - diluted	\$ 41.31	\$ 32.63

See Notes to the Consolidated Financial Statements

TWFG Holding Company, LLC
Consolidated Statements of Comprehensive Income (Loss)

(Amounts in thousands)

	Year Ended December 31,	
	2023	2022
Net income	\$ 26,096	\$ 20,614
Other comprehensive income (loss), net of tax:		
Unrealized gains (losses) on investments of discontinued operation during the period (net of tax expense of \$44 for 2023 and benefit of \$250 for 2022)	165	(1,068)
Unrealized gains on derivative instruments during the period	109	803
Reclassification of realized gains on derivative instruments included in interest expense during the period	(409)	(90)
Total other comprehensive loss, net of tax	(135)	(355)
Comprehensive income	\$ 25,961	\$ 20,259

See Notes to the Consolidated Financial Statements

TWFG Holding Company, LLC

Consolidated Statements of Financial Position

(Amounts in thousands, except units data)

	December 31,	
	2023	2022
Assets		
Current assets		
Cash and cash equivalents	\$ 39,297	\$ 22,330
Restricted cash	7,171	7,932
Commissions receivable, net	19,082	15,042
Accounts receivable	5,982	5,599
Deferred offering costs	2,025	—
Other current assets, net	1,551	1,079
Current assets of discontinued operation	—	36,733
Total current assets	75,108	88,715
Non-current assets		
Intangible assets - net	36,436	21,356
Property and equipment - net	597	605
Lease right-of-use assets - net	2,459	2,316
Other non-current assets	837	1,161
Total assets	\$ 115,437	\$ 114,153
Liabilities and Members' Equity		
Current liabilities		
Commissions payable	\$ 12,487	\$ 9,503
Carrier liabilities	8,731	9,033
Accounts payable	1,566	211
Operating lease liabilities, current	882	629
Short-term debt	2,437	2,643
Deferred acquisition payable, current	5,369	—
Other current liabilities	3,440	2,405
Current liabilities of discontinued operation	—	21,907
Total current liabilities	34,912	46,331
Non-current liabilities		
Operating lease liabilities, net of current portion	1,518	1,680
Long-term debt	46,919	8,356
Deferred acquisition payable, non-current	1,037	—
Total liabilities	84,386	56,367
Commitment and contingencies (see Note 12)		
Members' equity		
Common units (631,750 units issued and outstanding at December 31, 2022)	—	632
Class A common units (no units issued and outstanding at December 31, 2023)	—	—
Class B common units (110,750 units issued and outstanding at December 31, 2023)	111	—
Class C common units (521,000 units issued and outstanding at December 31, 2023)	521	—
Additional paid-in capital	25,114	25,114
Retained earnings	4,805	32,180
Accumulated other comprehensive income (loss)	500	(140)
Total members' equity	31,051	57,786
Total liabilities and members' equity	\$ 115,437	\$ 114,153

See Notes to the Consolidated Financial Statements

TWFG Holding Company, LLC

Consolidated Statements of Members' Equity

(Amounts in thousands, except units data)

	Common Units		Class A Common Units		Class B Common Units		Class C Common Units		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Members' Equity
	Units	Amount	Units	Amount	Units	Amount	Units	Amount				
Balance at December 31, 2021	631,750	\$ 632	—	\$ —	—	\$ —	—	\$ —	\$ 25,114	\$ 32,124	\$ 215	\$ 58,085
Net income	—	—	—	—	—	—	—	—	—	20,614	—	20,614
Distributions to members	—	—	—	—	—	—	—	—	—	(20,558)	—	(20,558)
Other comprehensive loss	—	—	—	—	—	—	—	—	—	—	(355)	(355)
Balance at December 31, 2022	631,750	\$ 632	—	\$ —	—	\$ —	—	\$ —	\$ 25,114	\$ 32,180	\$ (140)	\$ 57,786
Cumulative effect of change in accounting principle (see Note 2)	—	—	—	—	—	—	—	—	—	(271)	—	(271)
Adjusted balance at December 31, 2022	631,750	\$ 632	—	\$ —	—	\$ —	—	\$ —	\$ 25,114	\$ 31,909	\$ (140)	\$ 57,515
Net income	—	—	—	—	—	—	—	—	—	26,096	—	26,096
Units exchanges (see Note 1)	(631,750)	(632)	—	—	110,750	111	521,000	521	—	—	—	—
Cash distributions to members	—	—	—	—	—	—	—	—	—	(33,406)	—	(33,406)
Other distributions to members	—	—	—	—	—	—	—	—	—	(19,794)	—	(19,794)
Other comprehensive loss	—	—	—	—	—	—	—	—	—	—	(135)	(135)
Impact of discontinued operation on accumulated other comprehensive income (loss)	—	—	—	—	—	—	—	—	—	—	775	775
Balance at December 31, 2023	—	\$ —	—	\$ —	110,750	\$ 111	521,000	\$ 521	\$ 25,114	\$ 4,805	\$ 500	\$ 31,051

See Notes to the Consolidated Financial Statements

TWFG Holding Company, LLC

Consolidated Statements of Cash Flows

(Amounts in thousands)

	Year Ended December 31,	
	2023	2022
Cash Flows from Operating Activities		
Net income	\$ 26,096	\$ 20,614
Less: Net income (loss) from discontinued operation, net of tax	834	(2,733)
Net income from continuing operations	25,262	23,347
Adjustments to reconcile net income to cash flows from operating activities:		
Depreciation and amortization	4,862	3,302
Gain on sale of intangible assets and property and equipment	(84)	(890)
Non-cash lease expense	704	556
Other non-cash items	12	15
Change in:		
Commissions receivable, net	(4,088)	(6,843)
Accounts receivable	(383)	(1,546)
Other current assets, net and other non-current assets	(362)	40
Commissions payable	2,984	5,006
Accounts payable	127	(67)
Operating lease liabilities	(755)	(609)
Other current liabilities	1,036	(217)
Net cash provided by operating activities from continuing operations	29,315	22,094
Net cash provided by operating activities from discontinued operation	839	3,661
Net cash provided by operating activities	30,154	25,755
Cash Flows from Investing Activities		
Proceeds from disposition of intangible assets	928	2,401
Proceeds from disposition of property and equipment	—	40
Purchase of intangible assets	(15,387)	(12,164)
Purchase of property and equipment	(260)	(115)
Capital contribution to a subsidiary presented as a discontinued operation	—	(5,000)
Other investing activities	—	(88)
Net cash used in investing activities from continuing operations	(14,719)	(14,926)
Net cash provided by investing activities from discontinued operation	64	422
Net cash used in investing activities	(14,655)	(14,504)

See Notes to the Consolidated Financial Statements

TWFG Holding Company, LLC

Consolidated Statement of Cash Flows (continued)

(Amounts in thousands)

	Year Ended December 31,	
	2023	2022
Cash Flows from Financing Activities		
Proceeds from borrowings	41,000	—
Repayment of borrowings	(2,643)	(2,556)
Distributions to members	(33,406)	(20,558)
Cash derecognized upon distribution of EVO to members (see Note 2)	(2,229)	—
Payment of deferred offering costs	(796)	—
Net change in carrier liabilities	(302)	2,850
Repayments of notes payable to employees	(14)	—
Net cash provided by (used in) financing activities from continuing operations	1,610	(20,264)
Net cash (used in) provided by financing activities from discontinued operation	(11,305)	5,000
Net cash used in financing activities	(9,695)	(15,264)
Net change in cash, cash equivalents and restricted cash from continuing operations	16,206	(13,096)
Net change in cash, cash equivalents and restricted cash from discontinued operation	(10,402)	9,083
Net change in cash, cash equivalents and restricted cash	5,804	(4,013)
Cash, cash equivalents and restricted cash from continuing operations - beginning balance	30,262	43,358
Cash, cash equivalents and restricted cash from discontinued operation - beginning balance	10,402	1,319
Cash, cash equivalents and restricted cash - beginning balance	40,664	44,677
Cash, cash equivalents and restricted cash - ending balance	46,468	40,664
Less: Cash, cash equivalents and restricted cash from discontinued operation - ending balance	—	10,402
Cash, cash equivalents and restricted cash from continuing operations - ending balance	\$ 46,468	\$ 30,262
Reconciliation of cash, cash equivalents and restricted cash, end of period:		
Cash and cash equivalents	\$ 39,297	\$ 22,330
Restricted cash	7,171	7,932
Cash, cash equivalents and restricted cash, end of period	\$ 46,468	\$ 30,262
Net change in cash and cash equivalents	\$ 6,565	\$ (5,961)
Net change in restricted cash	(761)	1,948
Net change in cash, cash equivalents and restricted cash	\$ 5,804	\$ (4,013)
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 832	\$ 404
Non-cash investing and financing activities:		
Additions to intangible assets and offsetting additions to deferred acquisition payable	\$ 6,420	\$ 1,218
Distribution to members	6,260	—
Unpaid deferred offering costs	1,228	—

See Notes to the Consolidated Financial Statements

TWFG Holding Company, LLC

Notes to the Consolidated Financial Statements

1. ORGANIZATION AND BASIS OF PRESENTATION

Organization

The accompanying financial statements have been prepared in connection with the planned initial public offering (“IPO”) of Class A common stock of TWFG, Inc., which will become the sole managing member of TWFG Holding Company, LLC and its consolidated subsidiaries (collectively “TWFG Holding” or the “Company”). The operations of TWFG Holding represent the predecessor to TWFG, Inc. prior to the IPO, and the consolidated subsidiaries of TWFG Holdings are described in more detail below.

TWFG Holding is an independent distribution platform for personal and commercial insurance in the United States. TWFG Holding was incorporated in October 2000 under the name RFB Interests, Inc. (“RFB”). On March 23, 2018, the Company was converted to a limited liability company and its name was changed to TWFG Holding Company, LLC. The Company was 100% owned by Bunch Family Holdings, LLC. In March 2018, TWFG Holding sold a 17.5% ownership interest to RenaissanceRe Ventures U.S. LLC (“RenRe”), a Delaware limited liability company. In August 2021, RenRe sold 4.4% of its ownership interest in TWFG Holding to GHC Woodlands Holdings LLC (“GHC”).

In May 2023 (the “Effective Date”), the Company amended and restated its limited liability company agreement (“A&R LLC Agreement”) and created three classes of membership interests — Class A common units with one vote per unit, Class B common units with one vote per unit and Class C common units with 10 votes per unit. As of the Effective Date of the A&R LLC Agreement, the original common units were automatically exchanged as follows:

- The 82.5% ownership interest of Bunch Family Holdings, LLC was automatically exchanged into 100% ownership of the Class C common units issued and outstanding, representing 97.9% voting power.
- The 13.1% ownership interest of RenRe was automatically exchanged into 75% ownership of the Class B common units issued and outstanding, representing 1.6% voting power.
- The 4.4% ownership interest of GHC was automatically exchanged into 25% ownership of the Class B common units issued and outstanding, representing 0.5% voting power.

The economic interests of the unitholders before and after the unit exchange remained the same. Bunch Family Holdings, LLC is the ultimate controlling owner of TWFG Holding.

The Company’s corporate headquarters is in The Woodlands, Texas. TWFG Holding is the parent company of the following wholly owned subsidiaries:

TWFG Insurance Services LLC (“TWFG-IS”) is a national retail insurance agency that distributes personal lines, commercial lines, life, annuities, health, and supplemental benefits insurance products.

TWFG General Agency LLC (“TWFG-GA”) is a Managing General Agency that distributes personal and commercial lines insurance products to independent agents, in addition to TWFG-IS agents.

TWFG Premium Finance LLC (“TWFG-PF”) is an intermediary insurance premium financing company that offers premium financing for commercial insurance policies for clients of TWFG-GA and TWFG-IS.

TWFG CA Premium Finance Company (“TWFG-CA PF”) is an intermediary insurance premium financing company that offers premium financing for personal and commercial insurance clients that purchase insurance from licensed California insurance agents. This entity was formed in 2022.

PSN Business Processing Inc. (“PSN”) is a Philippine corporation with its principal office located in the Philippines. PSN is engaged in the business of providing back-office support to TWFG agents and the TWFG

corporate office, specifically insurance-related and various administrative services. See *Note 9* for more information regarding the acquisition of PSN.

Evolution Agency Management LLC (“EVO”) is a software services company that offers agents complete agency management systems solutions. In May 2023, the Company distributed its equity interest in EVO to the owners of the Company. The distribution of EVO did not meet the criteria for discontinued operation reporting.

The Woodlands Insurance Company (“TWICO”) is a Texas domiciled insurance company, formed in 2014, which currently writes homeowner’s policies. TWICO is licensed in Texas and Louisiana. In 2023, the Company distributed its equity interest in TWICO to the owners of the Company. The Company has presented TWICO as a discontinued operation in these consolidated financial statements. See *Note 11* for additional information about the discontinued operation.

Basis of Presentation

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and include the accounts of TWFG Holding and its subsidiaries. All intercompany transactions and balances have been eliminated in consolidation. Certain prior period amounts have been reclassified to conform with current period presentation.

The Company is filing as an emerging growth company (“EGC”) and elected to avail itself of the extended transition period for complying with new or revised accounting standards.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates as more information becomes known.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

The Company applies the following five-step model in order to determine revenue recognition: (i) identification of the contract with a customer; (ii) identification of the performance obligations in the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when the Company satisfies each performance obligation.

The Company only applies the five-step model to contracts when it is probable that it will collect the consideration it is entitled to in exchange for the services it transfers to the customer.

Commission Income

The Company derives its revenues from the placement of insurance contracts between insurance carriers and insureds. Revenues are recognized when the performance obligation of placing the policy has been met and the policy is in effect, based on the effective date of the policy. Commission income is an amount that reflects the consideration the Company expects to be entitled to in exchange for those services. The Company does not have any significant financing components. Costs incurred to place a contract are expensed as incurred. The Company incurs costs to place the contracts, primarily through commissions paid to agents.

The Company’s customers are insurance carriers, as the Company acts as an agent to the insureds to identify a policy and carrier that best meets the needs of the insured. The Company contracts with various insurance carriers and earns commissions for the initial term of the policy on policies placed with insurance carriers. Contracts with the insurance carriers are non-exclusive and can typically be terminated unilaterally by either

party. Additionally, the Company and the insurance carrier can agree to amend provisions in the contracts relating to the prospective commission rates paid to the Company for new policies sold.

Revenue from performance obligations is satisfied at the point in time in which the current term of the policy is placed and effective. These contracts are sold by the Company on behalf of the insurance carriers to the policyholder. For performance obligations related to the placement of insurance contracts, control transfers to the policyholder at a point in time at which all performance obligations have been fulfilled as evidenced by the binding of a policy. Commissions are established by contract between the Company and the insurance carrier and are calculated as a percentage of premium for the underlying insurance contract. The Company records revenue when the underlying insurance contracts are bound for the commission expected to be received for the current term of the policy, net of any estimated refunds due to policy cancellations.

Commissions related to renewed policies are recognized at the time the policy renews and the new policy becomes effective. The only material promise to be performed by the Company is to sell the policy. While agreements may indicate certain administrative support such as to provide the underlying insured with policy information, such promises are immaterial in the context of the contract and are not identified as performance obligations. Additionally, the Company has concluded that they are required to "re-sell" the policy on an annual basis. As a result, a performance obligation exists for each policy term. This coincides with the efforts of placing renewed policies with the insurance carrier.

The transaction price is the total commission the Company expects to receive from the insurance carrier for the current term of the policy. The transaction date is determined by the effective date of the insurance policy. Policies are subject to cancellation at the discretion of the insured, and such a cancellation would result in the Company's commission being limited to the period that the policy was in force. The Company estimates any expected variable consideration, endorsements, or cancellations, based on historical information and data collected from external sources, at the time revenue is recorded.

Contingent Income

Contingent income is earned from the insurance carriers to drive incremental policy sales when the Company meets or exceeds certain premium volumes and/or falls below specific loss ratio quotas predetermined by its insurance carriers. The Company utilizes the expected value approach to estimate contingent income that incorporates a combination of historical payment data by insurance carriers and the current-year production forecast data used to estimate the amount of contingent income expected to be received from the insurance carriers. Because of the uncertainty regarding the amount estimated to be received, the Company constrains the recognition of contingent income until information from the insurance carrier regarding the amount owed by the insurance carriers to the Company is received and is probable to avoid reversal of contingent income in the future period. The uncertainty regarding the estimated contingent income is primarily in the profitability of the insurance policies placed, as determined by the loss ratios maintained by the insurance carriers. The uncertainty is resolved upon receiving notification from the insurance carrier regarding actual profitability results. Contingent income is not refundable.

Fee Income

Fee income is comprised primarily of policy fees, branch fees, license fees and third-party administrator ("TPA") fees.

The Company receives policy fees as compensation for administrative services performed in connection with the placement and issuance of certain policies that are in addition to and separate from commissions paid by the insurance carriers. Policy fees are recognized at the point in time in which an insurance policy is bound and issued on the effective date of certain policies. Policy fees are not refundable.

Branch fees include the monthly recurring fees assessed for the ongoing customer service and back-office support provided to independent branches operating exclusively through the Company pursuant to an exclusive branch agreement and a one-time branch onboarding fee. The Company's performance obligation related to branch fees is largely satisfied, and the related revenue is recognized at a point in time, when the

services are rendered, typically monthly. Branch fees are deducted from the monthly commissions paid to the branch.

License fees include usage-based fees, which are typically priced as a specified fee per user and assessed by the Company for the use of its proprietary applications. The Company's performance obligation related to license fees is largely satisfied, and the related revenue is recognized at a point in time, when the services are rendered, typically monthly.

TPA fees are related to services performed based on service agreements with a few insurance carriers. Revenues associated with TPA fees are recognized at a point in time, when the services are performed, which is typically monthly.

Other Income

Other income is comprised primarily of income earned for facilitating premium financing arrangements, fees assessed for agent conventions, interest income, and other miscellaneous income.

Cash and Cash Equivalents

Cash and cash equivalents primarily include demand deposits with financial institutions and highly liquid investments with original maturities of three months or less that are not managed by external or internal investment advisors.

Restricted Cash

In certain cases, the Company collects premiums from insureds and, after deducting our commissions and fees, remits the premiums to insurance carriers. The Company also collects surplus line taxes for remittance to state taxing authorities. Additionally, the Company has an agreement with certain insurance carriers whereby it remits claim payments and/or premium refunds to the insured on behalf of the insurance carriers. While the Company is in possession of the premiums, claims payments and surplus line taxes, the Company may invest those funds in interest-bearing demand deposit accounts with banks, in which interest income on these unremitted amounts is included in Other income in the Consolidated Statements of Operations. These unremitted amounts are reported as Restricted cash in the Consolidated Statements of Financial Position. Restricted cash amounting to \$7.2 million and \$7.9 million as of December 31, 2023 and 2022, respectively, is comprised of interest-bearing bank deposits.

In its role as an insurance intermediary, the Company collects and remits amounts between the insureds and insurance carriers. Because these amounts are collected on behalf of third parties, they are excluded from the measurement of the transaction price when applying the revenue recognition guidance. Similarly, the Company excludes surplus lines taxes from the measurement of the transaction price, as these are assessed by and remitted to governmental authorities. The Company recognizes the amounts collected on behalf of others, including insureds and insurance carriers, as Accounts receivable and the associated Carrier liabilities on the Consolidated Statements of Financial Position. The Company does not have any rights or obligations in connection with these amounts with the exception of segregating these amounts from the Company's operating funds and paying them when they are due.

As of December 31, 2023 and 2022, the Company reported Carrier liabilities amounting to \$8.7 million and \$9.0 million, respectively. Carrier liabilities are recognized based on premiums written, while Restricted cash is recorded based on premiums collected. This basis difference, coupled with the timing of settling the commissions and fees on collected premiums, resulted in differences between the amount reported in Restricted cash and Carrier liabilities.

Receivables

Commissions receivable represents commissions earned but outstanding along with the estimated contingent commissions.

Accounts receivable represents premiums billed by TWFG-GA on behalf of certain insurance carriers. These amounts, less commission, are remitted to the insurance carriers upon collection.

Allowance for Credit Losses

On January 1, 2023, the Company adopted the current expected credit losses methodology (“CECL”) for estimating allowances for credit losses for most financial assets. The Company adopted the CECL methodology using a modified retrospective method, which requires a cumulative effect adjustment to its opening retained earnings. Upon adoption of the CECL methodology, the Company recorded a total allowance for credit losses of \$0.3 million, which was primarily related to Receivables from Agents, included in Other current assets, net, in the Consolidated Statements of Financial Position, and to a lesser extent, Commissions receivable.

The allowance for credit losses is maintained on Commissions receivable and Receivables from agents, included in Other current assets, net, in the Consolidated Statements of Financial Position. The determination of the credit allowance is based on a quarterly evaluation of each of these receivables, including general economic conditions and estimated collectability. The Company evaluates the collectability of its receivables based on a combination of credit quality indicators, including, but not limited to, payment status, historical charge-offs, and financial strength of the insurance carriers for Commissions receivable, and production performance and age of balances for Receivables from agents. A receivable is considered to have deteriorated in credit quality when, based on current information and events, it is probable that the Company will be unable to collect all amounts due. As of December 31, 2023, the total allowance for credit losses was \$0.3 million.

No allowance for credit losses was required related to Accounts receivable at the time of the adoption of the CECL methodology and as of December 31, 2023.

Intangible Assets

Intangible assets are stated at cost, less accumulated amortization, and consist of computer software development costs, non-compete agreements, and purchased customer lists. Computer software development costs are amortized on the straight-line method over three or five years. Non-compete agreements are amortized on the straight-line method over the term of the non-compete agreements. Customer lists represent amounts paid by insurance agencies to buy a list of active policies or insureds. As these policies renew, the Company realizes an income stream from commissions. Customer lists are amortized on the straight-line method over eight to ten years.

The Company acquires intangible assets in connection with asset purchases. The acquired intangible assets are recorded at fair value, which is determined based on multiples of revenue or Adjusted EBITDA, growth rates, and loss ratios of the intangible assets acquired. The methods and assumptions used to determine the purchase price and the estimated useful lives of intangible assets require significant judgment.

Intangible assets are evaluated for impairment whenever events or changes in circumstances indicate that the carrying value may no longer be recoverable. If indicators of impairment exist, the Company assesses the recoverability of its intangible assets by reviewing the estimated future undiscounted cash flows generated by the corresponding asset or asset group. If based on the assessment, the Company determines that the intangible assets are impaired, such assets are written down to their fair values with the related impairment losses recognized in the Consolidated Statements of Operations. There were no impairments recorded for the year ended December 31, 2023 and 2022.

Property and Equipment

Property and equipment are recorded at cost, less accumulated depreciation. Maintenance, minor repairs, and replacements are charged directly to expense as incurred, while major renewals and betterments are capitalized. When property and equipment are sold or otherwise disposed of, the asset accounts and related accumulated depreciation accounts are relieved, and any gain or loss is included in the results of operations.

Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets as follows:

	Useful Life
Automobiles	5 years
Computer equipment	5 years
Furniture and fixtures	7 years
Leasehold improvements	Lesser of the estimated useful life or the underlying lease term
Office equipment	5 - 7 years

Property and equipment are evaluated for impairment whenever events or changes in circumstances indicate that the carrying value may no longer be recoverable. If indicators of impairment exist, the Company assesses its recoverability by reviewing the estimated future undiscounted cash flows generated by the corresponding asset or asset group. If based on the assessment, the Company determines that the property and equipment are impaired, such assets are written down to their fair values with the related impairment losses recognized in the result of operations. There were no impairments recorded for the years ended December 31, 2023 and 2022.

Assets for disposal are reported at the lower of the carrying value or fair value, less costs to sell.

Deferred Offering Costs

Deferred offering costs, which consist of direct incremental legal, accounting, consulting, and other fees and expenses related to our planned IPO are capitalized in Deferred offering costs on the Consolidated Statements of Financial Position. The deferred offering costs will be offset against IPO proceeds upon the consummation of an IPO. In the event the planned IPO is terminated, the deferred offering costs will be immediately expensed in the Consolidated Statements of Operations. Deferred offering costs were \$2.0 million and \$0 as of December 31, 2023 and 2022, respectively.

Commissions Payable

Commissions payable represents commissions due to agents for services provided for the placement of insurance contracts. The Company records the commission expense and the related commissions payable on the effective date of the policy based on the estimated total premium for the term of the policy adjusted for any expected variable consideration, endorsements or cancellations based on historical information at the time the expense is recorded.

Leases

The Company adopted ASC Topic 842, *Leases* ("Topic 842") effective January 1, 2022, using a modified retrospective approach and did not adjust prior periods in accordance with the standard's transition guidance.

The Company evaluates contracts entered into to determine whether the contract involves the use of an identified asset. The Company then evaluates whether it obtains substantially all economic benefits from the use of the asset, and whether it has the right to direct the use of the asset. If these criteria are met and a lease has been identified, the Company accounts for the contract under the requirements of Topic 842.

The Company's leased assets consist primarily of real estate for occupied offices and office equipment. Leases with a lease term of 12 months or less at inception are not recorded on the Consolidated Statements of Financial Position and are expensed on a straight-line basis over the lease term. The Company determines the lease term by assessing the renewal options with the lessor and includes lease extension (or termination) options only when options are reasonably certain of being (or not being) exercised. All of the Company's real estate and office equipment leases are recognized as operating leases. The Company does not sublease any of its leases. The Company elected the practical expedient to not separate non-lease and lease components

and rather account for them as a single lease component of the underlying assets. The Company has no variable lease payments in any of its leases.

The Company recognizes lease right-of-use (“ROU”) assets and operating lease liabilities on the Consolidated Statements of Financial Position for operating lease agreements. Lease liabilities are measured at the lease commencement date as the present value of the future lease payments determined. As the interest rate implicit in the lease is not readily determinable, the Company uses its incremental borrowing rate on the lease commencement date. ROU assets are measured as the lease liability plus initial direct costs and prepaid lease payments less lease incentives.

Derivatives

The Company uses derivative financial instruments, i.e., interest rate swaps, to manage its interest rate exposure associated with some of its borrowings. The Company does not hold or issue derivative instruments for trading or speculative purposes. Derivative instruments are recognized as assets or liabilities at fair value on the Consolidated Statements of Financial Position.

At the inception of the hedging relationship, the Company formally documents its designation of the hedge as a cash flow hedge and the risk management objective and strategy for undertaking the hedging transaction. The Company identifies how the hedging instrument is expected to hedge the designated risks related to the hedged item and the method that will be used to retrospectively and prospectively assess the hedge effectiveness and the method which will be used to measure ineffectiveness. A derivative designated as a hedging instrument must be assessed as being highly effective in offsetting the designated risk of the hedged item. Hedge effectiveness is formally assessed at inception and periodically throughout the life of the hedge accounting relationship. For derivative instruments designated as a cash flow hedge, all changes in the fair value of the hedging derivative are reported within accumulated other comprehensive income and the related gains or losses on the derivative are reclassified into earnings when the cash flows of the hedged item affect earnings. For a derivative not designated as a hedge, changes in the derivative’s fair value and any income received or paid on derivatives at the settlement date are included in earnings. *See Note 6 for additional information about the Company’s derivative instruments.*

The Company discontinues hedge accounting prospectively when: (1) it determines the derivative is no longer highly effective in offsetting changes in the estimated cash flows of a hedged item; (2) the derivative expires, is sold, terminated, or exercised; or (3) the derivative is de-designated as a hedging instrument. When hedge accounting is discontinued, the derivative continues to be carried on the Consolidated Statements of Financial Position at fair value, with changes in fair value recognized in earnings.

Fair Value Measurements

Accounting Standards Codification (“ASC”) 820, *Fair Value Measurement*, establishes a fair value hierarchy that prioritizes and ranks the level of observability of inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level I measurements) and the lowest priority to unobservable inputs (Level III measurements).

The three levels of the fair value hierarchy under ASC 820 are as follows:

Level I – Observable inputs such as quoted prices for identical assets in active markets;

Level II – Inputs other than quoted prices for identical assets in active markets, that are observable either directly or indirectly; and

Level III – Unobservable inputs in which there is little or no market data which requires the use of valuation techniques and the development of assumptions.

The carrying amount of financial assets and liabilities reported in the Consolidated Statements of Financial Position for Cash and cash equivalents, Restricted cash, Commissions receivable, Accounts receivable, Other current assets, Commissions payable, Carrier liabilities, Accounts payable and accrued liabilities, and Other current liabilities at December 31, 2023 and 2022, approximate fair value because of the short-term duration

of these instruments. See Notes 6 and 7 for discussions of fair value measurements related to derivative instruments and debt.

Members' Equity

During the period of time covered by these financial statements, the Company was a limited liability company (see Note 1). As of December 31, 2022, the Company had one class of membership interest and each unit was entitled to one vote per unit. As of December 31, 2022, the Company had 631,750 common units issued and outstanding.

In May 2023, the Company amended and restated its limited liability company agreement and created three classes of membership interests — Class A common units with one vote per unit, Class B common units with one vote per unit, and Class C common units with 10 votes per unit (see Note 1). As of December 31, 2023, the Company had 631,750 common units issued and outstanding, consisting of no Class A units, 110,750 Class B units, and 521,000 Class C units. The A&R LLC Agreement was amended in December 2023 to provide that, to the extent permitted by applicable law and subject to any restrictions in any credit agreement, to the extent the Company has available cash, the Board of Managers shall at least annually make a distribution to its members in an amount sufficient to allow each member to pay all U.S., state and local income taxes on income expected to be allocated to each member.

Under the A&R LLC Agreement, other than mandatory tax distributions as described above, distributions to unitholders will be made only in such amounts and at such times as determined by the Company's Board of Managers in its sole and absolute discretion. Distributions, if declared by the Company's Board of Managers, will be made to all common members in proportion to their relative common units. Upon a liquidation event, certain Class B unitholders shall receive preference for any distribution or other payment, which shall be equivalent to their preferred liquidation amount. Once the preferred liquidation amount is fully paid, any distribution made to common unit members shall be in proportion to their relative common units, provided any such distribution to certain Class B unitholders is net of the preferred liquidation amount.

Income Taxes

The Company is a limited liability company and has elected to be treated as a partnership for federal tax purposes. The Company is taxed under Section 701 of the Internal Revenue Code, which provides that items of income, deductions, and credits are "passed through" and taxed at the partner level. As a result, a provision or liability for federal income tax is not reflected in the consolidated financial statements. However, TWICO is subject to federal income tax and records a provision or liability for federal income tax purposes, which is reported in the consolidated financial statements as part of the discontinued operation. See Note 11 for additional information about the discontinued operation.

Segment

The Company operates its business as a single operating and reportable segment, which is consistent with how its chief operating decision maker ("CODM") reviews financial performance and allocates resources.

Recent Accounting Pronouncements Adopted in 2023

Financial Instruments – Credit Losses

In June 2016, the Financial Accounting Standards Board ("FASB") issued an accounting standard that changed how entities account for CECL for most financial assets. The standard requires an allowance for credit losses based on the expectation of lifetime credit losses related to financial assets measured at amortized cost, including trade receivables and certain off-balance sheet credit exposures.

The Company adopted the standard on January 1, 2023, using a modified retrospective method, which requires a cumulative effect adjustment to retained earnings. As of January 1, 2023, the impact of the adoption of the standard was a reduction in opening retained earnings of \$0.3 million, which was primarily related to Receivables from Agents, included in Other current assets, net, in the Consolidated Statements of

Financial Position, and to a lesser extent, Commissions receivable. As of December 31, 2023, the total allowance for credit losses was \$0.3 million.

Reference Rate Reform

In March 2020, the FASB issued an accounting standard that provides temporary optional guidance to ease the potential burden in accounting for reference rate reform. The standard allows companies to account for certain contract modifications that result from the discontinuation of the London Inter-Bank Offered Rate ("LIBOR") or another reference rate as a continuation of the existing contract without additional analysis. The standard was set to expire on December 31, 2022, but was extended to December 31, 2024, after which application of the guidance will no longer be permitted. During this period, this standard may be elected and applied prospectively as reference reforms occur. The Company adopted the standard on January 1, 2023 and has elected the practical expedients allowed under the standard related to accounting for contract modifications on its loans and securities tied to LIBOR. The adoption of the standard did not have material impact on the consolidated financial statements.

Recent Accounting Pronouncements Adopted in 2022

Leases

In February 2016, the FASB issued an accounting standard that requires lessees with lease terms of more than 12 months to recognize a lease ROU asset and a corresponding lease liability on their balance sheets. The FASB retained a dual model for the income statement, requiring leases to be classified as either operating leases or finance leases.

The Company adopted the standard on January 1, 2022, using a modified retrospective approach and did not adjust prior comparative periods in accordance with the standard's transition guidance. Consequently, the primary impact of adoption resulted in the recognition of discounted operating lease liabilities of \$2.5 million and corresponding lease ROU assets of \$2.5 million as of January 1, 2022, for the Company's operating leases. *For additional information on the Company's leases, see Note 5.*

Recent Accounting Pronouncements Not Yet Adopted

Segment Reporting

In November 2023, the FASB issued an accounting standard that is intended to improve reportable segment disclosure requirements. The standard requires disclosures to include significant segment expenses that are regularly provided to the CODM, a description of other segment items by reportable segment, and any additional measures of a segment's profit or loss used by the CODM when deciding how to allocate resources. The ASU also requires all annual disclosures currently required by the standard to be included in interim periods. The update is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted and requires retrospective application to all prior periods presented in the financial statements. The Company expects the adoption of the new standard to have a material impact on its disclosures; however, the standard will not have an impact on its Consolidated Statements of Financial Position, Operations or Cash Flows.

3. REVENUES

The following table presents the disaggregation of revenues by major source (in thousands):

	Years Ended December 31,	
	2023	2022
Commission income	\$ 158,679	\$ 139,488
Contingent income	4,085	4,620
Fee income		
Policy fees	2,100	2,600
Branch fees	2,982	1,661
License fees	2,695	3,486
TPA fees	534	549
Other income	1,859	1,517
Total revenues	\$ 172,934	\$ 153,921

The Company operates through two primary offerings, which are Insurance Services and TWFG MGA. The following table presents the disaggregation of revenues by offerings (in thousands):

	Years Ended December 31,	
	2023	2022
Insurance Services		
Agency-in-a-box	\$ 132,715	\$ 118,793
Corporate Branches	6,862	3,146
TWFG MGA	31,422	30,306
Other	1,935	1,676
Total revenues	\$ 172,934	\$ 153,921

As of December 31, 2023 and 2022, the commissions receivable reported in the Consolidated Statements of Financial Position had a balance of \$19.1 million and \$15.0 million, respectively, and had an opening balance of \$8.2 million as of January 1, 2022. As of December 31, 2023, the aging of Commissions receivable is 73.2% for current, 8.8% for 31-60 days and the remainder is over 61 days. As of December 31, 2022, the aging of Commissions receivable is 80.8% for current, 8.1% for 31-60 days and the remainder is over 61 days. The Company has no contract liabilities as of December 31, 2023, December 31, 2022, and January 1, 2022.

For the year ended December 31, 2023, The Progressive Corporation accounted for 11% of total revenues, and The Travelers Companies, Inc. accounted for 10% of total revenues. For the year ended December 31, 2022, no customers individually accounted for 10% or more of the Company's total revenues.

4. INTANGIBLE ASSETS

In October 2022, the Company purchased the assets of The Mockingbird Insurance Group, LLC, ("Mockingbird"), which resulted in the Company recording an increase in customer lists intangible assets of \$2.0 million.

In November 2022, the Company purchased 70% of the assets of American Insurance Strategies, LLC ("AIS"), which resulted in the Company recording an increase in customer lists intangible assets of \$5.8 million.

In April 2023, the Company purchased the assets of Ralph E. Wade Insurance Agency Inc. ("Wade"), which resulted in the Company recording an increase in customer lists intangible assets of \$4.3 million. Immediately

following the asset purchase, the Company sold 10.9% interest in the asset purchased from Wade to AIS for a total consideration of \$0.5 million.

In May 2023, the Company purchased 50.1% of the assets of Luczkowski Insurance Agency Inc. (“Luczkowski”) and Jim Kelly Insurance Agency Inc. (“Kelly”), which resulted in the Company recording an increase in customer lists intangible assets of \$0.6 million from the Luczkowski asset purchase and \$1.1 million from the Kelly asset purchase.

In October 2023, the Company purchased the assets of Jeff Kincaid Insurance Agency, Inc. (“Kincaid”), which resulted in the Company recording an increase in customer lists intangible assets of \$11.8 million.

In December 2023, the Company purchased the assets of Brinson, Inc. (“Brinson”), which resulted in the Company recording an increase in customer lists intangible assets of \$2.0 million.

In addition to the acquisitions described above, the Company purchased customer lists of intangible assets totaling \$0.9 million and \$3.8 million in 2023 and 2022, respectively, representing purchases of assets with annualized revenue of less than \$0.5 million.

The following table presents information about the Company’s intangible assets (in thousands):

	December 31, 2023				December 31, 2022			
	Customer Lists	Computer Software	Non-Compete Agreements	Total	Customer Lists	Computer Software	Non-Compete Agreements	Total
Cost								
Balance, beginning of period	\$ 29,177	\$ 8,472	\$ 275	\$ 37,924	\$ 20,055	\$ 7,049	\$ 25	\$ 27,129
Additions ⁽¹⁾	20,678	1,129	—	21,807	11,709	1,423	250	13,382
Disposals ⁽²⁾	(858)	(1,743)	—	(2,601)	(2,587)	—	—	(2,587)
Balance, end of period	48,997	7,858	275	57,130	29,177	8,472	275	37,924
Accumulated amortization	14,779	5,684	231	20,694	11,463	4,991	114	16,568
Net carrying amount, end of period	\$ 34,218	\$ 2,174	\$ 44	\$ 36,436	\$ 17,714	\$ 3,481	\$ 161	\$ 21,356
Amortization expense	\$ 3,330	\$ 1,147	\$ 117	\$ 4,594	\$ 1,583	\$ 1,347	\$ 89	\$ 3,019

(1) The acquired customer lists in 2023 have a weighted average amortization period of 8 years. The acquired customer lists and non-competitive agreements in 2022 have a weighted average amortization period of 8 years and 2.2 years, respectively.

(2) For the years ended December 31, 2023 and 2022, the total gain on sale of customer lists recognized by the Company was \$0.1 million and \$0.9 million, respectively.

The following table presents the future amortization for intangible assets as of December 31, 2023 (in thousands):

	Customer Lists	Computer Software	Non-Compete Agreements
2024	\$ 4,855	\$ 890	\$ 41
2025	4,817	499	3
2026	4,760	390	—
2027	4,713	291	—
2028	4,677	104	—
Thereafter	10,396	—	—
Total	\$ 34,218	\$ 2,174	\$ 44

5. OPERATING LEASES

The following table summarizes the Company's lease costs and supplemental cash flow information related to its operating leases (dollar amounts in thousands):

	Year ended December 31,	
	2023	2022
Operating lease costs reported in Other administrative expenses	\$ 723	\$ 556
Short-term operating lease costs reported in Other administrative expenses	20	24
Total lease costs	\$ 743	\$ 580
Weighted average remaining lease term (in years)	3.3	4.3
Weighted average discount rate	3.09 %	2.32 %
Supplemental cash flow information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows used in operating leases reported in Change in operating lease liabilities	\$ 774	\$ 613
Operating lease non-cash items:		
Non-cash right-of-use assets obtained in exchange for new operating lease liabilities	\$ 936	\$ 2,872

The estimated future minimum payments of operating leases as of December 31, 2023 (in thousands):

2024	\$ 925
2025	896
2026	620
2027	153
2028	12
Total undiscounted future lease payments	2,606
Less: imputed interest	(206)
Present value of lease liabilities	\$ 2,400

6. DERIVATIVES

On July 30, 2019, and December 4, 2020, the Company entered into interest rate swap agreements to manage its exposure to interest rate fluctuations related to the Company's term loans. At inception, the Company designated the interest rate swap agreements as cash flow hedges. As of December 31, 2023 and 2022, the interest rate swaps continue to be effective hedges. The original notional amount of the interest rate swaps as of both December 31, 2023 and 2022 was \$17.0 million. The current notional amount of the interest rate swaps as of December 31, 2023 and 2022 was \$8.4 million and \$11.0 million, respectively.

The fair value of the interest rate swaps as of December 31, 2023 and 2022 was \$0.5 million and \$0.8 million, respectively, which was included in Other non-current assets, except for the portion that relates to maturities within the next twelve months. The derivative assets fair value as of December 31, 2023 and 2022 was determined using the Level II inputs described in Note 2.

The maturity dates for the interest rate swaps are July 30, 2024 and December 6, 2027, which correspond with the debt maturity dates. As of December 31, 2023, the Company expects \$0.3 million of unrealized gains from the interest rate swaps to be reclassified into earnings over the next twelve months.

7. DEBT

The following is a summary of the Company's outstanding debt (in thousands):

	December 31	
	2023	2022
Term loans		
5-year term loan, periodic interest and monthly principal payments, Daily Simple SOFR + 0.11448% SOFR adjustment as of December 31, 2023, lesser of LIBOR + 2% and the maximum rate as of December 31, 2022, matures July 30, 2024	\$ 584	\$ 1,429
7-year term loan, periodic interest and monthly principal payments, Daily Simple SOFR + 0.11448% SOFR adjustment as of December 31, 2023, lesser of LIBOR + 2% and the maximum rate as of December 31, 2022, matures December 6, 2027	7,772	9,570
Total term loans	8,356	10,999
Revolving credit		
5-year revolving credit facility, periodic interest payments, Term SOFR + 0.10% SOFR adjustment + 2% up to 2.75% applicable margin based on the consolidated leverage ratio, plus commitment fees of 0.20% up to 0.35% based on the consolidated leverage ratio, matures May 23, 2028	41,000	—
Acquisition-related notes	1,381	—
Total debt	50,737	10,999
Current maturities	(2,781)	(2,643)
Long-term debt	\$ 47,956	\$ 8,356

Future maturities of the Company's outstanding debt as of December 31, 2023, were as follows (in thousands):

2024	\$ 2,781
2025	2,363
2026	2,423
2027	2,163
2028	41,007
Total	\$ 50,737

For the years ended December 31, 2023 and 2022, the Company incurred interest expense of \$1.0 million and \$0.4 million, respectively.

Term Loans

The 5-year term loan was entered into on July 30, 2019, with the original principal of \$4.0 million, while the 7-year term loan was entered into on December 4, 2020, with the original principal of \$13.0 million. The Company entered into interest rate swap agreements to manage its exposure to interest rate fluctuations related to its term loans. See Note 6 for more information relating to the interest rate swaps associated with these loans.

Revolving Credit Agreement

On May 23, 2023, the Company entered into a Revolving Credit Agreement with PNC Bank National Association ("Lender") which provides a revolving credit facility to the Company, with commitments in an aggregate principal amount not to exceed \$50.0 million ("Revolving Facility"). The borrowings under the

Revolving Credit Agreement will be used by the Company for permitted acquisitions, working capital and general corporate purposes.

The Company pays a commitment fee on undrawn amounts under the Revolving Facility of 0.20% to up to 0.35% based on the consolidated leverage ratio. As of December 31, 2023, the unused capacity under the Revolving Facility was \$9.0 million.

Borrowings under the term loans and the Revolving Credit Agreement are secured by all of the items and types of property of TWFG Holding, TWFG-IS, and TWFG-GA described as collateral in the Security Agreement. In addition, the term loan agreement contains covenants that restrict the Company's ability to make certain distributions or dividend payments, incur additional debt, engage in certain asset sales, mergers, acquisitions or similar transactions, create liens on assets, engage in certain transactions with affiliates, change the Company's business or make investments. In addition, the term loan agreement requires the Company to maintain certain financial ratios. As of December 31, 2023 and 2022, the Company was in compliance with these covenants. Because the Company's term loans and borrowings under the Revolving Facility have variable interest rates, the outstanding debt as of December 31, 2023 and 2022 approximates fair value.

LIBOR

Under the benchmark replacement provision of the credit agreement governing the Company's term loans, the lender is permitted, in good faith, to determine an alternate benchmark rate if LIBOR is no longer available. After June 30, 2023, LIBOR was no longer published. As a result, all rates and fees under the Company's credit agreement were replaced with the adjusted index replacement according to the benchmark replacement provision of the Company's credit agreement. Conforming changes were also made to the interest rate swap agreements related to the Company's term loans, which places the lender under the credit agreement and the Company in the same economic position that existed immediately before the discontinuation of LIBOR. See Note 6 for more information relating to the interest rate swaps associated with these loans.

The LIBOR transition process did not have material impact on the Company's financial position and results of operations.

Acquisition-Related Notes

In connection with the purchase of the customer list intangible assets of Wade, \$3.0 million of the total consideration of \$4.3 million was paid in cash at closing on April 1, 2023. The remaining balance was settled through the issuance of a note payable monthly over three years beginning in April 2024 and bears an annual interest of 3.75%. The portion of the balance due in 2024 is reported in the Consolidated Statements of Financial Position as Deferred acquisition payable, current, while the amount due beyond 2024 is included in Deferred acquisition payable, non-current. See Notes 4 and 9 for more information regarding the purchase of the customer list intangible assets.

8. DEFINED CONTRIBUTION PLAN

TWFG Holding sponsors a Safe Harbor defined contribution pension plan ("the Plan"). The sponsor is part of a controlled group that includes both TWFG-IS and TWFG-GA. The Plan allows employees who are age 21 or older and have completed 3 months of service to participate.

Each year, participants may defer between 1% and 100% of eligible compensation, not to exceed the maximum dollar amount as allowed under Section 402(g) of the Internal Revenue Code. Effective January 1, 2008, the Plan was amended to allow the Company to meet the provisions of the regulations. The Plan provides a Company matching of 100% on the first 4% of eligible compensation that a participant contributes to the Plan.

For both the years ended December 31, 2023 and 2022, the Company recognized \$0.3 million of expenses related to the Plan. The Company at its election may make discretionary profit share contributions.

Contributions are subject to certain limitations. For the years ended December 31, 2023 and 2022, the Company elected not to make any additional discretionary contributions.

9. RELATED PARTY TRANSACTIONS

TWFG provides administration services to and pays expenses on behalf of its subsidiaries as part of its management agreement with its subsidiaries. These expenses are allocated to the subsidiaries based on the time expended by employees in each subsidiary. For the year ended December 31, 2023 and 2022, the Company allocated general and administrative expenses related to the continuing operations totaling \$4.2 million and \$3.4 million, respectively. These amounts are eliminated in the Consolidated Statements of Operations.

TWICO pays TWFG-GA commissions, policy fees and TPA fees for business written through TWFG-GA. For the year ended December 31, 2023, TWFG-GA earned \$4.2 million in commissions and \$1.6 million in policy and TPA fees from TWICO. For the year ended December 31, 2022, TWFG-GA earned \$4.6 million in commissions and \$1.8 million in policy and TPA fees from TWICO. These amounts are not eliminated and are included in commission income and fee income in the Consolidated Statements of Operations. In addition, TWFG provides administration services to and pays expenses on behalf of TWICO as part of its management agreement with TWICO. For both the years ended December 31, 2023 and 2022, the Company allocated general and administrative expenses related to TWICO totaling \$0.03 million. The offsetting expenses recognized by TWICO for one month in 2023 and for a full year in 2022 related to these commissions, policy, TPA fees and allocated general and administrative expenses are included in the net income (loss) from discontinued operation in the Consolidated Statements of Operations.

As described in Note 1, in May 2023, the Company distributed its equity interest in EVO to the owners of the Company. As a result, the Company deconsolidated EVO effective on the distribution date. TWFG-IS and TWFG-GA have software licensing agreements with EVO, which allow TWFG-IS and TWFG-GA to use EVO's proprietary agency management system in exchange for a fixed annual fee. In addition, TWFG provides administration services to and pays expenses on behalf of EVO as part of its management agreement with EVO. Prior to the deconsolidation of EVO, charges between the Company and EVO were eliminated upon consolidation. For the year ended December 31, 2023, the Company incurred \$0.7 million in license fees and allocated general and administrative expenses related to EVO, totaling \$0.3 million. These amounts are not eliminated and are included in Other administrative expenses in the Consolidated Statements of Operations.

As described in Note 4, TWFG-IS acquired interests in the operations and assets of AIS, Luczkowski and Kelly. All respective equity ownership with AIS, Luczkowski and Kelly remains with the sellers, while TWFG-IS manages the ongoing operations of AIS, Luczkowski and Kelly. Given the relationship between the Company and AIS, Luczkowski and Kelly, they are considered related parties of the Company.

As described in Note 4, TWFG-IS purchased the assets of Wade for a total consideration of \$4.3 million, of which \$3.0 million was paid in cash, and the remaining balance of \$1.3 million, was settled through the issuance of an interest-bearing note, payable monthly, over three years beginning in April 2024. The portion of the balance due in 2024 is reported in the Consolidated Statements of Financial Position as Deferred acquisition payable, current, while the amount due beyond 2024 is included in Deferred acquisition payable, non-current.

As described in Note 4, immediately following the asset purchase, the Company sold 10.9% interest in the asset purchased from Wade to AIS for a total consideration of \$0.5 million. In connection with the Wade asset purchase, the branch agreement between TWFG-IS and AIS was amended to add Wade's book of business into AIS, which changed to TWFG-IS ownership over the assets of AIS branch from 70% to 76.9%.

As described in Note 4, TWFG-IS purchased the assets of Kincaid and Brinson for a total consideration of \$11.8 million and \$2.0 million, respectively. Upon closing, the Company paid \$8.2 million in cash for the Kincaid asset purchase and \$0.5 million in cash for the Brinson asset purchase. The amount representing the unsettled portion of the total consideration as of December 31, 2023 was reported as Deferred acquisition payable, current in the Consolidated Statements of Financial Position.

In May 2022, through a share purchase agreement, TWFG acquired PSN for \$0.07 million, and PSN became a wholly owned subsidiary of TWFG Holding.

RenaissanceRe Holdings Ltd., through its wholly owned subsidiary RenaissanceRe Ventures U.S. LLC, has been an investor in the Company since 2018, and is represented on the Company's Board of Managers.

Griffin Highline Capital, LLC, through its wholly owned subsidiary, GHC Woodlands Holdings LLC, has been an investor in the Company since 2021 and is represented on the Company's Board of Managers.

10. NET INCOME (LOSS) PER COMMON UNIT

As discussed in Note 1, in May 2023, the Company amended and restated its limited liability company agreement, which resulted in the automatic exchange of all outstanding membership interests into three classes of membership interests. The economic interests of the unitholders before and after the unit exchange remained the same. See Notes 1 and 2 for additional discussions regarding the unit exchange and the rights under each class.

The following table illustrates the computation of basic and diluted net income (loss) per common unit (amounts in thousands, except units and per unit data):

	Year Ended December 31, 2023					
	Basic			Diluted		
	Class A	Class B	Class C	Class A	Class B	Class C
Net income from continuing operations	\$ —	\$ 4,429	\$ 20,833	\$ —	\$ 4,429	\$ 20,833
Weighted average units used in the computation of net income (loss) per unit	—	110,750	521,000	—	110,750	521,000
Net income from continuing operations per unit	\$ —	\$ 39.99	\$ 39.99	\$ —	\$ 39.99	\$ 39.99
Net income from discontinued operation, net of tax	\$ —	\$ 146	\$ 688	\$ —	\$ 146	\$ 688
Weighted average units used in the computation of net income (loss) per unit	—	110,750	521,000	—	110,750	521,000
Net income from discontinued operation per unit	\$ —	\$ 1.32	\$ 1.32	\$ —	\$ 1.32	\$ 1.32
Net income	\$ —	\$ 4,575	\$ 21,521	\$ —	\$ 4,575	\$ 21,521
Weighted average units used in the computation of net income (loss) per unit	—	110,750	521,000	—	110,750	521,000
Net income per unit	\$ —	\$ 41.31	\$ 41.31	\$ —	\$ 41.31	\$ 41.31

	Year Ended December 31, 2022			
	Common Units			
		Basic		Diluted
Net income from continuing operations	\$	23,347	\$	23,347
Weighted average units used in the computation of net income (loss) per unit		631,750		631,750
Net income from continuing operations per unit	\$	36.96	\$	36.96
Net loss from discontinued operation, net of tax	\$	(2,733)	\$	(2,733)
Weighted average units used in the computation of net income (loss) per unit		631,750		631,750
Net loss from discontinued operation per unit	\$	(4.33)	\$	(4.33)
Net income	\$	20,614	\$	20,614
Weighted average units used in the computation of net income (loss) per unit		631,750		631,750
Net income per unit	\$	32.63	\$	32.63

11. DISCONTINUED OPERATION

Prior to February 2023, TWICO was a wholly owned subsidiary of the Company. In July 2022, the Company entered into a Master Transaction Agreement (“MTA”) in which the Company’s equity interests in TWICO were distributed to the owners of the Company (“TWICO Distribution”). In 2022, as part of the MTA, the Company contributed \$5.0 million to TWICO. This contribution was reported in the Consolidated Statements of Cash Flows as an investing outflow from continuing operations and as a financing inflow from discontinued operation. The TWICO Distribution was effective in February 2023 after approval from the Texas Department of Insurance. The TWICO Distribution is a common control transaction and recorded at book value as a capital transaction with no gain or loss recorded. TWICO, as a subsidiary of the Company, was determined to be a component of the Company and disposed of by other-than-sale. The TWICO Distribution represents a significant strategic shift in the operations of the Company and has met all criteria for discontinued operations reporting on the distribution date, i.e., February 2023. After the TWICO Distribution, the Company retains significant continuing involvement in the operation of TWICO through TWICO’s existing agency agreement with TWFG-GA and the management agreement with the Company. See Note 9 for more information about the transactions between the Company, TWFG-GA and TWICO.

The following is a reconciliation of the amounts of major classes of income from operations classified as discontinued operation in the Consolidated Statement of Operations (in thousands):

	Years Ended December 31,	
	2023	2022
Revenue	\$ 1,240	\$ 8,575
Less: Operating expenses	450	11,026
Operating income (loss)	790	(2,451)
Less: Income tax (benefit) expense	(44)	282
Net income (loss) from discontinued operation, net of tax	\$ 834	\$ (2,733)

The following table summarizes the assets and liabilities of discontinued operation in the Consolidated Statement of Financial Position (in thousands):

	December 31,	
	2023	2022
Assets of discontinued operation:		
Cash and cash equivalents	\$ —	\$ 10,402
Premiums receivable	—	1,186
Reinsurance recoverable	—	5,037
Prepaid reinsurance	—	5,069
Fixed maturity securities available for sale, at fair value	—	11,125
Equity securities, at fair value	—	1,895
Other current assets	—	2,019
Total assets of discontinued operation	\$ —	\$ 36,733
Liabilities of discontinued operation:		
Unearned premiums	—	13,268
Liability for unpaid losses and loss adjustment expenses	—	7,495
Other current liabilities	—	1,144
Total liabilities of discontinued operation	\$ —	\$ 21,907

12. LITIGATION AND CONTINGENCIES

The Company is a party to various legal actions and claims, brought by or threatened against it, in the ordinary course of business. The Company records liabilities for loss contingencies when it is probable that a liability has been incurred and the amount is reasonably estimable. The Company does not discount such contingent liabilities and recognizes incremental costs related to the contingencies when incurred.

In the opinion of management, the ultimate resolution of legal actions and pending claims will not materially affect the consolidated financial statements of the Company.

13. SUBSEQUENT EVENTS

We have evaluated subsequent events through April 12, 2024, the issuance date.

TWFG, Inc.

On January 8, 2024, TWFG, Inc. was incorporated as a Delaware corporation for the purpose of completing an initial public offering and to carry on the business of the Company. TWFG Inc., which will become the parent and sole managing member of the Company following certain reorganization transactions immediately prior to the initial public offering, will operate and control all of the business and affairs of the Company and, through the Company, continue to conduct the business now conducted by these subsidiaries.

Acquisitions

As described in Note 9, a portion of the total consideration for the purchase of Kincaid's and Brinson's assets remained outstanding as of December 31, 2023. In January 2024, pursuant to the asset purchase agreements, the remaining balance of the total consideration was settled through the issuance of the Company's Class A common units, equivalent to \$3.5 million for the Kincaid asset purchase, and the issuance of the Company's Class A common units equivalent to \$1.0 million and cash payment of \$0.5 million for the Brinson asset purchase. The Company issued a total of 4,164 Class A common units to settle the equity component of the Kincaid and Brinson asset purchase considerations.

As described in Note 4, the Company previously acquired partial interests in the assets of AIS, Luczkowski, and Kelly and operated them as corporate branches. In January 2024, the Company acquired the remaining interests in the assets of AIS, Luczkowski, and Kelly for a total purchase price of \$5.2 million, converting them to wholly owned corporate branches. The Company paid the total purchase price related to these asset acquisitions through the issuance of 4,762 Class A common units.

The Company's branch agreements contain provisions that give its branches the right to be acquired by the Company if it pursues an IPO of its common stock. The Company offered all of its existing branches the opportunity to be acquired by the Company for consideration consisting of a combination of cash and the Company's equity securities. In January 2024, the Company acquired nine of its independent branches for a total purchase price of \$40.8 million and converted them to corporate branches or employees. The Company issued a total of 18,763 Class A common units in connection with the branch acquisitions.

TWFG Holding Company, LLC

Consolidated Statements of Operations

(Amounts in thousands, except unit and per unit data)
(unaudited)

	Three months ended March 31,	
	2024	2023
Revenues		
Commission income (related party: 2024—\$1,109 and 2023—\$985)	\$ 42,545	\$ 36,687
Contingent income	1,076	985
Fee income (related party: 2024—\$354 and 2023—\$428)	2,232	2,028
Other income	460	156
Total revenues	46,313	39,856
Expenses		
Commission expense	26,443	27,496
Salaries and employee benefits	6,254	3,336
Other administrative expenses (related party: 2024—\$401 and 2023—\$(7))	3,130	2,495
Depreciation and amortization	3,013	1,061
Total operating expenses	38,840	34,388
Operating income	7,473	5,468
Interest expense	(842)	(85)
Other non-operating expense, net	(2)	(11)
Net income from continuing operations	6,629	5,372
Net income from discontinued operation, net of tax	—	834
Net income	\$ 6,629	\$ 6,206
Weighted average units used in the computation of net income per unit (see Note 10):		
Basic	659,439	631,750
Diluted	659,439	631,750
Net income per unit:		
Net income from continuing operations per unit - basic	\$ 10.05	\$ 8.50
Net income from continuing operations per unit - diluted	\$ 10.05	\$ 8.50
Net income from discontinued operation per unit - basic	\$ —	\$ 1.32
Net income from discontinued operation per unit - diluted	\$ —	\$ 1.32
Net income per unit - basic	\$ 10.05	\$ 9.82
Net income per unit - diluted	\$ 10.05	\$ 9.82

See Notes to the Consolidated Financial Statements

TWFG Holding Company, LLC
Consolidated Statements of Comprehensive Income (Loss)

(Amounts in thousands)
(unaudited)

	Three Months Ended March 31,	
	2024	2023
Net income	\$ 6,629	\$ 6,206
Other comprehensive income (loss), net of tax:		
Unrealized gains (losses) on investments of discontinued operation during the period (net of tax expense of \$0 and \$44 for 2024 and 2023, respectively)	—	165
Unrealized gains on derivative instruments during the period	116	(29)
Reclassification of realized gains on derivative instruments included in net income during the period	(93)	(97)
Total other comprehensive loss, net of tax	23	39
Comprehensive income	\$ 6,652	\$ 6,245

See Notes to the Consolidated Financial Statements

TWFG Holding Company, LLC

Consolidated Statements of Financial Position

(Amounts in thousands, except unit data)
(unaudited)

	March 31, 2024	December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	\$ 22,555	\$ 39,297
Restricted cash	8,863	7,171
Commissions receivable, net	19,735	19,082
Accounts receivable	6,075	5,982
Deferred offering costs	2,733	2,025
Other current assets, net	1,292	1,551
Total current assets	61,253	75,108
Non-current assets		
Intangible assets - net	80,420	36,436
Property and equipment - net	539	597
Lease right-of-use assets - net	2,977	2,459
Other non-current assets	853	837
Total assets	\$ 146,042	\$ 115,437
Liabilities and Members' Equity		
Current liabilities		
Commissions payable	\$ 13,318	\$ 12,487
Carrier liabilities	10,483	8,731
Accounts payable	258	1,566
Operating lease liabilities, current	1,041	882
Short-term debt	2,235	2,437
Deferred acquisition payable, current	527	5,369
Other current liabilities	3,304	3,440
Total current liabilities	31,166	34,912
Non-current liabilities		
Operating lease liabilities, net of current portion	1,858	1,518
Long-term debt	46,446	46,919
Deferred acquisition payable, non-current	1,243	1,037
Total liabilities	80,713	84,386
Commitment and contingencies (see Note 12)		
Members' equity		
Class A common units (27,689 units issued and outstanding at March 31, 2024)	28	—
Class B common units (110,750 units issued and outstanding)	111	111
Class C common units (521,000 units issued and outstanding)	521	521
Additional paid-in capital	55,132	25,114
Retained earnings	9,014	4,805
Accumulated other comprehensive income (loss)	523	500
Total members' equity	65,329	31,051
Total liabilities and members' equity	\$ 146,042	\$ 115,437

See Notes to the Consolidated Financial Statements

TWFG Holding Company, LLC

Consolidated Statements of Members' Equity

(Amounts in thousands, except units data)
(unaudited)

	Common Units		Class A Common Units		Class B Common Units		Class C Common Units		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Members' Equity
	Units	Amount	Units	Amount	Units	Amount	Units	Amount				
Balance at December 31, 2023	—	\$ —	—	\$ —	110,750	\$ 111	521,000	\$ 521	\$ 25,114	\$ 4,805	\$ 500	\$ 31,051
Net income	—	—	—	—	—	—	—	—	—	6,629	—	6,629
Units issuances (see Note 1)	—	—	27,689	28	—	—	—	—	30,018	—	—	30,046
Cash distributions to members	—	—	—	—	—	—	—	—	—	(2,420)	—	(2,420)
Other comprehensive loss	—	—	—	—	—	—	—	—	—	—	23	23
Balance at March 31, 2024	—	\$ —	27,689	\$ 28	110,750	\$ 111	521,000	\$ 521	\$ 55,132	\$ 9,014	\$ 523	\$ 65,329
Balance at December 31, 2022	631,750	\$ 632	—	\$ —	—	\$ —	—	\$ —	\$ 25,114	\$ 32,180	\$ (140)	\$ 57,786
Cumulative effect of change in accounting principle (see Note 2)	—	—	—	—	—	—	—	—	—	(271)	—	(271)
Adjusted balance at December 31, 2022	631,750	632	—	—	—	—	—	—	25,114	31,909	(140)	57,515
Net income	—	—	—	—	—	—	—	—	—	6,206	—	6,206
Cash distributions to members	—	—	—	—	—	—	—	—	—	(5,378)	—	(5,378)
Other distributions to members	—	—	—	—	—	—	—	—	—	(16,599)	—	(16,599)
Other comprehensive loss	—	—	—	—	—	—	—	—	—	—	39	39
Impact of discontinued operation on accumulated other comprehensive income (loss)	—	—	—	—	—	—	—	—	—	—	775	775
Balance at March 31, 2023	631,750	\$ 632	—	\$ —	—	\$ —	—	\$ —	\$ 25,114	\$ 16,138	\$ 674	\$ 42,558

See Notes to the Consolidated Financial Statements

TWFG Holding Company, LLC

Consolidated Statements of Cash Flows

(Amounts in thousands)
(unaudited)

	Three Months Ended March 31,	
	2024	2023
Cash Flows from Operating Activities		
Net income	\$ 6,629	\$ 6,206
Less: Net income (loss) from discontinued operation, net of tax	—	834
Net income from continuing operations	6,629	5,372
Adjustments to reconcile net income to cash flows from operating activities:		
Depreciation and amortization	3,013	1,061
Non-cash lease expense	249	145
Other non-cash items	1	10
Change in:		
Commissions receivable, net	(653)	(748)
Accounts receivable	(93)	1,126
Other current and non-current assets	264	(501)
Commissions payable	831	2,766
Accounts payable	(80)	22
Operating lease liabilities	(266)	(153)
Other current liabilities	(141)	(148)
Net cash provided by operating activities from continuing operations	9,754	8,952
Net cash provided by operating activities from discontinued operation	—	839
Net cash provided by operating activities	9,754	9,791
Cash Flows from Investing Activities		
Purchase of intangible assets	(20,973)	(361)
Purchase of property and equipment	(8)	(24)
Net cash used in investing activities from continuing operations	(20,981)	(385)
Net cash provided by investing activities from discontinued operation	—	64
Net cash used in investing activities	(20,981)	(321)
Cash Flows from Financing Activities		
Repayment of borrowings	(675)	(652)
Distributions to members	(2,420)	(5,378)
Payment of deferred offering costs	(1,937)	—
Payment of equity issuance costs	(37)	—
Net change in carrier liabilities	1,752	271
Payment of deferred acquisition payable	(506)	—
Net cash used in financing activities from continuing operations	(3,823)	(5,759)
Net cash used in financing activities from discontinued operation	—	(11,305)
Net cash used in financing activities	(3,823)	(17,064)

See Notes to the Consolidated Financial Statements

TWFG Holding Company, LLC

Consolidated Statement of Cash Flows (continued)

(Amounts in thousands)
(unaudited)

	Three Months Ended March 31,	
	2024	2023
Net change in cash, cash equivalents and restricted cash from continuing operations	(15,050)	2,808
Net change in cash, cash equivalents and restricted cash from discontinued operation	—	(10,402)
Net change in cash, cash equivalents and restricted cash	(15,050)	(7,594)
Cash, cash equivalents and restricted cash from continuing operations - beginning balance	46,468	30,262
Cash, cash equivalents and restricted cash from discontinued operation - beginning balance	—	10,402
Cash, cash equivalents and restricted cash - beginning balance	46,468	40,664
Cash, cash equivalents and restricted cash - ending balance	31,418	33,070
Less: Cash, cash equivalents and restricted cash from discontinued operation - ending balance	—	—
Cash, cash equivalents and restricted cash from continuing operations - ending balance	\$ 31,418	\$ 33,070
Reconciliation of cash, cash equivalents and restricted cash, end of period:		
Cash and cash equivalents	\$ 22,555	\$ 24,203
Restricted cash	8,863	8,867
Cash, cash equivalents and restricted cash, end of period	\$ 31,418	\$ 33,070
Net change in cash and cash equivalents	\$ (16,742)	\$ 1,873
Net change in restricted cash	1,692	935
Net change in cash, cash equivalents and restricted cash	\$ (15,050)	\$ 2,808
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 969	\$ 87
Non-cash investing and financing activities:		
Additions to intangible assets and offsetting additions to deferred acquisition payable	\$ 394	\$ —
Additions to intangible assets and offsetting additions to members' equity	25,560	—
Additions to intangible assets and offsetting additions to other current liabilities	5	—
Settlement of deferred acquisition payable through the issuance of Class A common units	4,524	—
Distribution to members	—	5,294

See Notes to the Consolidated Financial Statements

TWFG Holding Company, LLC

Notes to the Consolidated Financial Statements

(unaudited)

1. ORGANIZATION AND BASIS OF PRESENTATION

Organization

On January 8, 2024, TWFG, Inc. was incorporated as a Delaware corporation for the purpose of completing an initial public offering (“IPO”) and to carry on the business of TWFG Holding Company, LLC and its consolidated subsidiaries (collectively “TWFG Holding” or the “Company”). The accompanying financial statements have been prepared in connection with the planned IPO of Class A common stock of TWFG, Inc., which will become the sole managing member of TWFG Holding. The operations of TWFG Holding represent the predecessor to TWFG, Inc. prior to the IPO, and the consolidated subsidiaries of TWFG Holding are described in more detail below. TWFG Inc. will operate and control all of the business and affairs of the Company and, through the Company, continue to conduct the business now conducted by these subsidiaries.

TWFG Holding is an independent distribution platform for personal and commercial insurance in the United States. TWFG Holding was incorporated in October 2000 under the name RFB Interests, Inc. (“RFB”). On March 23, 2018, the Company was converted to a limited liability company and its name was changed to TWFG Holding Company, LLC. The Company was 100% owned by Bunch Family Holdings, LLC. In March 2018, TWFG Holding sold a 17.5% ownership interest to RenaissanceRe Ventures U.S. LLC (“RenRe”), a Delaware limited liability company. In August 2021, RenRe sold 4.4% of its ownership interest in TWFG Holding to GHC Woodlands Holdings LLC (“GHC”).

In May 2023 (the “Effective Date”), the Company amended and restated its limited liability company agreement (“A&R LLC Agreement”) and created three classes of membership interests — Class A common units with one vote per unit, Class B common units with one vote per unit and Class C common units with 10 votes per unit. As of the Effective Date, the original common units were automatically exchanged as follows:

- The 82.5% ownership interest of Bunch Family Holdings, LLC was automatically exchanged into 100% ownership of the Class C common units issued and outstanding, representing 82.5% ownership interest and 97.9% voting power.
- The 13.1% ownership interest of RenRe was automatically exchanged into 75% ownership of the Class B common units issued and outstanding, representing 13.1% ownership interest and 1.6% voting power.
- The 4.4% ownership interest of GHC was automatically exchanged into 25% ownership of the Class B common units issued and outstanding, representing 4.4% ownership interest and 0.5% voting power.

The economic interests of the unitholders before and after the unit exchange remained the same. Bunch Family Holdings, LLC is the ultimate controlling owner of TWFG Holding.

On January 1, 2024, the Company issued a total of 27,689 new Class A common units to separate individuals and entities (collectively “New Owners”) in connection with separate asset purchase agreements. See Note 4 for more information about the asset purchases. Following the issuance of the new units, the ownership and voting power of the Company were as follows:

- Bunch Family Holdings, LLC held 521,000 Class C common units, representing 79.0% ownership interest and 97.4% voting power.
- RenRe held 83,050 Class B common units, representing 12.6% ownership interest and 1.6% voting power.

- GHC held 27,700 Class B common units, representing 4.2% ownership interest and 0.5% voting power.
- New Owners collectively held 27,689 Class A common units, representing 4.2% ownership interest and 0.5% voting power.

The Company's corporate headquarters is in The Woodlands, Texas. TWFG Holding is the parent company of the following wholly-owned subsidiaries:

TWFG Insurance Services LLC ("TWFG-IS") is a national retail insurance agency that distributes personal lines, commercial lines, life, annuities, health, and supplemental benefits insurance products.

TWFG General Agency LLC ("TWFG-GA") is a Managing General Agency that distributes personal and commercial lines insurance products to independent agents, in addition to TWFG-IS agents.

TWFG Premium Finance LLC ("TWFG-PF") is an intermediary insurance premium financing company that offers premium financing for commercial insurance policies for clients of TWFG-GA and TWFG-IS.

TWFG CA Premium Finance Company ("TWFG-CA PF") is an intermediary insurance premium financing company that offers premium financing for personal and commercial insurance clients that purchase insurance from licensed California insurance agents. This entity was formed in 2022.

PSN Business Processing Inc. ("PSN") is a Philippine corporation with its principal office located in the Philippines. PSN is engaged in the business of providing back-office support to TWFG agents and the TWFG corporate office, specifically insurance-related and various administrative services. *See Note 9 for more information regarding the acquisition of PSN.*

Evolution Agency Management LLC ("EVO") is a software services company that offers agents complete agency management systems solutions. In May 2023, the Company distributed its equity interest in EVO to the owners of the Company. The distribution of EVO did not meet the criteria for discontinued operation reporting.

The Woodlands Insurance Company ("TWICO") is a Texas domiciled insurance company, formed in 2014, which currently writes homeowner's policies. TWICO is licensed in Texas and Louisiana. In 2023, the Company distributed its equity interest in TWICO to the owners of the Company. The Company has presented TWICO as a discontinued operation in these consolidated financial statements. *See Note 11 for additional information about the discontinued operation.*

Basis of Presentation

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") and include the accounts of TWFG Holding and its subsidiaries. All intercompany transactions and balances have been eliminated in consolidation. In the opinion of management, the consolidated financial statements include all normal recurring adjustments necessary to present fairly the Company's consolidated financial position, results of operations, and cash flows for all periods presented. No reclassification of the prior period amounts was made.

The Company is filing as an emerging growth company ("EGC") and elected to avail itself of the extended transition period for complying with new or revised accounting standards.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates as more information becomes known.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

The Company applies the following five-step model in order to determine revenue recognition: (i) identification of the contract with a customer; (ii) identification of the performance obligations in the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when the Company satisfies each performance obligation.

The Company only applies the five-step model to contracts when it is probable that it will collect the consideration it is entitled to in exchange for the services it transfers to the customer.

Commission Income

The Company derives its revenues from the placement of insurance contracts between insurance carriers and insureds. Revenues are recognized when the performance obligation of placing the policy has been met and the policy is in effect, based on the effective date of the policy. Commission income is an amount that reflects the consideration the Company expects to be entitled to in exchange for those services. The Company does not have any significant financing components. Costs incurred to place a contract are expensed as incurred. The Company incurs costs to place the contracts, primarily through commissions paid to agents.

The Company's customers are insurance carriers, as the Company acts as an agent to the insureds to identify a policy and carrier that best meets the needs of the insured. The Company contracts with various insurance carriers and earns commissions for the initial term of the policy on policies placed with insurance carriers. Contracts with the insurance carriers are non-exclusive and can typically be terminated unilaterally by either party. Additionally, the Company and the insurance carrier can agree to amend provisions in the contracts relating to the prospective commission rates paid to the Company for new policies sold.

Revenue from performance obligations is satisfied at the point in time in which the current term of the policy is placed and effective. These contracts are sold by the Company on behalf of the insurance carriers to the policyholder. For performance obligations related to the placement of insurance contracts, control transfers to the policyholder at a point in time at which all performance obligations have been fulfilled as evidenced by the binding of a policy. Commissions are established by contract between the Company and the insurance carrier and are calculated as a percentage of premium for the underlying insurance contract. The Company records revenue when the underlying insurance contracts are bound for the commission expected to be received for the current term of the policy, net of any estimated refunds due to policy cancellations. Commissions related to renewed policies are recognized at the time the policy renews and the new policy becomes effective. The only material promise to be performed by the Company is to sell the policy. While agreements may indicate certain administrative support such as to provide the underlying insured with policy information, such promises are immaterial in the context of the contract and are not identified as performance obligations. Additionally, the Company has concluded that they are required to "re-sell" the policy on an annual basis. As a result, a performance obligation exists for each policy term. This coincides with the efforts of placing renewed policies with the insurance carrier.

The transaction price is the total commission the Company expects to receive from the insurance carrier for the current term of the policy. The transaction date is determined by the effective date of the insurance policy. Policies are subject to cancellation at the discretion of the insured, and such a cancellation would result in the Company's commission being limited to the period that the policy was in force. The Company estimates any expected variable consideration, endorsements, or cancellations, based on historical information and data collected from external sources, at the time revenue is recorded.

Contingent Income

Contingent income is earned from the insurance carriers to drive incremental policy sales when the Company meets or exceeds certain premium volumes and/or falls below specific loss ratio quotas predetermined by its

insurance carriers. The Company utilizes the expected value approach to estimate contingent income that incorporates a combination of historical payment data by insurance carriers and the current-year production forecast data used to estimate the amount of contingent income expected to be received from the insurance carriers. Because of the uncertainty regarding the amount estimated to be received, the Company constrains the recognition of contingent income until information from the insurance carrier regarding the amount owed by the insurance carriers to the Company is received and is probable to avoid reversal of contingent income in the future period. The uncertainty regarding the estimated contingent income is primarily in the profitability of the insurance policies placed, as determined by the loss ratios maintained by the insurance carriers. The uncertainty is resolved upon receiving notification from the insurance carrier regarding actual profitability results. Contingent income is not refundable.

Fee Income

Fee income is comprised primarily of policy fees, branch fees, license fees and third-party administrator (“TPA”) fees.

The Company receives policy fees as compensation for administrative services performed in connection with the placement and issuance of certain policies that are in addition to and separate from commissions paid by the insurance carriers. Policy fees are recognized at the point in time in which an insurance policy is bound and issued on the effective date of certain policies. Policy fees are not refundable.

Branch fees include the monthly recurring fees assessed for the ongoing customer service and back-office support provided to independent branches operating exclusively through the Company pursuant to an exclusive branch agreement and a one-time branch onboarding fee. The Company’s performance obligation related to branch fees is largely satisfied, and the related revenue is recognized at a point in time, when the services are rendered, typically monthly. Branch fees are deducted from the monthly commissions paid to the branch.

License fees include usage-based fees, which are typically priced as a specified fee per user and assessed by the Company for the use of its proprietary applications. The Company’s performance obligation related to license fees is largely satisfied, and the related revenue is recognized at a point in time, when the services are rendered, typically monthly.

TPA fees are related to services performed based on service agreements with a few insurance carriers. Revenues associated with TPA fees are recognized at a point in time, when the services are performed, which is typically monthly.

Other Income

Other income is comprised primarily of income earned for facilitating premium financing arrangements, fees assessed for agent conventions, interest income, and other miscellaneous income.

Cash and Cash Equivalents

Cash and cash equivalents primarily include demand deposits with financial institutions and highly liquid investments with original maturities of three months or less that are not managed by external or internal investment advisors.

Restricted Cash

In certain cases, the Company collects premiums from insureds and, after deducting our commissions and fees, remits the premiums to insurance carriers. The Company also collects surplus line taxes for remittance to state taxing authorities. Additionally, the Company has an agreement with certain insurance carriers whereby it remits claim payments and/or premium refunds to the insured on behalf of the insurance carriers. While the Company is in possession of the premiums, claims payments and surplus line taxes, the Company may invest those funds in interest-bearing demand deposit accounts with banks, in which interest income on these unremitted amounts is included in Other income in the Consolidated Statements of Operations. These unremitted amounts are reported as Restricted cash in the Consolidated Statements of Financial Position.

Restricted cash amounting to \$8.9 million and \$7.2 million as of March 31, 2024 and December 31, 2023, respectively, is comprised of interest-bearing bank deposits.

In its role as an insurance intermediary, the Company collects and remits amounts between the insureds and insurance carriers. Because these amounts are collected on behalf of third parties, they are excluded from the measurement of the transaction price when applying the revenue recognition guidance. Similarly, the Company excludes surplus lines taxes from the measurement of the transaction price, as these are assessed by and remitted to governmental authorities. The Company recognizes the amounts collected on behalf of others, including insureds and insurance carriers, as Accounts receivable and the associated Carrier liabilities on the Consolidated Statements of Financial Position. The Company does not have any rights or obligations in connection with these amounts with the exception of segregating these amounts from the Company's operating funds and paying them when they are due.

As of March 31, 2024 and December 31, 2023, the Company reported Carrier liabilities amounting to \$10.5 million and \$8.7 million, respectively. Carrier liabilities are recognized based on premiums written, while Restricted cash is recorded based on premiums collected. This basis difference, coupled with the timing of settling the commissions and fees on collected premiums, resulted in differences between the amount reported in Restricted cash and Carrier liabilities.

Receivables

Commissions receivable represents commissions earned but outstanding along with the estimated contingent commissions.

Accounts receivable represents premiums billed by TWFG-GA on behalf of certain insurance carriers. These amounts, less commission, are remitted to the insurance carriers upon collection.

Allowance for Credit Losses

On January 1, 2023, the Company adopted the current expected credit losses methodology ("CECL") for estimating allowances for credit losses for most financial assets. The Company adopted the CECL methodology using a modified retrospective method, which requires a cumulative effect adjustment to its opening retained earnings. Upon adoption of the CECL methodology, the Company recorded a total allowance for credit losses of \$0.3 million, which was primarily related to Receivables from Agents, included in Other current assets, net, in the Consolidated Statements of Financial Position, and to a lesser extent, Commissions receivable.

The allowance for credit losses is maintained on Commissions receivable and Receivables from agents, included in Other current assets, net, in the Consolidated Statements of Financial Position. The determination of the credit allowance is based on a quarterly evaluation of each of these receivables, including general economic conditions and estimated collectability. The Company evaluates the collectability of its receivables based on a combination of credit quality indicators, including, but not limited to, payment status, historical charge-offs, and financial strength of the insurance carriers for Commissions receivable, and production performance and age of balances for Receivables from agents. A receivable is considered to have deteriorated in credit quality when, based on current information and events, it is probable that the Company will be unable to collect all amounts due. As of March 31, 2024 and December 31, 2023, the total allowance for credit losses was \$0.4 million and \$0.3 million, respectively.

No allowance for credit losses was required related to Accounts receivable as of March 31, 2024 and December 31, 2023.

Intangible Assets

Intangible assets are stated at cost, less accumulated amortization, and consist of computer software development costs, non-compete agreements, and purchased customer lists. Computer software development costs are amortized on the straight-line method over three or five years. Non-compete agreements are amortized on the straight-line method over the term of the non-compete agreements.

Customer lists represent amounts paid by insurance agencies to buy a list of active policies or insureds. As these policies renew, the Company realizes an income stream from commissions. Customer lists are amortized on the straight-line method over eight to ten years.

The Company acquires intangible assets in connection with asset purchases. The acquired intangible assets are recorded at fair value, which is determined based on multiples of revenue or Adjusted EBITDA, growth rates, and loss ratios of the intangible assets acquired. The methods and assumptions used to determine the purchase price and the estimated useful lives of intangible assets require significant judgment.

Intangible assets are evaluated for impairment whenever events or changes in circumstances indicate that the carrying value may no longer be recoverable. If indicators of impairment exist, the Company assesses the recoverability of its intangible assets by reviewing the estimated future undiscounted cash flows generated by the corresponding asset or asset group. If based on the assessment, the Company determines that the intangible assets are impaired, such assets are written down to their fair values with the related impairment losses recognized in the Consolidated Statements of Operations. There were no impairments recorded for the three months ended March 31, 2024 and 2023.

Property and Equipment

Property and equipment are recorded at cost, less accumulated depreciation. Maintenance, minor repairs, and replacements are charged directly to expense as incurred, while major renewals and betterments are capitalized. When property and equipment are sold or otherwise disposed of, the asset accounts and related accumulated depreciation accounts are relieved, and any gain or loss is included in the results of operations.

Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets as follows:

	Useful Life
Automobiles	5 years
Computer equipment	5 years
Furniture and fixtures	7 years
Leasehold improvements	Lesser of the estimated useful life or the underlying lease term
Office equipment	5 - 7 years

Property and equipment are evaluated for impairment whenever events or changes in circumstances indicate that the carrying value may no longer be recoverable. If indicators of impairment exist, the Company assesses its recoverability by reviewing the estimated future undiscounted cash flows generated by the corresponding asset or asset group. If based on the assessment, the Company determines that the property and equipment are impaired, such assets are written down to their fair values with the related impairment losses recognized in the result of operations. There were no impairments recorded for the three months ended March 31, 2024 and 2023.

Assets for disposal are reported at the lower of the carrying value or fair value, less costs to sell.

Deferred Offering Costs

Deferred offering costs, which consist of direct incremental legal, accounting, consulting, and other fees and expenses related to our planned IPO are capitalized in Deferred offering costs on the Consolidated Statements of Financial Position. The deferred offering costs will be offset against IPO proceeds upon the consummation of an IPO. In the event the planned IPO is terminated, the deferred offering costs will be immediately expensed in the Consolidated Statements of Operations. Deferred offering costs were \$2.7 million and \$2.0 million as of March 31, 2024 and December 31, 2023, respectively.

Commissions Payable

Commissions payable represents commissions due to agents for services provided for the placement of insurance contracts. The Company records the commission expense and the related commissions payable on the effective date of the policy based on the estimated total premium for the term of the policy adjusted for any expected variable consideration, endorsements or cancellations based on historical information at the time the expense is recorded.

Leases

The Company evaluates contracts entered into to determine whether the contract involves the use of an identified asset. The Company then evaluates whether it obtains substantially all economic benefits from the use of the asset, and whether it has the right to direct the use of the asset. If these criteria are met and a lease has been identified, the Company accounts for the contract under the requirements of the Accounting Standards Codification ("ASC") 842, *Leases*.

The Company's leased assets consist primarily of real estate for occupied offices and office equipment. Leases with a lease term of 12 months or less at inception are not recorded on the Consolidated Statements of Financial Position and are expensed on a straight-line basis over the lease term. The Company determines the lease term by assessing the renewal options with the lessor and includes lease extension (or termination) options only when options are reasonably certain of being (or not being) exercised. All of the Company's real estate and office equipment leases are recognized as operating leases. The Company does not sublease any of its leases. The Company elected the practical expedient to not separate non-lease and lease components and rather account for them as a single lease component of the underlying assets. The Company has no variable lease payments in any of its leases.

The Company recognizes lease right-of-use ("ROU") assets and operating lease liabilities on the Consolidated Statements of Financial Position for operating lease agreements. Lease liabilities are measured at the lease commencement date as the present value of the future lease payments determined. As the interest rate implicit in the lease is not readily determinable, the Company uses its incremental borrowing rate on the lease commencement date. ROU assets are measured as the lease liability plus initial direct costs and prepaid lease payments less lease incentives.

Derivatives

The Company uses derivative financial instruments, i.e., interest rate swaps, to manage its interest rate exposure associated with some of its borrowings. The Company does not hold or issue derivative instruments for trading or speculative purposes. Derivative instruments are recognized as assets or liabilities at fair value on the Consolidated Statements of Financial Position.

At the inception of the hedging relationship, the Company formally documents its designation of the hedge as a cash flow hedge and the risk management objective and strategy for undertaking the hedging transaction. The Company identifies how the hedging instrument is expected to hedge the designated risks related to the hedged item and the method that will be used to retrospectively and prospectively assess the hedge effectiveness and the method which will be used to measure ineffectiveness. A derivative designated as a hedging instrument must be assessed as being highly effective in offsetting the designated risk of the hedged item. Hedge effectiveness is formally assessed at inception and periodically throughout the life of the hedge accounting relationship. For derivative instruments designated as a cash flow hedge, all changes in the fair value of the hedging derivative are reported within accumulated other comprehensive income and the related gains or losses on the derivative are reclassified into earnings when the cash flows of the hedged item affect earnings. For a derivative not designated as a hedge, changes in the derivative's fair value and any income received or paid on derivatives at the settlement date are included in earnings. *See Note 6 for additional information about the Company's derivative instruments.*

The Company discontinues hedge accounting prospectively when: (1) it determines the derivative is no longer highly effective in offsetting changes in the estimated cash flows of a hedged item; (2) the derivative expires, is sold, terminated, or exercised; or (3) the derivative is de-designated as a hedging instrument. When hedge

accounting is discontinued, the derivative continues to be carried on the Consolidated Statements of Financial Position at fair value, with changes in fair value recognized in earnings.

Fair Value Measurements

ASC 820, *Fair Value Measurement*, establishes a fair value hierarchy that prioritizes and ranks the level of observability of inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level I measurements) and the lowest priority to unobservable inputs (Level III measurements).

The three levels of the fair value hierarchy under ASC 820 are as follows:

Level I – Observable inputs such as quoted prices for identical assets in active markets;

Level II – Inputs other than quoted prices for identical assets in active markets, that are observable either directly or indirectly; and

Level III – Unobservable inputs in which there is little or no market data which requires the use of valuation techniques and the development of assumptions.

The carrying amount of financial assets and liabilities reported in the Consolidated Statements of Financial Position for Cash and cash equivalents, Restricted cash, Commissions receivable, Accounts receivable, Other current assets, Commissions payable, Carrier liabilities, Accounts payable and accrued liabilities, and Other current liabilities at March 31, 2024 and December 31, 2023, approximate fair value because of the short-term duration of these instruments. See *Notes 6 and 7 for discussions of fair value measurements related to derivative instruments and debt.*

Members' Equity

In May 2023, the Company amended and restated its limited liability company agreement and created three classes of membership interests — Class A common units with one vote per unit, Class B common units with one vote per unit, and Class C common units with 10 votes per unit (see *Note 1*). Before the amendment that created the three classes of membership interests, the Company had one class of membership interest, and each unit was entitled to one vote per unit.

In December 2023, the A&R LLC Agreement was amended to provide that, to the extent permitted by applicable law and subject to any restrictions in any credit agreement, to the extent the Company has available cash, the Board of Managers shall at least annually make a distribution to its members in an amount sufficient to allow each member to pay all U.S., state and local income taxes on income expected to be allocated to each member.

Under the amended A&R LLC Agreement, other than mandatory tax distributions as described above, distributions to unitholders will be made only in such amounts and at such times as determined by the Company's Board of Managers in its sole and absolute discretion. Distributions, if declared by the Company's Board of Managers, will be made to all common members in proportion to their relative common units. Upon a liquidation event, certain Class B unitholders shall receive preference for any distribution or other payment, which shall be equivalent to their preferred liquidation amount. Once the preferred liquidation amount is fully paid, any distribution made to common unit members shall be in proportion to their relative common units, provided any such distribution to certain Class B unitholders is net of the preferred liquidation amount.

Income Taxes

The Company is a limited liability company and has elected to be treated as a partnership for federal tax purposes. The Company is taxed under Section 701 of the Internal Revenue Code, which provides that items of income, deductions, and credits are "passed through" and taxed at the partner level. As a result, a provision or liability for federal income tax is not reflected in the consolidated financial statements. However, TWICO is subject to federal income tax and records a provision or liability for federal income tax purposes,

which is reported in the consolidated financial statements as part of the discontinued operation. See Note 11 for additional information about the discontinued operation.

Segment

The Company operates its business as a single operating and reportable segment, which is consistent with how its chief operating decision maker (“CODM”) reviews financial performance and allocates resources.

Recent Accounting Pronouncements Not Yet Adopted

Segment Reporting

In November 2023, the FASB issued an accounting standard that is intended to improve reportable segment disclosure requirements. The standard requires disclosures to include significant segment expenses that are regularly provided to the CODM, a description of other segment items by reportable segment, and any additional measures of a segment's profit or loss used by the CODM when deciding how to allocate resources. The ASU also requires all annual disclosures currently required by the standard to be included in interim periods. The update is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted and requires retrospective application to all prior periods presented in the financial statements. The Company intends to adopt the new standard in its annual consolidated financial statements as of and for the year ending December 31, 2024. The Company expects the adoption of the standard to have a material impact on its disclosures; however, the standard will not have an impact on its Consolidated Statements of Financial Position, Operations or Cash Flows.

Income Taxes

In December 2023, the FASB issued an accounting standard that requires disaggregated income tax disclosures for specific categories on the effective tax rate reconciliation, and additional information about federal, state, local and foreign income taxes. The standard also requires annual disclosure of income taxes paid (net of refunds received), disaggregated by jurisdiction. This guidance is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The standard is to be applied on a prospective basis, although optional retrospective application is permitted. The Company is currently evaluating the impact this standard will have on its financial statement disclosures.

3. REVENUES

The following table presents the disaggregation of revenues by major source (in thousands):

	Three Months Ended March 31,	
	2024	2023
Commission income	\$ 42,545	\$ 36,687
Contingent income	1,076	985
Fee income		
Policy fees	513	555
Branch fees	1,131	467
License fees	515	875
TPA fees	73	131
Other income	460	156
Total revenues	\$ 46,313	\$ 39,856

The Company operates through two primary offerings, which are Insurance Services and TWFG MGA. The following table presents the disaggregation of revenues by offerings (in thousands):

	Three Months Ended March 31,	
	2024	2023
Insurance Services		
Agency-in-a-box	\$ 31,829	\$ 31,499
Corporate Branches	7,276	936
TWFG MGA	6,839	6,926
Other	369	495
Total revenues	\$ 46,313	\$ 39,856

As of March 31, 2024 and December 31, 2023, the Commissions receivable reported in the Consolidated Statements of Financial Position had a balance of \$19.7 million and \$19.1 million, respectively, and had an opening balance of \$15.0 million as of January 1, 2023. As of March 31, 2024, the aging of Commissions receivable is 70.1% for current, 10.2% for 31-60 days and the remainder is over 61 days. As of December 31, 2023, the aging of commissions receivable is 73.2% for current, 8.8% for 31-60 days and the remainder is over 61 days. The Company has no contract liabilities as of March 31, 2024, December 31, 2023, and January 1, 2023.

Other than The Progressive Corporation, which accounted for 13% and 12% of total revenues for the three months ended March 31, 2024 and 2023, respectively, no other customers individually accounted for 10% or more of the Company's total revenues for the three months ended March 31, 2024 and 2023.

4. INTANGIBLE ASSETS

In April 2023, the Company purchased the assets of Ralph E. Wade Insurance Agency Inc. ("Wade"), which resulted in the Company recording an increase in customer lists intangible assets of \$4.3 million. Immediately following the asset purchase, the Company sold 10.9% interest in the asset purchased from Wade to American Insurance Strategies, LLC ("AIS") for a total consideration of \$0.5 million.

In May 2023, the Company purchased 50.1% of the assets of Luczkowski Insurance Agency Inc. ("Luczkowski") and Jim Kelly Insurance Agency Inc. ("Kelly"), which resulted in the Company recording an increase in customer lists intangible assets of \$0.6 million from the Luczkowski asset purchase and \$1.1 million from the Kelly asset purchase.

In October 2023, the Company purchased the assets of Jeff Kincaid Insurance Agency, Inc. ("Kincaid"), which resulted in the Company recording an increase in customer lists intangible assets of \$11.8 million. In December 2023, the Company purchased the assets of Brinson, Inc. ("Brinson"), which resulted in the Company recording an increase in customer lists intangible assets of \$2.0 million. In January 2024, the Company issued a total of 4,164 Class A common units to settle the equity component of the Kincaid and Brinson asset purchase considerations.

The Company previously acquired partial interests in the assets of AIS, Luczkowski, and Kelly and operated them as corporate branches. In January 2024, the Company acquired the remaining interests in the assets of AIS, Luczkowski, and Kelly for a total purchase price of \$5.2 million, converting them to wholly owned corporate branches. The Company paid the total purchase price related to these asset acquisitions through the issuance of equity.

In January 2024, the Company acquired the assets of nine of its independent branches and converted those independent branches to corporate branches. The transactions resulted in the Company recording an increase in customer list intangible assets of \$40.8 million. The Company issued equity and paid cash amounting to \$20.4 million in settlement for the total purchase price.

In addition to the acquisitions described above, the Company purchased customer lists of intangible assets totaling \$0.7 million for the three months ended March 31, 2024 and \$0.9 million for the year ended December 31, 2023, representing purchases of assets with annualized revenue of less than \$0.5 million.

The following table presents information about the Company's intangible assets (in thousands):

	March 31, 2024				December 31, 2023			
	Customer Lists	Computer Software	Non-Compete Agreements	Total	Customer Lists	Computer Software	Non-Compete Agreements	Total
Cost								
Balance, beginning of period	\$ 48,997	\$ 7,858	\$ 275	\$ 57,130	\$ 29,177	\$ 8,472	\$ 275	\$ 37,924
Additions ⁽¹⁾	46,660	272	—	46,932	20,678	1,129	—	21,807
Disposals ⁽²⁾	—	—	—	—	(858)	(1,743)	—	(2,601)
Balance, end of period	95,657	8,130	275	104,062	48,997	7,858	275	57,130
Accumulated amortization	17,442	5,940	260	23,642	14,779	5,684	231	20,694
Net carrying amount, end of period	\$ 78,215	\$ 2,190	\$ 15	\$ 80,420	\$ 34,218	\$ 2,174	\$ 44	\$ 36,436

	Three Months Ended March 31, 2024				Three Months Ended March 31, 2023			
	Customer Lists	Computer Software	Non-Compete Agreements	Total	Customer Lists	Computer Software	Non-Compete Agreements	Total
Amortization expense	\$ 2,663	\$ 225	\$ 29	\$ 2,917	\$ 610	\$ 356	\$ 29	\$ 995

(1) The acquired customer lists in 2024 and 2023 have a weighted average amortization period of 8 years.

(2) For both the three months ended March 31, 2024 and 2023, no gain on sale of customer lists was recognized by the Company.

The following table presents the future amortization for intangible assets as of March 31, 2024 (in thousands):

	Customer Lists	Computer Software	Non-Compete Agreements
Remainder of 2024	\$ 8,010	\$ 685	\$ 12
2025	10,650	553	3
2026	10,593	444	—
2027	10,545	345	—
2028	10,509	159	—
Thereafter	27,908	4	—
Total	\$ 78,215	\$ 2,190	\$ 15

5. OPERATING LEASES

The following table summarizes the Company's lease costs and supplemental cash flow information related to its operating leases (dollar amounts in thousands):

	Three Months Ended March 31,	
	2024	2023
Operating lease costs reported in Other administrative expenses	\$ 257	\$ 148
Short-term operating lease costs reported in Other administrative expenses	22	7
Total lease costs	\$ 279	\$ 155
Weighted average remaining lease term (in years)	3.4	4
Weighted average discount rate	2.47 %	2.34 %
Supplemental cash flow information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows used in operating leases reported in Change in other current liabilities	\$ 274	\$ 156
Operating lease non-cash items:		
Non-cash right-of-use assets obtained in exchange for new operating lease liabilities	\$ 767	\$ 22

The estimated future minimum payments of operating leases as of March 31, 2024 (in thousands):

Remainder of 2024	\$ 826
2025	1,073
2026	772
2027	360
2028	157
Total undiscounted future lease payments	3,188
Less: imputed interest	(289)
Present value of lease liabilities	\$ 2,899

6. DERIVATIVES

On July 30, 2019, and December 4, 2020, the Company entered into interest rate swap agreements to manage its exposure to interest rate fluctuations related to the Company's term loans. At inception, the Company designated the interest rate swap agreements as cash flow hedges. As of March 31, 2024 and December 31, 2023, the interest rate swaps continue to be effective hedges. The original notional amount of the interest rate swaps as of both March 31, 2024 and December 31, 2023 was \$17.0 million. The current notional amount of the interest rate swaps as of March 31, 2024 and December 31, 2023 was \$7.7 million and \$8.4 million, respectively.

The fair value of the interest rate swaps as of both March 31, 2024 and December 31, 2023 was \$0.5 million, which was included in Other non-current assets, except for the portion that relates to maturities within the next twelve months. The derivative assets fair value as of March 31, 2024 and December 31, 2023 was determined using the Level II inputs described in Note 2.

The maturity dates for the interest rate swaps are July 30, 2024 and December 6, 2027, which correspond with the debt maturity dates. As of March 31, 2024, the Company expects \$0.3 million of unrealized gains from the interest rate swaps to be reclassified into earnings over the next twelve months.

7. DEBT

The following is a summary of the Company's outstanding debt (in thousands):

	March 31, 2024	December 31, 2023
Term loans		
5-year term loan, periodic interest and monthly principal payments, Daily Simple SOFR + 0.11448% SOFR adjustment, matures July 30, 2024	\$ 367	\$ 584
7-year term loan, periodic interest and monthly principal payments, Daily Simple SOFR + 0.11448% SOFR adjustment, matures December 6, 2027	7,314	7,772
Total term loans	7,681	8,356
Revolving credit		
5-year revolving credit facility, periodic interest payments, Term SOFR + 0.10% SOFR adjustment + 2% up to 2.75% applicable margin based on the consolidated leverage ratio, plus commitment fees of 0.20% up to 0.35% based on the consolidated leverage ratio, matures May 23, 2028	41,000	41,000
Acquisition-related notes	1,770	1,381
Total debt	50,451	50,737
Current maturities	(2,762)	(2,781)
Long-term debt	\$ 47,689	\$ 47,956

Future maturities of the Company's outstanding debt as of March 31, 2024, were as follows (in thousands):

Remainder of 2024	\$ 2,158
2025	2,436
2026	2,493
2027	2,229
2028	41,070
Thereafter	65
Total	\$ 50,451

For the three months ended March 31, 2024 and 2023, the Company incurred interest expense of \$0.8 million and \$0.09 million, respectively.

Term Loans

The 5-year term loan was entered into on July 30, 2019, with the original principal of \$4.0 million, while the 7-year term loan was entered into on December 4, 2020, with the original principal of \$13.0 million. The Company entered into interest rate swap agreements to manage its exposure to interest rate fluctuations related to its term loans. *See Note 6 for more information relating to the interest rate swaps associated with these loans.*

Revolving Credit Agreement

On May 23, 2023, the Company entered into a Revolving Credit Agreement with PNC Bank National Association ("Lender") which provides a revolving credit facility to the Company, with commitments in an aggregate principal amount not to exceed \$50.0 million ("Revolving Facility"). The borrowings under the Revolving Credit Agreement will be used by the Company for permitted acquisitions, working capital and general corporate purposes.

The Company pays a commitment fee on undrawn amounts under the Revolving Facility of 0.20% to up to 0.35% based on the consolidated leverage ratio. As of both March 31, 2024 and December 31, 2023, the unused capacity under the Revolving Facility was \$9.0 million.

Borrowings under the term loans and the Revolving Credit Agreement are secured by all of the items and types of property of TWFG Holding, TWFG-IS, and TWFG-GA described as collateral in the Security Agreement. In addition, the term loan agreement contains covenants that restrict the Company's ability to make certain distributions or dividend payments, incur additional debt, engage in certain asset sales, mergers, acquisitions or similar transactions, create liens on assets, engage in certain transactions with affiliates, change the Company's business or make investments. In addition, the term loan agreement requires the Company to maintain certain financial ratios. As of March 31, 2024 and December 31, 2023, the Company was in compliance with these covenants. Because the Company's term loans and borrowings under the Revolving Facility have variable interest rates, the outstanding debt as of March 31, 2024 and December 31, 2023 approximates fair value.

LIBOR

Under the benchmark replacement provision of the credit agreement governing the Company's term loans, the lender is permitted, in good faith, to determine an alternate benchmark rate if LIBOR is no longer available. After June 30, 2023, LIBOR was no longer published. As a result, all rates and fees under the Company's credit agreement were replaced with the adjusted index replacement according to the benchmark replacement provision of the Company's credit agreement. Conforming changes were also made to the interest rate swap agreements related to the Company's term loans, which places the lender under the credit agreement and the Company in the same economic position that existed immediately before the discontinuation of LIBOR. *See Note 6 for more information relating to the interest rate swaps associated with these loans.*

The LIBOR transition process did not have material impact on the Company's financial position and results of operations.

Acquisition-Related Notes

In March 2024, the Company acquired customer list intangible assets, of which approximately \$0.4 million of the purchase price was settled through the issuance of a non-interest bearing note and was recorded as deferred acquisition payable. The note is payable monthly over a period of 70 months. The deferred acquisition payable was recorded at fair value with an imputed interest rate of 5.00%.

In connection with the purchase of the customer list intangible assets of Wade, \$3.0 million of the total consideration of \$4.3 million was paid in cash at closing on April 1, 2023. The remaining balance was settled through the issuance of a note payable monthly over three years beginning in April 2024 and bears an annual interest of 3.75%.

The portion of the Company's acquisition-related notes due within 12 months or less from the financial statement date is reported in the Consolidated Statements of Financial Position as Deferred acquisition payable, current, while the amount due after 12 months from the financial statement date is included in Deferred acquisition payable, non-current. *See Notes 4 and 9 for more information regarding the purchase of the customer list intangible assets.*

8. DEFINED CONTRIBUTION PLAN

TWFG Holding sponsors a Safe Harbor defined contribution pension plan ("the Plan"). The sponsor is part of a controlled group that includes both TWFG-IS and TWFG-GA. The Plan allows employees who are age 21 or older and have completed 3 months of service to participate.

Each year, participants may defer between 1% and 100% of eligible compensation, not to exceed the maximum dollar amount as allowed under Section 402(g) of the Internal Revenue Code. Effective January 1, 2008, the Plan was amended to allow the Company to meet the provisions of the regulations. The Plan

provides a Company matching of 100% on the first 4% of eligible compensation that a participant contributes to the Plan.

For the three months ended March 31, 2024 and 2023, the Company recognized expenses related to the Plan of \$0.1 million and \$0.07 million, respectively. The Company at its election may make discretionary profit share contributions. Contributions are subject to certain limitations. For the three months ended March 31, 2024 and 2023, the Company elected not to make any additional discretionary contributions.

9. RELATED PARTY TRANSACTIONS

TWFG provides administration services to and pays expenses on behalf of its subsidiaries as part of its management agreement with its subsidiaries. These expenses are allocated to the subsidiaries based on the time expended by employees in each subsidiary. For both the three months ended March 31, 2024 and 2023, the Company allocated general and administrative expenses related to the continuing operations totaling \$1.0 million. These amounts are eliminated in the Consolidated Statements of Operations.

TWICO pays TWFG-GA commissions, policy fees and TPA fees for business written through TWFG-GA. For the three months ended March 31, 2024, TWFG-GA earned \$1.1 million in commissions and \$0.4 million in policy and TPA fees from TWICO. For the three months ended March 31, 2023, TWFG-GA earned \$1.0 million in commissions and \$0.4 million in policy and TPA fees from TWICO. These amounts are not eliminated and are included in commission income and fee income in the Consolidated Statements of Operations. In addition, TWFG provides administration services to and pays expenses on behalf of TWICO as part of its management agreement with TWICO. For both the three months ended March 31, 2024 and 2023, the Company allocated general and administrative expenses related to TWICO, which were immaterial. The offsetting expenses recognized by TWICO for one month in 2023 related to these commissions, policy, TPA fees and allocated general and administrative expenses are included in the net income from discontinued operation in the Consolidated Statements of Operations.

As described in Note 1, in May 2023, the Company distributed its equity interest in EVO to the owners of the Company. As a result, the Company deconsolidated EVO effective on the distribution date. TWFG-IS and TWFG-GA have software licensing agreements with EVO, which allow TWFG-IS and TWFG-GA to use EVO's proprietary agency management system in exchange for a fixed annual fee. In addition, TWFG provides administration services to and pays expenses on behalf of EVO as part of its management agreement with EVO. Prior to the deconsolidation of EVO, charges between the Company and EVO were eliminated upon consolidation. For the three months ended March 31, 2024, the Company incurred \$0.5 million in license fees and allocated general and administrative expenses related to EVO, totaling \$0.06 million. These amounts are not eliminated and are included in Other administrative expenses in the Consolidated Statements of Operations.

As described in Note 4, the Company purchased the assets of Wade for a total consideration of \$4.3 million, of which \$3.0 million was paid in cash, and the remaining balance of \$1.3 million, was settled through the issuance of an interest-bearing note, payable monthly, over three years beginning in April 2024. The portion of the balance due within 12 months or less from the financial statement date is reported in the Consolidated Statements of Financial Position as Deferred acquisition payable, current, while the amount due after 12 months from the financial statement date is included in Deferred acquisition payable, non-current.

As described in Note 4, immediately following the asset purchase, the Company sold 10.9% interest in the asset purchased from Wade to AIS for a total consideration of \$0.5 million. In connection with the Wade asset purchase, the branch agreement between TWFG-IS and AIS was amended to add Wade's book of business into AIS, which changed to TWFG-IS ownership over the assets of AIS branch from 70% to 76.9%.

As described in Note 4, the Company acquired interests in the operations and assets of AIS, Luczkowski and Kelly. All respective equity ownership with AIS, Luczkowski and Kelly following the respective asset purchases remained with the sellers, while TWFG-IS manages the ongoing operations of AIS, Luczkowski and Kelly. In January 2024, the Company acquired the remaining interests in the assets of AIS, Luczkowski, and Kelly for a

total purchase price of \$5.2 million, converting them to wholly owned corporate branches. The Company issued equity to settle the total purchase price.

As described in Note 4, the Company purchased the assets of Kincaid and Brinson for a total consideration of \$11.8 million and \$2.0 million, respectively. Upon closing, the Company paid \$8.2 million in cash for the Kincaid asset purchase and \$0.5 million in cash for the Brinson asset purchase. The amount representing the unsettled portion of the total consideration as of December 31, 2024 was reported as Deferred acquisition payable, current in the Consolidated Statements of Financial Position.

In January 2024, pursuant to the asset purchase agreements, the remaining balance of the total consideration associated with the Kincaid and Brinson asset purchases were settled through the issuance of the Company's Class A common units, equivalent to \$3.5 million for the Kincaid asset purchase, and the issuance of the Company's Class A common units equivalent to \$1.0 million and cash payment of \$0.5 million for the Brinson asset purchase.

RenaissanceRe Holdings Ltd., through its wholly-owned subsidiary RenaissanceRe Ventures U.S. LLC, has been an investor in the Company since 2018, and is represented on the Company's Board of Managers.

Griffin Highline Capital, LLC, through its wholly-owned subsidiary, GHC Woodlands Holdings LLC, has been an investor in the Company since 2021, and is represented on the Company's Board of Managers.

10. NET INCOME PER UNIT

As discussed in Note 1, in May 2023, the Company amended and restated its limited liability company agreement, which resulted in the automatic exchange of all outstanding membership interests into three classes of membership interests. The economic interests of the unitholders before and after the unit exchange remained the same. As a result, to calculate the net income per unit, the Company retrospectively reflected the impact of the unit exchanges effective January 1, 2023. See Notes 1 and 2 for additional discussions regarding the unit exchange and the rights under each class.

The following table illustrates the computation of basic and diluted net income per unit (amounts in thousands, except units and per unit data):

	Three Months Ended March 31, 2024					
	Basic			Diluted		
	Class A	Class B	Class C	Class A	Class B	Class C
Net income	\$ 278	\$ 1,113	\$ 5,238	\$ 278	\$ 1,113	\$ 5,238
Weighted average units used in the computation of net income per unit	27,689	110,750	521,000	27,689	110,750	521,000
Net income per unit	<u>\$ 10.05</u>	<u>\$ 10.05</u>	<u>\$ 10.05</u>	<u>\$ 10.05</u>	<u>\$ 10.05</u>	<u>\$ 10.05</u>

	Three Months Ended March 31, 2023					
	Basic			Diluted		
	Class A	Class B	Class C	Class A	Class B	Class C
Net income from continuing operations	\$ —	\$ 942	\$ 4,430	\$ —	\$ 942	\$ 4,430
Weighted average units used in the computation of net income per unit	—	110,750	521,000	—	110,750	521,000
Net income from continuing operations per unit	\$ —	\$ 8.50	\$ 8.50	\$ —	\$ 8.50	\$ 8.50
Net loss from discontinued operation, net of tax	\$ —	\$ 146	\$ 688	\$ —	\$ 146	\$ 688
Weighted average units used in the computation of net income per unit	—	110,750	521,000	—	110,750	521,000
Net loss from discontinued operation per unit	\$ —	\$ 1.32	\$ 1.32	\$ —	\$ 1.32	\$ 1.32
Net income	\$ —	\$ 1,088	\$ 5,118	\$ —	\$ 1,088	\$ 5,118
Weighted average units used in the computation of net income per unit	—	110,750	521,000	—	110,750	521,000
Net income per unit	\$ —	\$ 9.82	\$ 9.82	\$ —	\$ 9.82	\$ 9.82

11. DISCONTINUED OPERATION

Prior to February 2023, TWICO was a wholly owned subsidiary of the Company. In July 2022, the Company entered into a Master Transaction Agreement in which the Company's equity interests in TWICO were distributed to the owners of the Company ("TWICO Distribution"). The TWICO Distribution was effective in February 2023 after approval from the Texas Department of Insurance. The TWICO Distribution is a common control transaction and recorded at book value as a capital transaction with no gain or loss recorded. TWICO, as a subsidiary of the Company, was determined to be a component of the Company and disposed of by other-than-sale. The TWICO Distribution represents a significant strategic shift in the operations of the Company and has met all criteria for discontinued operations reporting on the distribution date, i.e., February 2023. After the TWICO Distribution, the Company retains significant continuing involvement in the operation of TWICO through TWICO's existing agency agreement with TWFG-GA and the management agreement with the Company. See Note 9 for more information about the transactions between the Company, TWFG-GA and TWICO.

The following is a reconciliation of the amounts of major classes of income from operations classified as discontinued operation in the Consolidated Statement of Operations (in thousands):

	Three Months Ended March 31,	
	2024	2023
Revenue	\$ —	\$ 1,240
Less: Operating expenses	—	450
Operating income (loss)	—	790
Less: Income tax (benefit) expense	—	(44)
Net income from discontinued operation, net of tax	\$ —	\$ 834

12. LITIGATION AND CONTINGENCIES

The Company is a party to various legal actions and claims, brought by or threatened against it, in the ordinary course of business. The Company records liabilities for loss contingencies when it is probable that a

liability has been incurred and the amount is reasonably estimable. The Company does not discount such contingent liabilities and recognizes incremental costs related to the contingencies when incurred.

In the opinion of management, the ultimate resolution of legal actions and pending claims will not materially affect the consolidated financial statements of the Company.

13. SUBSEQUENT EVENTS

We have evaluated subsequent events through June 3, 2024, the issuance date.

shares



Class A common stock

Prospectus

J.P. Morgan

Morgan Stanley

BMO Capital Markets

Piper Sandler

, 2024

Until , 2024, all dealers that buy, sell or trade our Class A common stock, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

Part II

Information not required in the prospectus

Item 13. Other expenses of issuance and distribution

	Amount to be paid	
SEC registration fee	\$	*
FINRA filing fee		*
Listing fee		*
Transfer agent's fees		*
Printing and engraving expenses		*
Legal fees and expenses		*
Accounting fees and expenses		*
Blue Sky fees and expenses		*
Miscellaneous		*
Total	\$	*

* To be completed by amendment.

Each of the amounts set forth above, other than the SEC registration fee and the FINRA filing fee, is an estimate.

Item 14. Indemnification of directors and officers

Limitation of liability

Section 102(b)(7) of the DGCL permits a corporation, in its certificate of incorporation, to limit or eliminate, subject to certain statutory limitations, the liability of directors or officers to the corporation or its stockholders for monetary damages for breaches of fiduciary duty, except for liability:

- for any breach of the director's duty of loyalty to the company or its stockholders;
- for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;
- in respect of certain unlawful dividend payments or stock redemptions or repurchases; and
- for any transaction from which the director derives an improper personal benefit.

In accordance with Section 102(b)(7) of the DGCL, our amended and restated certificate of incorporation that will be in effect at the completion of this offering will provide that that no director or officer shall be personally liable to us or any of our stockholders for monetary damages resulting from breaches of their fiduciary duty as directors or officers, except to the extent such limitation on or exemption from liability is not permitted under the DGCL. The effect of this provision of our amended and restated certificate of incorporation will be to eliminate our rights and those of our stockholders (through stockholders' derivative suits on our behalf) to recover monetary damages against a director or officer for breach of the fiduciary duty of care as a director or officer, including breaches resulting from negligent or grossly negligent behavior, except, as restricted by Section 102(b)(7) of the DGCL. However, this provision will not limit or eliminate our rights or the rights of any stockholder to seek non-monetary relief, such as an injunction or rescission, in the event of a breach of a director's or officer's duty of care.

If the DGCL is amended to authorize corporate action further eliminating or limiting the liability of directors and officers, then, in accordance with our amended and restated certificate of incorporation, the liability of

our directors and officers to us or our stockholders will be eliminated or limited to the fullest extent authorized by the DGCL, as so amended. Any repeal or amendment of provisions of our amended and restated certificate of incorporation limiting or eliminating the liability of directors or officers, whether by our stockholders or by changes in law, or the adoption of any other provisions inconsistent therewith, will (unless otherwise required by law) be prospective only, except to the extent such amendment or change in law permits us to further limit or eliminate the liability of directors or officers on a retroactive basis.

Indemnification

Section 145 of the DGCL permits a corporation, under specified circumstances, to indemnify its directors, officers, employees or agents against expenses (including attorneys' fees), judgments, fines and amounts paid in settlements actually and reasonably incurred by them in connection with any action, suit or proceeding brought by third parties by reason of the fact that they were or are directors, officers, employees or agents of the corporation, if such directors, officers, employees or agents acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reason to believe their conduct was unlawful. In a derivative action, i.e., one by or in the right of the corporation, indemnification may be made only for expenses actually and reasonably incurred by directors, officers, employees or agents in connection with the defense or settlement of an action or suit, and only with respect to a matter as to which they shall have acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the corporation, except that no indemnification shall be made if such person shall have been adjudged liable to the corporation, unless and only to the extent that the court in which the action or suit was brought shall determine upon application that the defendant directors, officers, employees or agents are fairly and reasonably entitled to indemnity for such expenses despite such adjudication of liability.

Our amended and restated certificate of incorporation, which will be in effect at the completion of this offering, will provide that we will, to the fullest extent authorized or permitted by applicable law, indemnify our current and former directors and officers, as well as those persons who, while directors or officers of our corporation, are or were serving as directors, officers, employees or agents of another entity, trust or other enterprise, including service with respect to an employee benefit plan, in connection with any threatened, pending or completed proceeding, whether civil, criminal, administrative or investigative, against all expense, liability and loss (including, without limitation, attorney's fees, judgments, fines, ERISA excise taxes and penalties and amounts paid in settlement) reasonably incurred or suffered by any such person in connection with any such proceeding. Notwithstanding the foregoing, a person eligible for indemnification pursuant to our amended and restated certificate of incorporation will be indemnified by us in connection with a proceeding initiated by such person only if such proceeding was authorized by our board of directors, except for proceedings to enforce rights to indemnification.

The right to indemnification to be conferred by our amended and restated certificate of incorporation is a contract right that will include the right to be paid by us the expenses incurred in defending or otherwise participating in any proceeding referenced above in advance of its final disposition, provided, however, that if the DGCL requires, an advancement of expenses incurred by our officer or director (solely in the capacity as an officer or director of our corporation) will be made only upon delivery to us of an undertaking, by or on behalf of such officer or director, to repay all amounts so advanced if it is ultimately determined that such person is not entitled to be indemnified for such expenses under our amended and restated certificate of incorporation or otherwise.

The rights to indemnification and advancement of expenses will not be deemed exclusive of any other rights which any person covered by our amended and restated certificate of incorporation may have or hereafter acquire under law, our amended and restated certificate of incorporation, our bylaws that will be in effect at the completion of this offering, an agreement, vote of stockholders or disinterested directors, or otherwise.

Any repeal or amendment of provisions of our amended and restated certificate of incorporation affecting indemnification rights, whether by our stockholders or by changes in law, or the adoption of any other provisions inconsistent therewith, will (unless otherwise required by law) be prospective only, except to the extent such amendment or change in law permits us to provide broader indemnification rights on a

retroactive basis, and will not in any way diminish or adversely affect any right or protection existing at the time of such repeal or amendment or adoption of such inconsistent provision with respect to any act or omission occurring prior to such repeal or amendment or adoption of such inconsistent provision. Our amended and restated certificate of incorporation will also permit us, to the extent and in the manner authorized or permitted by law, to indemnify and to advance expenses to persons other than those specifically covered by our amended and restated certificate of incorporation.

Our bylaws will include the provisions relating to advancement of expenses and indemnification rights consistent with those to be set forth in our amended and restated certificate of incorporation. In addition, our bylaws will provide for a right of indemnitee to bring a suit in the event a claim for indemnification or advancement of expenses is not paid in full by us within a specified period of time. Our bylaws will also permit us to purchase and maintain insurance, at our expense, to protect us and/ or any director, officer or other employee of our corporation or another entity, trust or other enterprise against any expense, liability or loss, whether or not we would have the power to indemnify such person against such expense, liability or loss under the DGCL.

Any repeal or amendment of provisions of our bylaws affecting indemnification rights, whether by our board of directors, stockholders or by changes in applicable law, or the adoption of any other provisions inconsistent therewith, will (unless otherwise required by law) be prospective only, except to the extent such amendment or change in law permits us to provide broader indemnification rights on a retroactive basis, and will not in any way diminish or adversely affect any right or protection existing thereunder with respect to any act or omission occurring prior to such repeal or amendment or adoption of such inconsistent provision.

We will enter into indemnification agreements with each of our current directors and executive officers. These agreements will require us to indemnify these individuals to the fullest extent permitted under Delaware law against liabilities that may arise by reason of their service to us, and to advance expenses incurred as a result of any proceeding against them as to which they could be indemnified. We also intend to enter into indemnification agreements with our future directors and executive officers.

Under the underwriting agreement, the underwriters are obligated, under certain circumstances, to indemnify directors and officers of the registrant against certain liabilities, including liabilities under the Securities Act. Reference is made to the form of underwriting agreement to be filed as Exhibit 1.1 to this Registration Statement.

Item 15. Recent sales of unregistered securities

The following list sets forth information regarding all securities sold or issued by the predecessor to the registrant in the three years preceding the date of this registration statement. No underwriters were involved in these sales. There was no general solicitation of investors or advertising, and we did not pay or give, directly or indirectly, any commission or other remuneration, in connection with the offering of these shares. In each of the transactions described below, the recipients of the securities represented their intention to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were affixed to the securities issued in these transactions.

- (a) On May 17, 2023, TWFG Holding, LLC (“TWFG Holding”) amended and restated its limited liability company agreement and created three classes of membership interests. Pursuant to the amended and restated limited liability agreement, on May 17, 2023, (i) 521,000 common units of TWFG Holding held by Bunch Family Holdings, LLC (“Bunch Holdings”) were automatically exchanged for 521,000 Class C common units of TWFG Holding, (ii) 83,050 common units of TWFG Holding held by RenaissanceRe Ventures U.S. LLC (“RenRe”) were automatically exchanged for 83,050 Class B common units of TWFG Holding and (iii) 27,700 common units of TWFG Holding held by GHC Woodlands Holdings LLC (“GHC”) were automatically exchanged for 27,700 Class B common units of TWFG Holding.
- (b) On January 1, 2024, TWFG Holding issued a total of 4,164 Class A common units to Jeff Kincaid Insurance Agency, Inc. and Brinson, Inc. for the acquisition of assets from such entities.

- (c) On January 1, 2024, TWFG Holding issued a total of 4,762 Class A common units to American Insurance Strategies, LLC, Luczkowski Insurance Agency Inc. and Jim Kelly Insurance Agency Inc. for the acquisition of the remaining interests in the assets of such entities, converting them into wholly owned corporate branches.
- (d) On January 1, 2024, TWFG Holding issued a total of 18,763 Class A common units as partial consideration for the acquisition of the assets of nine of its independent branches and converted those independent branches to corporate branches.
- (e) Class A common stock: Following the effectiveness of this registration statement, we expect to issue shares of our Class A common stock in connection with the transactions that we refer to as the reorganization transactions. These shares will be issued to the holders of Class A common units described in paragraphs (b) through (d) above, all of which have sufficient knowledge and experience in financial and business matters to make them capable of evaluating the merits and risks of the prospective investment.
- (f) Class B common stock: Following the effectiveness of this registration statement, we expect to issue shares of our non-economic Class B common stock in connection with the transactions that we refer to as the reorganization transactions. These shares will be issued to RenRe and GHC, both of which have sufficient knowledge and experience in financial and business matters to make them capable of evaluating the merits and risks of the prospective investment.
- (g) Class C common stock: Following the effectiveness of this registration statement, we expect to issue shares of our non-economic Class C common stock in connection with the transactions that we refer to as the reorganization transactions. These shares will be issued to Bunch Holdings, which has sufficient knowledge and experience in financial and business matters to make it capable of evaluating the merits and risks of the prospective investment.

The offers, sales and issuances of the securities described above were deemed to be exempt from registration under the Securities Act in reliance upon Section 4(a)(2) of the Securities Act as transactions by an issuer not involving any public offering. The recipients in each of these transactions acquired the securities for investment only and not with a view to or for sale in connection with any distribution thereof.

Item 16. Exhibits and financial statement schedules

- (a) The following exhibits are filed as part of this Registration Statement:

Exhibit number	Description
1.1	Form of Underwriting Agreement
3.1	Form of Amended and Restated Certificate of Incorporation of TWFG, Inc. to be in effect prior to the consummation of the offering made under this Registration Statement
3.2	Form of Amended and Restated By-Laws of TWFG, Inc. to be in effect prior to the consummation of the offering made under this Registration Statement
4.1*	Form of Class A Common Stock Certificate
5.1*	Opinion of Akin Gump Strauss Hauer & Feld LLP
10.1*	Form of Third Amended and Restated TWFG Holding Company, LLC Agreement
10.2	Form of Registration Rights Agreement between TWFG, Inc. and the Pre-IPO LLC Members
10.3*	Form of Tax Receivable Agreement between TWFG, Inc. and the Pre-IPO LLC Members
10.4*	Form of TWFG, Inc. Omnibus Incentive Plan
10.5*	Form of TWFG, Inc. Omnibus Incentive Plan Stock Option Award Agreement
10.6*	Form of Director Indemnification Agreement

- 10.7 Second Amended and Restated Credit Agreement between RFB Interests, Inc. (as predecessor of TWFG Holding Company, LLC), as Borrower, and Compass Bank, as Lender, dated effective as of June 5, 2017
- 10.8 First Amendment to Second Amended and Restated Credit Agreement, dated as of March 22, 2018, by and between TWFG Holding Company, LLC, as Borrower, and Compass Bank, as Lender
- 10.9 Second Amendment to Second Amended and Restated Credit Agreement, effective as of June 4, 2018, by and between TWFG Holding Company, LLC, as Borrower, and Compass Bank, as Lender
- 10.10 Third Amendment to Second Amended and Restated Credit Agreement, effective as of June 30, 2019, by and between TWFG Holding Company, LLC, as Borrower, and BBVA USA, as Lender
- 10.11 Fourth Amendment to Second Amended and Restated Credit Agreement, effective as of June 29, 2020, by and between TWFG Holding Company, LLC, as Borrower, and BBVA USA, as Lender
- 10.12 Fifth Amendment to Second Amended and Restated Credit Agreement, dated as of December 4, 2020, by and between TWFG Holding Company, LLC, as Borrower, and BBVA USA, as Lender
- 10.13 Sixth Amendment to Second Amended and Restated Credit Agreement, effective as of June 29, 2021, by and between TWFG Holding Company, LLC, as Borrower, and BBVA USA, as Lender
- 10.14 Seventh Amendment to Second Amended and Restated Credit Agreement, dated as of August 5, 2022, by and between TWFG Holding Company, LLC, as Borrower, and PNC Bank, National Association, as Lender
- 10.15 Eighth Amendment to Second Amended and Restated Credit Agreement, dated as of December 19, 2022, by and among TWFG Holding Company, LLC, as Borrower, TWFG General Agency, LLC and TWFG Insurance Services, LLC, as Guarantors, and PNC Bank, National Association, as Bank
- 10.16 Ninth Amendment to Second Amended and Restated Credit Agreement, dated as of May 23, 2023, by and among TWFG Holding Company, LLC, as Borrower, TWFG General Agency, LLC and TWFG Insurance Services, LLC, as Guarantors, and PNC Bank, National Association, as Bank
- 10.17 Credit Agreement by and among TWFG Holding Company, LLC, the Guarantors party thereto, the Lenders party thereto, PNC Bank, National Association, as Administrative Agent, Swingline Loan Lender and Issuing Lender, and PNC Capital Markets LLC, as Sole Lead Arranger and Sole Bookrunner, dated as of May 23, 2023
- 10.18 Intercompany Services & Cost Allocation Agreement by and among RFB Interests, Inc. DBA The Woodlands Financial Group (TWFG) and its subsidiaries signatories thereto, effective as of January 1, 2017
- 10.19 First Amendment to Intercompany Services & Cost Allocation Agreement by and among RFB Interests, Inc. DBA The Woodlands Financial Group (TWFG) and its subsidiaries signatories thereto, dated as of February 3, 2020
- 10.20 Second Amendment to Intercompany Services & Cost Allocation Agreement by and among TWFG Holding Company, LLC and its subsidiaries signatories thereto, dated as of June 1, 2022
- 10.21 Amended Managing General Agency and Claims Administration Agreement by and between The Woodlands Insurance Company and TWFG General Agency, LLC, dated as of August 1, 2022
- 10.22 Form of Independent Agent Agreement
- 10.23 Form of Branch Agreement (Agency With Existing Book)
- 10.24 Form of Branch Agreement (New Insurance Agency)
- 21.1 Subsidiaries of the Registrant
- 23.1* Consent of Deloitte & Touche LLP
- 23.2* Consent Akin Gump Strauss Hauer & Feld LLP (included in Exhibit 5.1)
- 24.1* Power of Attorney (included in signature page)

99.1*	Consent of Director Nominee
99.2*	Consent of Director Nominee
107*	Filing Fee Table

* To be filed by amendment.

- (b) No financial statement schedules are provided because the information called for is not required or is shown either in the financial statements or the notes hereto.

Item 17. Undertakings

The undersigned Registrant hereby undertakes:

- (a) The undersigned Registrant hereby undertakes to provide to the underwriter at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser.
- (b) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the provisions referenced in Item 14 of this registration statement, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer, or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered hereunder, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.
- (c) The undersigned Registrant hereby undertakes that:
- (1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b) (1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.
- (2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Signatures

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in The Woodlands, Texas, on the _____ day of _____, 2024.

By: _____
Name:
Title:

Power of Attorney

The undersigned directors and officers of TWFG, Inc. hereby appoint each of Richard F. Bunch III and Janice E. Zwinggi as attorney-in-fact for the undersigned, with full power of substitution and resubstitution, for and in the name, place and stead of the undersigned, to sign and file with the Securities and Exchange Commission under the Securities Act of 1933 any and all amendments (including post-effective amendments) and exhibits to this registration statement on Form S-1 (or any other registration statement for the same offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933) and any and all applications and other documents to be filed with the Securities and Exchange Commission pertaining to the registration of the securities covered hereby, with full power and authority to do and perform any and all acts and things whatsoever requisite and necessary or desirable, hereby ratifying and confirming all that said attorney-in-fact, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement has been signed by the following persons in the capacities and on the dates indicated:

Signature	Title	Date
Richard F. Bunch III	Chief Executive Officer, Chairman and Director (principal executive officer)	, 2024
Janice E. Zwinggi	Chief Financial Officer (principal financial officer and principal accounting officer)	, 2024
Jonathan Anderson	Director	, 2024
Michelle Bunch	Director	, 2024
Michael Doak	Director	, 2024

TWFG, INC.

[•] Shares of Class A Common Stock

Underwriting Agreement

[•], 2024

J.P. Morgan Securities LLC
Morgan Stanley & Co. LLC

As Representatives of the
several Underwriters listed
in Schedule 1 hereto

c/o J.P. Morgan Securities LLC
383 Madison Avenue
New York, New York 10179

c/o Morgan Stanley & Co. LLC
1585 Broadway
New York, New York 10036

Ladies and Gentlemen:

TWFG, Inc., a Delaware corporation (the “Company”), proposes to issue and sell to the several underwriters listed in Schedule 1 hereto (the “Underwriters”), for whom you are acting as representatives (the “Representatives”), an aggregate of [•] shares of Class A common stock, par value \$0.01 per share (the “Class A Common Stock”), of the Company (the “Underwritten Shares”) and, at the option of the Underwriters, up to an additional [•] shares of Class A Common Stock of the Company (the “Option Shares”). The Underwritten Shares and the Option Shares are herein referred to as the “Shares”. The shares of Class A Common Stock of the Company to be outstanding after giving effect to the sale of the Shares are referred to herein as the “Stock”.

Morgan Stanley & Co. LLC (the “Directed Share Underwriter”) has agreed to reserve a portion of the Shares to be purchased by it under this underwriting agreement (this “Agreement”) for sale to the Company’s directors, officers, employees and business associates and other parties related to the Company (collectively, “Participants”), as set forth in each of the Pricing Disclosure Package and the Prospectus (as hereinafter defined) under the heading “Underwriting” (the “Directed Share Program”). The Shares to be sold by the Directed Share Underwriter and its affiliates pursuant to the Directed Share Program, at the direction of the Company, are referred to hereinafter as the “Directed Shares”. Any Directed Shares not orally confirmed for purchase by any Participant by the end of the business day on which this Agreement is executed will be offered to the public by the Underwriters as set forth in the Prospectus.

In connection with the offering contemplated by this Agreement, the “Reorganization Transactions” (as such term is defined in the Registration Statement and the Preliminary Prospectus (each as defined below) under the caption “Organizational Structure—The reorganization transactions”) were or will be effected, pursuant to which, among other things, the Company will become the sole managing member of TWFG Holding Company, LLC, a Texas limited liability company (the “LLC”), and will operate and control all of the business and affairs of the LLC and, through the LLC and its subsidiaries, conduct its business. The Company and the LLC are each referred to herein as a “TWFG Party” and, collectively, as the “TWFG Parties”.

Each TWFG Party hereby confirms its agreement with the several Underwriters concerning the purchase and sale of the Shares, as follows:

1. Registration Statement. The Company has prepared and filed with the Securities and Exchange Commission (the “Commission”) under the Securities Act of 1933, as amended, and the rules and regulations of the Commission thereunder (collectively, the “Securities Act”), a registration statement (File No. 333-[•]), including a prospectus, relating to the Shares. Such registration statement, as amended at the time it became effective, including the information, if any, deemed pursuant to Rule 430A, 430B or 430C under the Securities Act to be part of the registration statement at the time of its effectiveness (“Rule 430 Information”), is referred to herein as the “Registration Statement”; and as used herein, the term “Preliminary Prospectus” means each prospectus included in such registration statement (and any amendments thereto) before effectiveness, any prospectus filed with the Commission pursuant to Rule 424(a) under the Securities Act and the prospectus included in the Registration Statement at the time of its effectiveness that omits Rule 430 Information, and the term “Prospectus” means the prospectus in the form first used (or made available upon request of purchasers pursuant to Rule 173 under the Securities Act) in connection with confirmation of sales of the Shares. If the Company has filed an abbreviated registration statement pursuant to Rule 462(b) under the Securities Act (the “Rule 462 Registration Statement”), then any reference herein to the term “Registration Statement” shall be deemed to include such Rule 462 Registration Statement. Capitalized terms used but not defined herein shall have the meanings given to such terms in the Registration Statement and the Prospectus.

At or prior to the Applicable Time (as defined below), the Company had prepared the following information (collectively with the pricing information set forth on Annex A, the “Pricing Disclosure Package”): a Preliminary Prospectus dated [•], 2024 and each “free-writing prospectus” (as defined pursuant to Rule 405 under the Securities Act) listed on Annex A hereto.

“Applicable Time” means [•] P.M., New York City time, on [•], 2024.

2. Purchase of the Shares.

(a) The Company agrees to issue and sell the Underwritten Shares to the several Underwriters as provided in this Agreement, and each Underwriter, on the basis of the representations, warranties and agreements set forth herein and subject to the conditions set forth herein, agrees, severally and not jointly, to purchase at a price per share of \$[•] (the “Purchase

Price”) from the Company the respective number of Underwritten Shares set forth opposite such Underwriter’s name in Schedule 1 hereto.

In addition, the Company agrees to issue and sell the Option Shares to the several Underwriters as provided in this Agreement, and the Underwriters, on the basis of the representations, warranties and agreements set forth herein and subject to the conditions set forth herein, shall have the option to purchase, severally and not jointly, from the Company the Option Shares at the Purchase Price less an amount per share equal to any dividends or distributions declared by the Company and payable on the Underwritten Shares but not payable on the Option Shares.

If any Option Shares are to be purchased, the number of Option Shares to be purchased by each Underwriter shall be the number of Option Shares which bears the same ratio to the aggregate number of Option Shares being purchased as the number of Underwritten Shares set forth opposite the name of such Underwriter in Schedule 1 hereto (or such number increased as set forth in Section [10] hereof) bears to the aggregate number of Underwritten Shares being purchased from the Company by the several Underwriters, subject, however, to such adjustments to eliminate any fractional Shares as the Representatives in their sole discretion shall make.

The Underwriters may exercise the option to purchase Option Shares at any time in whole, or from time to time in part, on or before the thirtieth day following the date of the Prospectus, by written notice from the Representatives to the Company. Such notice shall set forth the aggregate number of Option Shares as to which the option is being exercised and the date and time when the Option Shares are to be delivered and paid for, which may be the same date and time as the Closing Date (as hereinafter defined) but shall not be earlier than the Closing Date nor later than the tenth full business day (as hereinafter defined) after the date of such notice (unless such time and date are postponed in accordance with the provisions of Section [10] hereof). Any such notice shall be given at least two business days prior to the date and time of delivery specified therein.

(b) The Company understands that the Underwriters intend to make a public offering of the Shares, and initially to offer the Shares on the terms set forth in the Pricing Disclosure Package. The Company acknowledges and agrees that the Underwriters may offer and sell Shares to or through any affiliate of an Underwriter.

(c) Payment for the Shares shall be made by wire transfer in immediately available funds to the account specified by the Company to the Representatives in the case of the Underwritten Shares, at the offices of Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York 10017 at 10:00 A.M., New York City time, on [•], 2024, or at such other time or place on the same or such other date, not later than the fifth business day thereafter, as the Representatives and the Company may agree upon in writing or, in the case of the Option Shares, on the date and at the time and place specified by the Representatives in the written notice of the Underwriters’ election to purchase such Option Shares. The time and date of such payment for the Underwritten Shares is referred to herein as the “Closing Date”, and the time and date for such payment for the Option Shares, if other than the Closing Date, is herein referred to as the “Additional Closing Date”.

Payment for the Shares to be purchased on the Closing Date or the Additional Closing Date, as the case may be, shall be made against delivery to the Representatives for the respective accounts of the several Underwriters of the Shares to be purchased on such date or the Additional Closing Date, as the case may be, with any transfer taxes payable in connection with the sale of such Shares duly paid by the Company. Delivery of the Shares shall be made through the facilities of The Depository Trust Company (“DTC”) unless the Representatives shall otherwise instruct.

(d) Each TWFG Party acknowledges and agrees that the Representatives and the other Underwriters are acting solely in the capacity of an arm’s length contractual counterparty to the TWFG Parties with respect to the offering of Shares contemplated hereby (including in connection with determining the terms of the offering) and not as a financial advisor or a fiduciary to, or an agent of, the TWFG Parties or any other person. Additionally, neither the Representatives nor any other Underwriter is advising the TWFG Parties or any other person as to any legal, tax, investment, accounting or regulatory matters in any jurisdiction. The TWFG Parties shall consult with their own advisors concerning such matters and shall be responsible for making their own independent investigation and appraisal of the transactions contemplated hereby, and neither the Representatives nor the other Underwriters shall have any responsibility or liability to the TWFG Parties with respect thereto. Any review by the Representatives and the other Underwriters of the TWFG Parties, the transactions contemplated hereby or other matters relating to such transactions will be performed solely for the benefit of the Underwriters and shall not be on behalf of the TWFG Parties.

3. Representations and Warranties of the TWFG Parties. Each TWFG Party, jointly and severally, represents and warrants to each Underwriter that:

(a) *Preliminary Prospectus.* No order preventing or suspending the use of any Preliminary Prospectus has been issued by the Commission, and each Preliminary Prospectus included in the Pricing Disclosure Package, at the time of filing thereof, complied in all material respects with the Securities Act, and no Preliminary Prospectus, at the time of filing thereof, contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that the TWFG Parties make no representation or warranty with respect to any statements or omissions made in reliance upon and in conformity with information relating to any Underwriter furnished to the Company in writing by such Underwriter through the Representatives expressly for use in any Preliminary Prospectus, it being understood and agreed that the only such information furnished by any Underwriter consists of the information described as such in Section [7(b)] hereof.

(b) *Pricing Disclosure Package.* The Pricing Disclosure Package as of the Applicable Time did not, and as of the Closing Date and as of the Additional Closing Date, as the case may be, will not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that the TWFG

Parties make no representation or warranty with respect to any statements or omissions made in reliance upon and in conformity with information relating to any Underwriter furnished to the Company in writing by such Underwriter through the Representatives expressly for use in such Pricing Disclosure Package, it being understood and agreed that the only such information furnished by any Underwriter consists of the information described as such in Section [7(b)] hereof. No statement of material fact included in the Prospectus has been omitted from the Pricing Disclosure Package and no statement of material fact included in the Pricing Disclosure Package that is required to be included in the Prospectus has been omitted therefrom.

(c) *Issuer Free Writing Prospectus.* Other than the Registration Statement, the Preliminary Prospectus and the Prospectus, the Company (including its agents and representatives, other than the Underwriters in their capacity as such) has not prepared, made, used, authorized, approved or referred to and will not prepare, make, use, authorize, approve or refer to any “written communication” (as defined in Rule 405 under the Securities Act) that constitutes an offer to sell or solicitation of an offer to buy the Shares (each such communication by the Company or its agents and representatives (other than a communication referred to in clause (i) below) an “Issuer Free Writing Prospectus”) other than (i) any document not constituting a prospectus pursuant to Section 2(a)(10)(a) of the Securities Act or Rule 134 under the Securities Act or (ii) the documents listed on Annex A hereto, each electronic road show and any other written communications approved in writing in advance by the Representatives. Each such Issuer Free Writing Prospectus complies in all material respects with the Securities Act, has been or will be (within the time period specified in Rule 433) filed in accordance with the Securities Act (to the extent required thereby) and does not conflict with the information contained in the Registration Statement or the Pricing Disclosure Package, and, when taken together with the Preliminary Prospectus accompanying, or delivered prior to delivery of, such Issuer Free Writing Prospectus, did not, and as of the Closing Date and as of the Additional Closing Date, as the case may be, will not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that the TWFG Parties make no representation or warranty with respect to any statements or omissions made in each such Issuer Free Writing Prospectus or Preliminary Prospectus in reliance upon and in conformity with information relating to any Underwriter furnished to the Company in writing by such Underwriter through the Representatives expressly for use in such Issuer Free Writing Prospectus or Preliminary Prospectus, it being understood and agreed that the only such information furnished by any Underwriter consists of the information described as such in Section [7(b)] hereof.

(d) *Emerging Growth Company.* From the time of initial confidential submission of the Registration Statement to the Commission (or, if earlier, the first date on which the Company engaged directly or through any person authorized to act on its behalf in any Testing-the-Waters Communication) through the date hereof, the Company has been and is an “emerging growth company,” as defined in Section 2(a) of the

Securities Act (an “Emerging Growth Company”). “Testing-the-Waters Communication” means any oral or written communication with potential investors undertaken in reliance on either Section 5(d) of, or Rule 163B under, the Securities Act.

(e) *Testing-the-Waters Materials.* The Company (i) has not engaged in any Testing-the-Waters Communications other than Testing-the-Waters Communications with the consent of the Representatives (x) with entities that are qualified institutional buyers (“QIBs”) within the meaning of Rule 144A under the Securities Act or institutions that are accredited investors within the meaning of Rule 501(a)(1), (a)(2), (a)(3), (a)(7) or (a)(8) under the Securities Act (“IAIs”) and otherwise in compliance with the requirements of Section 5(d) of the Securities Act or (y) with entities that the Company reasonably believed to be QIBs or IAIs and otherwise in compliance with the requirements of Rule 163B under the Securities Act and (ii) has not authorized anyone other than the Representatives to engage in Testing-the-Waters Communications. The Company reconfirms that the Representatives have been authorized to act on its behalf in undertaking Testing-the-Waters Communications by virtue of a writing substantially in the form of Exhibit A hereto. The Company has not distributed or approved for distribution any Written Testing-the-Waters Communications other than those listed on Annex B hereto. “Written Testing-the-Waters Communication” means any Testing-the-Waters Communication that is a written communication within the meaning of Rule 405 under the Securities Act. Any individual Written Testing-the-Waters Communication does not conflict with the information contained in the Registration Statement or the Pricing Disclosure Package, complied in all material respects with the Securities Act, and when taken together with the Pricing Disclosure Package as of the Applicable Time, did not, and as of the Closing Date and as of the Additional Closing Date, as the case may be, will not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(f) *Registration Statement and Prospectus.* The Registration Statement has been declared effective by the Commission. No order suspending the effectiveness of the Registration Statement has been issued by the Commission, and no proceeding for that purpose or pursuant to Section 8A of the Securities Act against the Company or related to the offering of the Shares has been initiated or, to the TWFG Parties’ knowledge, threatened by the Commission; as of the applicable effective date of the Registration Statement and any post-effective amendment thereto, the Registration Statement and any such post-effective amendment complied and will comply in all material respects with the Securities Act, and did not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading; and as of the date of the Prospectus and any amendment or supplement thereto and as of the Closing Date and as of the Additional Closing Date, as the case may be, the Prospectus will comply in all material respects with the Securities Act and will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that the TWFG

Parties make no representation or warranty with respect to any statements or omissions made in reliance upon and in conformity with information relating to any Underwriter furnished to the Company in writing by such Underwriter through the Representatives expressly for use in the Registration Statement and the Prospectus and any amendment or supplement thereto, it being understood and agreed that the only such information furnished by any Underwriter consists of the information described as such in Section [7(b)] hereof.

(g) *Financial Statements.* The financial statements (including the related notes thereto) of the Company and the LLC and their respective consolidated subsidiaries included in the Registration Statement, the Pricing Disclosure Package and the Prospectus comply in all material respects with the applicable requirements of the Securities Act and present fairly, in all material respects, the financial position of the Company, the LLC and their respective consolidated subsidiaries as of the dates indicated and the results of their operations and the changes in their cash flows for the periods specified; such financial statements have been prepared in conformity with generally accepted accounting principles (“GAAP”) in the United States applied on a consistent basis throughout the periods covered thereby, and any supporting schedules included in the Registration Statement present fairly, in all material respects, the information required to be stated therein; and the other financial information included in the Registration Statement, the Pricing Disclosure Package and the Prospectus has been derived from the accounting records of the Company, the LLC and their respective consolidated subsidiaries and presents fairly, in all material respects, the information shown thereby; all disclosures included in the Registration Statement, the Pricing Disclosure Package and the Prospectus regarding “non-GAAP financial measures” (as such term is defined by the rules and regulations of Commission) comply with Regulation G of the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission thereunder (collectively, the “Exchange Act”) and Item 10 of Regulation S-K of the Securities Act, to the extent applicable; and the *pro forma* financial information and the related notes thereto included in the Registration Statement, the Pricing Disclosure Package and the Prospectus have been prepared in accordance with the applicable requirements of the Securities Act and the assumptions underlying such pro forma financial information are reasonable and are set forth in the Registration Statement, the Pricing Disclosure Package and the Prospectus.

(h) *No Material Adverse Change.* Since the date of the most recent financial statements of the Company included in the Registration Statement, the Pricing Disclosure Package and the Prospectus, (i) there has not been any change in the capital stock or outstanding equity, as applicable (other than the issuance of shares of Common Stock (as defined below) upon exercise of stock options and warrants described as outstanding in, the exchange, if any, of equity interests of the LLC in, and the grant of options and awards under existing equity incentive plans, in each case, described in, the Registration Statement, the Pricing Disclosure Package and the Prospectus), short-term debt or long-term debt of any TWFG Party or any of their respective subsidiaries (other than borrowings described in or expressly contemplated by the Registration Statement, the

Pricing Disclosure Package and the Prospectus), or any dividend or distribution of any kind declared, set aside for payment, paid or made by the Company or the LLC on any class of capital stock or other equity interests, as applicable (other than redemptions described in or expressly contemplated by the Registration Statement), or any material adverse change, or any development that would reasonably be expected to result in a prospective material adverse change, in or affecting the business, properties, management, financial position, stockholders' equity, members' equity, results of operations or prospects of the TWFG Parties and their subsidiaries taken as a whole; (ii) none of the TWFG Parties or any of their respective subsidiaries has entered into any transaction or agreement (whether or not in the ordinary course of business) that is material to the TWFG Parties and their subsidiaries taken as a whole or incurred any liability or obligation, direct or contingent, that is material to the TWFG Parties and their subsidiaries taken as a whole; and (iii) none of the TWFG Parties or any of their respective subsidiaries has sustained any loss or interference with its business that is material to the TWFG Parties and their subsidiaries taken as a whole and that is either from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor disturbance or dispute or any action, order or decree of any court or arbitrator or governmental or regulatory authority, except in each case as otherwise disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus.

(i) *Organization and Good Standing.* Each TWFG Party and each of their subsidiaries have been duly organized and are validly existing and, to the extent such concept is applicable, in good standing under the laws of their respective jurisdictions of organization, are duly qualified to do business and, to the extent such concept is applicable, are in good standing in each jurisdiction in which their respective ownership or lease of property or the conduct of their respective businesses requires such qualification, and have all power and authority necessary to own or hold their respective properties and to conduct the businesses in which they are engaged, except where the failure to be so qualified or in good standing or have such power or authority would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the business, properties, management, financial position, stockholders' equity, members' equity, results of operations or prospects of the TWFG Parties and their subsidiaries taken as a whole or on the performance by the TWFG Parties of their respective obligations under the Transaction Documents (as defined below) (a "Material Adverse Effect"). The subsidiaries listed in Exhibit 21 to the Registration Statement are the only "significant subsidiaries" of the Company.

(j) *Capitalization.* Each TWFG Party has an authorized capitalization as set forth in the Registration Statement, the Pricing Disclosure Package and the Prospectus under the heading "Capitalization"; all the outstanding shares of Class A Common Stock, Class B common stock, par value \$0.01 per share of the Company (the "Class B Common Stock") and Class C common stock, par value \$0.01 per share of the Company (the "Class C Common Stock and, together with the Class A Common Stock and the Class B Common Stock, the "Common Stock") have been duly and validly authorized

and issued and are fully paid and non-assessable and are not subject to any pre-emptive or similar rights; except as described in or expressly contemplated by the Registration Statement, the Pricing Disclosure Package and the Prospectus, upon consummation of the Reorganization Transactions there will be no outstanding rights (including, without limitation, pre-emptive rights), warrants or options to acquire, or instruments convertible into or exchangeable for, any shares of capital stock or other equity interest in the Company or any of its subsidiaries (including, without limitation, the LLC), or any contract, commitment, agreement, understanding or arrangement of any kind relating to the issuance of any capital stock or equity interest of the Company or any such subsidiary (including, without limitation, the LLC), any such convertible or exchangeable securities or any such rights, warrants or options; upon consummation of the Reorganization Transactions, the capital stock of the Company and the equity interests of the LLC will conform in all material respects to the description thereof contained in the Registration Statement, the Pricing Disclosure Package and the Prospectus; and all the outstanding shares of capital stock or other equity interests of each subsidiary owned, directly or indirectly, by the Company have been duly and validly authorized and issued, are fully paid and non-assessable (and in the case of equity interests in any such subsidiary that is not a corporation, the Company or other holder of such equity interests has no obligation to make payments or contributions to such subsidiary or its creditors solely by reason of its ownership of such equity interests) and are owned directly or indirectly by the Company, free and clear of any lien, charge, encumbrance, security interest, restriction on voting or transfer or any other claim of any third party, except as otherwise described in the Registration Statement, the Pricing Disclosure Package and the Prospectus.

(k) *Stock Options.* With respect to the stock options (the “Stock Options”) granted pursuant to the stock-based compensation plans of any TWFG Party or any of their respective subsidiaries (collectively, the “Company Stock Plans”), (i) each Stock Option intended to qualify as an “incentive stock option” under Section 422 of the Internal Revenue Code of 1986, as amended (the “Code”), so qualifies, (ii) each grant of a Stock Option was duly authorized no later than the date on which the grant of such Stock Option was by its terms to be effective (the “Grant Date”) by all necessary corporate action, including, as applicable, approval by the board of directors (or a duly constituted and authorized committee thereof) of the applicable TWFG Party, or its general partner, sole or managing member, as the case may be, and any required stockholder approval by the necessary number of votes or written consents, and the award agreement governing such grant (if any) was duly executed and delivered by each party thereto, (iii) each such grant was made in accordance with the terms of the Company Stock Plans, the Exchange Act and all other applicable laws and regulatory rules or requirements, including the rules of the Nasdaq Global Select Market and any other exchange on which Company securities are traded, and (iv) each such grant was properly accounted for in accordance with GAAP in the financial statements (including the related notes) of the applicable TWFG Party. The Company has not knowingly granted, and there is no and has been no policy or practice of the Company of granting, Stock Options prior to, or otherwise coordinating the grant of Stock Options with, the release or other

public announcement of material information regarding the Company or any of its subsidiaries or their results of operations or prospects.

(l) *Due Authorization.* Each TWFG Party has full right, power and authority to execute and deliver, to the extent a party thereto, (i) this Agreement, (ii) the Tax Receivable Agreement among the Company, the LLC and each member of the LLC party thereto (the “Tax Receivable Agreement”), (iii) the Amended and Restated Limited Liability Company Agreement of the LLC (the “LLC Agreement”) and (iv) the Registration Rights Agreement among the Company and certain stockholders party thereto (the “Registration Rights Agreement” and, together with this Agreement, the Tax Receivable Agreement and the LLC Agreement, the “Transaction Documents”) and to perform its obligations hereunder and thereunder; and all action required to be taken for the due and proper authorization, execution and delivery by it of this Agreement and each of the Transaction Documents to which it is a party and the consummation by it of the transactions contemplated hereby and thereby has been duly and validly taken.

(m) *Underwriting Agreement.* This Agreement has been duly authorized, executed and delivered by each TWFG Party.

(n) *The Shares.* The Shares to be issued and sold by the Company hereunder and the shares of Class B Common Stock and Class C Common Stock to be issued by the Company in the Reorganization Transactions have been duly authorized by the Company and, when issued and delivered and paid for as provided herein, or, for the shares of Class B Common Stock and Class C Common Stock to be issued to the members of the LLC, will be duly and validly issued, will be fully paid and non-assessable and will conform in all material respects to the descriptions thereof in the Registration Statement, the Pricing Disclosure Package and the Prospectus; and the issuances of the Shares and of the shares of Class B Common Stock and Class C Common Stock are not subject to any preemptive or similar rights.

(o) *Other Transaction Documents.* Each of the Tax Receivable Agreement, the LLC Agreement and the Registration Rights Agreement, in each case, to be entered into on or prior to the Closing Date, has been duly authorized and, as of the Closing Date, will have been duly executed and delivered by each TWFG Party, to the extent a party thereto, and, when duly executed and delivered in accordance with its terms by each of the parties thereto, will constitute a valid and legally binding agreement of each such TWFG Party enforceable against such TWFG Party in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency or similar laws affecting the enforcement of creditors’ rights generally or by equitable principles relating to enforceability.

(p) *Descriptions of the Transaction Documents.* Each Transaction Document conforms in all material respects to the description thereof contained in the Registration Statement, the Pricing Disclosure Package and the Prospectus.

(q) *No Violation or Default.* None of the TWFG Parties or any of their respective subsidiaries is (i) in violation of its charter or by-laws or similar organizational documents; (ii) in default, and no event has occurred that, with notice or lapse of time or both, would constitute such a default, in the due performance or observance of any term, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which any TWFG Party or any of their respective subsidiaries is a party or by which any TWFG Party or any of their respective subsidiaries is bound or to which any property, right or asset of any TWFG Party or any of their respective subsidiaries is subject; or (iii) in violation of any law or statute applicable to the TWFG Parties or any judgment, order, rule or regulation of any court or arbitrator or governmental or regulatory authority having jurisdiction over the Company or any of its subsidiaries, except, in the case of clauses (ii) and (iii) above, for any such default or violation that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(r) *No Conflicts.* The execution, delivery and performance by each TWFG Party of each of the Transaction Documents to which it is a party, the issuance and sale of the Shares and the consummation of the transactions (including, without limitation, the Reorganization Transactions) contemplated by the Transaction Documents or the Pricing Disclosure Package and the Prospectus will not (i) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, result in the termination, modification or acceleration of, or result in the creation or imposition of any lien, charge or encumbrance upon any property, right or asset of any TWFG Party or any of their respective subsidiaries pursuant to, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which any TWFG Party or any of their respective subsidiaries is a party or by which any TWFG Party or any of their respective subsidiaries is bound or to which any property, right or asset of any TWFG Party or any of their subsidiaries is subject, (ii) result in any violation of the provisions of the charter or by-laws or similar organizational documents of any TWFG Party or any of their respective subsidiaries or (iii) result in the violation of any law or statute or any judgment, order, rule or regulation of any court or arbitrator or governmental or regulatory authority, except, in the case of clauses (i) and (iii) above, for any such conflict, breach, violation, default, lien, charge or encumbrance that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(s) *No Consents Required.* No consent, approval, authorization, order, registration or qualification of or with any court or arbitrator or governmental or regulatory authority is required for the execution, delivery and performance by each TWFG Party of each of the Transaction Documents to which it is a party, the issuance and sale of the Shares and the consummation of the transactions (including, without limitation, the Reorganization Transactions) contemplated by the Transaction Documents, except for the registration of the Shares under the Securities Act and such consents, approvals, authorizations, orders and registrations or qualifications as may be required by the Financial Industry Regulatory Authority, Inc. (“FINRA”) and under

applicable state securities laws in connection with the purchase and distribution of the Shares by the Underwriters or where the failure to obtain any such consent, approval, authorization, order, registration or qualification would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect.

(t) *Legal Proceedings.* Except as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, there are no legal, governmental or regulatory investigations, actions, demands, claims, suits, arbitrations, inquiries or proceedings (“Actions”) pending to which any TWFG Party or any of their respective subsidiaries is or may reasonably be expected to become a party or to which any property of any TWFG Party or any of their respective subsidiaries is or may reasonably be expected to become the subject that, individually or in the aggregate, if determined adversely to any TWFG Party or any of its subsidiaries, could reasonably be expected to have a Material Adverse Effect; to the knowledge of the TWFG Parties, no such Actions are threatened or contemplated by any governmental or regulatory authority or threatened by others; and (i) there are no current or pending Actions that are required under the Securities Act to be described in the Registration Statement, the Pricing Disclosure Package or the Prospectus that are not so described in the Registration Statement, the Pricing Disclosure Package and the Prospectus and (ii) there are no statutes, regulations or contracts or other documents that are required under the Securities Act to be filed as exhibits to the Registration Statement or described in the Registration Statement, the Pricing Disclosure Package or the Prospectus that are not so filed as exhibits to the Registration Statement or described in the Registration Statement, the Pricing Disclosure Package and the Prospectus.

(u) *Independent Accountants.* Deloitte & Touche LLP, who have certified certain financial statements of the Company, the LLC and their respective subsidiaries, is an independent registered public accounting firm with respect to the Company, the LLC and their respective subsidiaries within the applicable rules and regulations adopted by the Commission and the Public Company Accounting Oversight Board (United States) and as required by the Securities Act.

(v) *Title to Real and Personal Property.* Each TWFG Party and its subsidiaries have good and marketable title in fee simple to, or have valid rights to lease or otherwise use, all items of real and personal property that are material to the respective businesses of each TWFG Party and its subsidiaries, in each case free and clear of all liens, encumbrances, claims and defects and imperfections of title except those that (i) do not materially interfere with the use made and proposed to be made of such property by each TWFG Party and its subsidiaries or (ii) could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect.

(w) *Intellectual Property.* (i) Each TWFG Party and its subsidiaries own or have the right to use all patents, patent applications, trademarks, service marks, trade names, trademark registrations, service mark registrations, domain names and other source indicators, copyrights and copyrightable works, know-how, trade secrets, systems,

procedures, proprietary or confidential information and all other worldwide intellectual property, industrial property and proprietary rights (collectively, “Intellectual Property”) used in the conduct of their respective businesses, except where the failure to own or have the right to use any of the foregoing would not reasonably be expected to have a Material Adverse Effect; (ii) each TWFG Party’s and its subsidiaries’ conduct of their respective businesses does not infringe, misappropriate or otherwise violate any Intellectual Property of any person; (iii) each TWFG Party and its subsidiaries have not received any written notice of any claim relating to Intellectual Property, which claim, if determined unfavorably, would reasonably be expected to have a Material Adverse Effect; (iv) to the knowledge of the TWFG Parties, the Intellectual Property of the TWFG Parties and their respective subsidiaries is not being infringed, misappropriated or otherwise violated by any person; and (v) except as would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect, each TWFG Party has taken all steps reasonably required to maintain, enforce and protect the Intellectual Property owned by such TWFG Party and each of its subsidiaries.

(x) *No Undisclosed Relationships.* No relationship, direct or indirect, exists between or among any TWFG Party or any of their respective subsidiaries, on the one hand, and the directors, officers, stockholders, customers, suppliers or other affiliates of any TWFG Party or any of their respective subsidiaries, on the other, that is required by the Securities Act to be described in each of the Registration Statement and the Prospectus and that is not so described in such documents and in the Pricing Disclosure Package.

(y) *Investment Company Act.* Each TWFG Party is not and, after giving effect to the offering and sale of the Shares and the application of the proceeds thereof as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, will not be required to register as an “investment company” or an entity “controlled” by an “investment company” within the meaning of the Investment Company Act of 1940, as amended, and the rules and regulations of the Commission thereunder (collectively, the “Investment Company Act”).

(z) *Taxes.* Except as would not have a Material Adverse Effect, (i) each TWFG Party and its subsidiaries have paid all federal, state, local and foreign taxes and filed all tax returns required to be paid or filed through the date hereof, and except as otherwise disclosed in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus, there is no tax deficiency that has been, or to the knowledge of the TWFG Parties, could reasonably be expected to be, asserted against any TWFG Party or any of their respective subsidiaries or any of their respective properties or assets.

(aa) *Licenses and Permits.* Each TWFG Party and its subsidiaries possess all licenses, sub-licenses, certificates, permits and other authorizations issued by, and have made all declarations and filings with, the appropriate federal, state, local or foreign governmental or regulatory authorities that are necessary for the ownership or lease of their respective properties or the conduct of their respective businesses as described in

each of the Registration Statement, the Pricing Disclosure Package and the Prospectus, except where the failure to possess or make the same would not, individually or in the aggregate, have a Material Adverse Effect; and except as described in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus, none of the TWFG Parties or any of their respective subsidiaries has received notice of any revocation or modification of any such license, sub-license, certificate, permit or authorization or has any reason to believe that any such license, sub-license, certificate, permit or authorization will not be renewed in the ordinary course, except where such revocation, modification or nonrenewal would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(bb) *No Labor Disputes.* No labor disturbance by or dispute with employees of any TWFG Party or any of their respective subsidiaries exists or, to the knowledge of the TWFG Parties, is contemplated or threatened, and no TWFG Party is aware of any existing or imminent labor disturbance by, or dispute with, the employees of any of its or its subsidiaries' principal suppliers, contractors or customers, except as would not have a Material Adverse Effect. None of the TWFG Parties or any of their respective subsidiaries has received any notice of cancellation or termination with respect to any collective bargaining agreement to which it is a party.

(cc) *Certain Environmental Matters.* (i) Each TWFG Party and its subsidiaries (x) are in compliance with all, and have not violated any, applicable federal, state, local and foreign laws (including common law), rules, regulations, requirements, decisions, judgments, decrees, orders and other legally enforceable requirements relating to pollution or the protection of human health or safety, the environment, natural resources, hazardous or toxic substances or wastes, pollutants or contaminants (collectively, "Environmental Laws"); (y) have received and are in compliance with all, and have not violated any, permits, licenses, certificates or other authorizations or approvals required of them under any Environmental Laws to conduct their respective businesses; and (z) have not received notice of any actual or potential liability or obligation under or relating to, or any actual or potential violation of, any Environmental Laws, including for the investigation or remediation of any disposal or release of hazardous or toxic substances or wastes, pollutants or contaminants, and have no knowledge of any event or condition that would reasonably be expected to result in any such notice; (ii) there are no costs or liabilities associated with Environmental Laws of or relating to any TWFG Party or any of their respective subsidiaries, except in the case of each of (i) and (ii) above, for any such matter as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; and (iii) except as described in each of the Pricing Disclosure Package and the Prospectus, (x) there is no proceeding that is pending, or that is known to be contemplated, against any TWFG Party or any of their respective subsidiaries under any Environmental Laws in which a governmental entity is also a party, other than such proceeding regarding which it is reasonably believed no monetary sanctions of \$100,000 or more will be imposed, (y) none of the TWFG Parties or any of their respective subsidiaries is aware of any facts or issues regarding compliance with Environmental Laws, or liabilities or other obligations under Environmental Laws or

concerning hazardous or toxic substances or wastes, pollutants or contaminants, that could reasonably be expected to have a material effect on the capital expenditures, earnings or competitive position of the TWFG Parties or any of their respective subsidiaries, and (z) none of the TWFG Parties or any of their respective subsidiaries anticipates material capital expenditures relating to any Environmental Laws.

(dd) *Compliance with ERISA.* (i) Each employee benefit plan, within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), that is sponsored, maintained, contributed to or has been entered into by a TWFG Party or any of its subsidiaries (excluding (x) any “multiemployer plan” within the meaning of Section 3(37) or Section 4001(a)(3) of ERISA and (y) any plan that is sponsored by a professional employer organization or co-employer) (each, a “Plan”), has been maintained in compliance with its terms and the requirements of any applicable statutes, orders, rules and regulations, including but not limited to ERISA and the Code; (ii) no prohibited transaction, within the meaning of Section 406 of ERISA or Section 4975 of the Code, has occurred with respect to any Plan, excluding transactions effected pursuant to a statutory or administrative exemption; (iii) for each (1) Plan that is subject to the funding rules of Section 412 of the Code or Section 302 of ERISA and (2) employee benefit plan (within the meaning of Section 3(3) of ERISA) sponsored, maintained, contributed to or entered into by any member of a TWFG Party’s “Controlled Group” (defined as any entity, whether or not incorporated, that is under common control with a TWFG Party within the meaning of Section 4001(a)(14) of ERISA or any entity that would be regarded as a single employer with a TWFG Party under Section 414(b), (c), (m) or (o) of the Code) that is subject to the funding rules of Section 412 of the Code or Section 302 of ERISA (each, a “Controlled Group Plan”), no such Plan or Controlled Group Plan has failed (whether or not waived), or is reasonably expected to fail, to satisfy the minimum funding standards (within the meaning of Section 302 of ERISA or Section 412 of the Code) applicable to such Plan or Controlled Group Plan; (iv) no Plan or Controlled Group Plan is, or is reasonably expected to be, in “at risk status” (within the meaning of Section 303(i) of ERISA) and no Controlled Group Plan that is a “multiemployer plan” within the meaning of Section 4001(a)(3) of ERISA is in “endangered status” or “critical status” (within the meaning of Sections 304 and 305 of ERISA); (v) the fair market value of the assets of each Plan or Controlled Group Plan, in each case, that is subject to Title IV of ERISA, exceeds the present value of all benefits accrued under such Plan or Controlled Group Plan (determined based on those assumptions used to fund such Plan or Controlled Group Plan); (vi) no “reportable event” (within the meaning of Section 4043(c) of ERISA and the regulations promulgated thereunder) has occurred or is reasonably expected to occur with respect to any Plan or Controlled Group Plan; (vii) each Plan that is intended to be qualified under Section 401(a) of the Code is so qualified, and nothing has occurred, whether by action or by failure to act, which would cause the loss of such qualification; (viii) none of the TWFG Parties or any member of the Controlled Group has incurred, nor reasonably expects to incur, any liability under Title IV of ERISA (other than contributions to the Plan or premiums to the Pension Benefit Guaranty Corporation, in the ordinary course and without default) in respect of a Plan or Controlled Group Plan (including a

“multiemployer plan” within the meaning of Section 4001(a)(3) of ERISA); and (ix) none of the following events has occurred or is reasonably likely to occur: (A) a material increase in the aggregate amount of contributions required to be made to all Plans by any TWFG Party or its Controlled Group affiliates in the current fiscal year of such TWFG Party and its Controlled Group affiliates compared to the amount of such contributions made in such TWFG Party’s and its Controlled Group affiliates’ most recently completed fiscal year; or (B) a material increase in any TWFG Party and its subsidiaries’ “accumulated post-retirement benefit obligations” (within the meaning of Accounting Standards Codification Topic 715-60) compared to the amount of such obligations in any TWFG Party and its subsidiaries’ most recently completed fiscal year, except in each case with respect to the events or conditions set forth in (i) through (ix) hereof, as would not, individually or in the aggregate, have a Material Adverse Effect.

(ee) *Disclosure Controls.* The Company and its subsidiaries maintain an effective system of “disclosure controls and procedures” (as defined in Rule 13a-15(e) of the Exchange Act) that complies with the requirements of the Exchange Act and that has been designed to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Commission’s rules and forms, including controls and procedures designed to ensure that such information is accumulated and communicated to the Company’s management as appropriate to allow timely decisions regarding required disclosure.

(ff) *Accounting Controls.* The TWFG Parties and their respective subsidiaries maintain systems of “internal control over financial reporting” (as defined in Rule 13a-15(f) of the Exchange Act) that comply with the requirements of the Exchange Act and have been designed by, or under the supervision of, their respective principal executive and principal financial officers, or persons performing similar functions, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. The TWFG Parties and their respective subsidiaries maintain internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management’s general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management’s general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. Except as disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus, there are no material weaknesses in any TWFG Party’s internal controls. The auditors of each TWFG Party and the Audit Committee of the Board of Directors of the Company have been advised of: (i) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which have adversely affected or are reasonably likely to adversely affect such TWFG Party’s ability to record, process, summarize and report financial information; and (ii) any fraud, whether or not material, that involves

management or other employees who have a significant role in such TWFG Party's internal controls over financial reporting.

(gg) *Insurance.* Each TWFG Party and its subsidiaries have insurance covering their respective properties, operations, personnel and businesses, including business interruption insurance, which insurance is in amounts and insures against such losses and risks as are adequate to protect such TWFG Party and its subsidiaries and their respective businesses; and none of the TWFG Parties or any of their respective subsidiaries has (i) received notice from any insurer or agent of such insurer that capital improvements or other expenditures are required or necessary to be made in order to continue such insurance or (ii) any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage at reasonable cost from similar insurers as may be necessary to continue its business.

(hh) *Cybersecurity; Data Protection.* Each TWFG Party and its subsidiaries' information technology assets and equipment, computers, systems, networks, hardware, software, websites, applications, and databases (including all data of their respective employees, suppliers, vendors and any third-party data under the control of and maintained by each TWFG Party or any of its subsidiaries) (collectively, "IT Systems") are adequate for, and operate and perform in all material respects as required in connection with, the operation of the business of each TWFG Party and its subsidiaries as currently conducted, and to the knowledge of the TWFG Parties, such IT Systems are free and clear of all material bugs, errors, defects, Trojan horses, time bombs, malware and other corruptants. Each TWFG Party and its subsidiaries have implemented and maintained commercially reasonable controls, policies, procedures, and safeguards designed to maintain and protect their material confidential information and the integrity, continuous operation, redundancy and security of all IT Systems and data (including all personal, personally identifiable, sensitive, confidential or regulated data ("Personal Data")) used in connection with their businesses. To the knowledge of the TWFG Parties, there have been no breaches, violations, outages or unauthorized uses of or accesses to same, except for those that have been remedied without material cost or liability or the duty to notify any other person, nor any material incidents under internal review or investigations relating to the same, except as otherwise disclosed in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus. Except as would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect, each TWFG Party and its subsidiaries are presently in compliance with all applicable laws or statutes and all applicable judgments, orders, rules and regulations of any applicable court or arbitrator or governmental or regulatory authority, internal policies and contractual obligations relating to the privacy and security of IT Systems and Personal Data and to the protection of such IT Systems and Personal Data from unauthorized use, access, misappropriation or modification (collectively, the "Data Security Obligations"). None of the TWFG Parties has received any written, or, to the knowledge of the TWFG Parties, other notification of or complaint regarding, or is aware of any other facts that, individually or in the aggregate, would reasonably indicate, non-compliance with any Data Security Obligation and there is no action, suit or proceeding

by or before any court or governmental agency, authority or body pending or, to the knowledge of the TWFG Parties, threatened alleging non-compliance with any Data Security Obligation.

(ii) *No Unlawful Payments.* None of the TWFG Parties, any of their respective subsidiaries or affiliates, any director or officer of any TWFG Party or any of their respective subsidiaries or affiliates, to the knowledge of the TWFG Parties, any employee, agent, representative or other person associated with and, in each case, acting on behalf of any TWFG Party or any of their respective subsidiaries or affiliates has (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (ii) made or taken, or will make or take, an act in furtherance of an offer, promise or authorization of any direct or indirect unlawful payment or benefit to any foreign or domestic government official or employee, including of any government-owned or controlled entity or of a public international organization, or any person acting in an official capacity for or on behalf of any of the foregoing, or any political party or party official or candidate for political office; (iii) violated or is in violation of any provision of the Foreign Corrupt Practices Act of 1977, as amended, or any other applicable anti-bribery or anti-corruption law (including, to the extent applicable, the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, or the Bribery Act 2010 of the United Kingdom); or (iv) made, offered, agreed, requested or taken an act in furtherance of any unlawful bribe or other unlawful benefit, including, without limitation, any rebate, payoff, influence payment, kickback or other unlawful or improper payment or benefit. Each TWFG Party and its subsidiaries and affiliates have conducted their business in compliance with applicable anti-corruption laws and have instituted, maintain and enforce, and will continue to maintain and enforce policies and procedures designed to promote and ensure compliance with all applicable anti-bribery and anti-corruption laws. None of the TWFG Parties or any of their respective subsidiaries or affiliates will use, directly or indirectly, the proceeds of the offering in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any person in violation of any applicable anti-corruption laws.

(jj) *Compliance with Anti-Money Laundering Laws.* The operations of each TWFG Party and its subsidiaries are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements, including those of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the applicable money laundering statutes of all jurisdictions where any TWFG Party or any of their respective subsidiaries conducts business, the rules and regulations thereunder and any related or similar rules, regulations or guidelines issued, administered or enforced by any governmental agency (collectively, the “Anti-Money Laundering Laws”) and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving any TWFG Party or any of their respective subsidiaries with respect to the Anti-Money Laundering Laws is pending or, to the knowledge of the TWFG Parties, threatened.

(kk) *No Conflicts with Sanctions Laws.* None of the TWFG Parties, any of their respective subsidiaries or affiliates, directors or officers, nor, to the knowledge of the TWFG Parties, any employee, agent, representative or other person associated with and, in each case, acting and authorized to act on behalf of any TWFG Party or any of their respective subsidiaries or affiliates is an individual or entity (“Person”) that is (i) currently the subject or the target of any sanctions administered or enforced by the U.S. government, (including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury (“OFAC”) or the U.S. Department of State and including, without limitation, the designation as a “specially designated national” or “blocked person”), the United Nations Security Council (“UNSC”), the European Union or HM Treasury (“HMT”) or other relevant sanctions authority (collectively, “Sanctions”) or owned or controlled by one more such person(s) to the extent that it is subject to the same prohibitions or restrictions as such person(s) or (ii) located, organized or resident in a country or territory that is the subject or target of comprehensive Sanctions, including, without limitation, Cuba, Iran, North Korea, Syria, the Crimea Region and the non-government controlled areas of the Zaporizhzhia and Kherson Regions of Ukraine, the so-called Donetsk People’s Republic, the so-called Luhansk People’s Republic and any other Covered Region of Ukraine identified pursuant to Executive Order 14065 (each, a “Sanctioned Country”). The TWFG Parties will not directly or knowingly indirectly use the proceeds of the offering of the Shares hereunder, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person (i) to fund or facilitate any activities of or business with any Person that, at the time of such funding or facilitation, is the subject or target of Sanctions, (ii) to fund or facilitate (x) any activities of or business in any Sanctioned Country or (y) any money laundering or terrorist financing activities or (iii) in any other manner that will result in a violation by any Person (including any Person participating in the transaction, whether as underwriter, advisor, investor or otherwise) of Sanctions. The TWFG Parties and their respective subsidiaries have not knowingly engaged in, are not now knowingly engaged in and will not engage in any dealings or transactions with any Person that at the time of the dealing or transaction is or was the subject or the target of Sanctions or with any Sanctioned Country.

(ll) *No Restrictions on Subsidiaries.* Except as otherwise described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, no subsidiary of the Company is currently prohibited, directly or indirectly, under any agreement or other instrument to which it is a party or is subject, from paying any dividends to any TWFG Party, from making any other distribution on such subsidiary’s capital stock or similar ownership interest, from repaying to any TWFG Party any loans or advances to such subsidiary from such TWFG Party or from transferring any of such subsidiary’s properties or assets to any TWFG Party or any other subsidiary of any TWFG Party.

(mm) *No Broker’s Fees.* Neither the Company nor any of its subsidiaries is a party to any contract, agreement or understanding with any person (other than this Agreement and other than fees payable to Solebury Capital LLC or its affiliates in connection with the transactions contemplated by this Agreement) that would give rise to

a valid claim against any of them or any Underwriter for a brokerage commission, finder's fee or like payment in connection with the offering and sale of the Shares.

(nn) *No Registration Rights.* Except for those related to the Registration Rights Agreement described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, no person has the right to require any TWFG Party or any of their respective subsidiaries to register any securities for sale under the Securities Act by reason of the filing of the Registration Statement with the Commission or the issuance and sale of the Shares.

(oo) *No Stabilization.* None of the TWFG Parties or any of their respective subsidiaries or affiliates has taken, directly or indirectly, any action designed to or that could reasonably be expected to cause or result in any stabilization or manipulation of the price of the Shares.

(pp) *Margin Rules.* Neither the issuance, sale and delivery of the Shares nor the application of the proceeds thereof by the Company as described in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus will violate Regulation T, U or X of the Board of Governors of the Federal Reserve System or any other regulation of such Board of Governors.

(qq) *Forward-Looking Statements.* No forward-looking statement (within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act) included in any of the Registration Statement, the Pricing Disclosure Package or the Prospectus has been made or reaffirmed without a reasonable basis or has been disclosed other than in good faith.

(rr) *Statistical and Market Data.* Nothing has come to the attention of any TWFG Party that has caused such TWFG Party to believe that the statistical and market-related data included in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus is not based on or derived from sources that are reliable and accurate in all material respects.

(ss) *Sarbanes-Oxley Act.* There is and has been no failure on the part of the Company or any of the Company's directors or officers, in their capacities as such, to comply with any provision of the Sarbanes-Oxley Act of 2002, as amended and the rules and regulations promulgated in connection therewith (the "Sarbanes-Oxley Act"), including Section 402 related to loans.

(tt) *Status under the Securities Act.* At the time of filing the Registration Statement and any post-effective amendment thereto, at the earliest time thereafter that the Company or any offering participant made a *bona fide* offer (within the meaning of Rule 164(h)(2) under the Securities Act) of the Shares and at the date hereof, the Company was not and is not an "ineligible issuer," as defined in Rule 405 under the Securities Act.

(uu) *No Ratings.* There are (and prior to the Closing Date, will be) no debt securities, convertible securities or preferred stock issued or guaranteed by any TWFG Party or any of their respective subsidiaries that are rated by a “nationally recognized statistical rating organization”, as such term is defined in Section 3(a)(62) under the Exchange Act.

(vv) *Directed Share Program.* Each TWFG Party represents and warrants that (i) the Registration Statement, the Pricing Disclosure Package and the Prospectus, any Preliminary Prospectus and any Issuer Free Writing Prospectuses comply in all material respects, and any further amendments or supplements thereto will comply in all material respects, with any applicable laws or regulations of foreign jurisdictions in which the Pricing Disclosure Package, the Prospectus, any Preliminary Prospectus and any Issuer Free Writing Prospectus, as amended or supplemented, if applicable, are distributed in connection with the Directed Share Program, and that (ii) no consent, approval, authorization or order of, or qualification with, any governmental body or agency, other than those obtained, is required in connection with the offering of the Directed Shares in any foreign jurisdiction where the Directed Shares are being offered outside the United States. The Company has not offered, or caused the Directed Share Underwriter or any Directed Share Underwriter Entity as defined in Section 7[g] to offer, Shares to any person pursuant to the Directed Share Program with the specific intent to unlawfully influence (i) a customer or supplier of the TWFG Parties to alter the customer’s or supplier’s level or type of business with the TWFG Parties, or (ii) a trade journalist or publication to write or publish favorable information about the TWFG Parties or its products.

(ww) *Private Placement.* Each TWFG Party has not sold, issued or distributed any shares of Common Stock, including limited liability company interests in the LLC convertible or exercisable or exchangeable for or that represent the right to receive Common Stock, during the six month period preceding the date hereof, including any sales pursuant to Rule 144A under Section 4(a)(2), or Regulation D or S of, the Securities Act, other than shares or limited liability company interests issued as consideration for the acquisition of other businesses or pursuant to employee benefit plans, qualified stock option plans or other employee compensation plans; in each case as referenced in the Registration Statement, the Pricing Disclosure Package and the Prospectus, or pursuant to outstanding options, rights or warrants.

4. Further Agreements of the TWFG Parties. Each TWFG Party, jointly and severally, covenants and agrees with each Underwriter that:

(a) *Required Filings.* The Company will file the final Prospectus with the Commission within the time periods specified by Rule 424(b) and Rule 430A, 430B or 430C under the Securities Act, will file any Issuer Free Writing Prospectus to the extent required by Rule 433 under the Securities Act; and the Company will furnish copies of the Prospectus and each Issuer Free Writing Prospectus (to the extent not previously delivered) to the Underwriters in New York City prior to 10:00 A.M., New York City

time, on the business day next succeeding the date of this Agreement in such quantities as the Representatives may reasonably request.

(b) *Delivery of Copies.* The Company will deliver, without charge, (i) to the Representatives, two signed copies of the Registration Statement as originally filed and each amendment thereto, in each case including all exhibits and consents filed therewith; and (ii) to each Underwriter (A) a conformed copy of the Registration Statement as originally filed and each amendment thereto (without exhibits) and (B) during the Prospectus Delivery Period (as defined below), as many copies of the Prospectus (including all amendments and supplements thereto and each Issuer Free Writing Prospectus) as the Representatives may reasonably request. As used herein, the term “Prospectus Delivery Period” means such period of time after the first date of the public offering of the Shares as in the opinion of counsel for the Underwriters a prospectus relating to the Shares is required by law to be delivered (or required to be delivered but for Rule 172 under the Securities Act) in connection with sales of the Shares by any Underwriter or dealer.

(c) *Amendments or Supplements, Issuer Free Writing Prospectuses.* Before making, preparing, using, authorizing, approving, referring to or filing any Issuer Free Writing Prospectus, and before filing any amendment or supplement to the Registration Statement, the Pricing Disclosure Package or the Prospectus, the Company will furnish to the Representatives and counsel for the Underwriters a copy of the proposed Issuer Free Writing Prospectus, amendment or supplement for review and will not make, prepare, use, authorize, approve, refer to or file any such Issuer Free Writing Prospectus or file any such proposed amendment or supplement to which the Representatives reasonably objects.

(d) *Notice to the Representatives.* The Company will advise the Representatives promptly, and confirm such advice in writing (which may be by electronic mail), (i) when the Registration Statement has become effective; (ii) when any amendment to the Registration Statement has been filed or becomes effective; (iii) when any supplement to the Pricing Disclosure Package, the Prospectus, any Issuer Free Writing Prospectus or any Written Testing-the-Waters Communication or any amendment to the Prospectus has been filed or distributed; (iv) of any request by the Commission for any amendment to the Registration Statement or any amendment or supplement to the Prospectus or the receipt of any comments from the Commission relating to the Registration Statement or any other request by the Commission for any additional information including, but not limited to, any request for information concerning any Testing-the-Waters Communication; (v) of the issuance by the Commission or any other governmental or regulatory authority of any order suspending the effectiveness of the Registration Statement or preventing or suspending the use of any Preliminary Prospectus, any of the Pricing Disclosure Package, the Prospectus or any Written Testing-the-Waters Communication or the initiation or threatening of any proceeding for that purpose or pursuant to Section 8A of the Securities Act; (vi) of the occurrence of any event or development within the Prospectus Delivery Period as a result

of which the Prospectus, any of the Pricing Disclosure Package, any Issuer Free Writing Prospectus or any Written Testing-the-Waters Communication as then amended or supplemented would include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing when the Prospectus, the Pricing Disclosure Package, any such Issuer Free Writing Prospectus or any Written Testing-the-Waters Communication is delivered to a purchaser, not misleading; and (vii) of the receipt by the Company of any notice with respect to any suspension of the qualification of the Shares for offer and sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose; and the Company will use its reasonable best efforts to prevent the issuance of any such order suspending the effectiveness of the Registration Statement, preventing or suspending the use of any Preliminary Prospectus, any of the Pricing Disclosure Package or the Prospectus or any Written Testing-the-Waters Communication or suspending any such qualification of the Shares and, if any such order is issued, will use its reasonable best efforts to obtain as soon as possible the withdrawal thereof.

(e) *Ongoing Compliance.* (1) If during the Prospectus Delivery Period (i) any event or development shall occur or condition shall exist as a result of which the Prospectus as then amended or supplemented would include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances existing when the Prospectus is delivered to a purchaser, not misleading or (ii) it is necessary to amend or supplement the Prospectus to comply with applicable law, the Company will promptly notify the Underwriters thereof and forthwith prepare and, subject to paragraph [(c)] above, file with the Commission and furnish to the Underwriters and to such dealers as the Representatives may designate such amendments or supplements to the Prospectus as may be necessary so that the statements in the Prospectus as so amended or supplemented will not, in the light of the circumstances existing when the Prospectus is delivered to a purchaser, be misleading or so that the Prospectus will comply with law and (2) if at any time prior to the Closing Date (i) any event or development shall occur or condition shall exist as a result of which the Pricing Disclosure Package as then amended or supplemented would include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances existing when the Pricing Disclosure Package is delivered to a purchaser, not misleading or (ii) it is necessary to amend or supplement the Pricing Disclosure Package to comply with applicable law, the Company will promptly notify the Underwriters thereof and forthwith prepare and, subject to paragraph [(c)] above, file with the Commission (to the extent required) and furnish to the Underwriters and to such dealers as the Representatives may designate such amendments or supplements to the Pricing Disclosure Package as may be necessary so that the statements in the Pricing Disclosure Package as so amended or supplemented will not, in the light of the circumstances existing when the Pricing Disclosure Package is delivered to a purchaser, be misleading or so that the Pricing Disclosure Package will comply with applicable law.

(f) *Blue Sky Compliance.* The Company will qualify the Shares for offer and sale under the securities or Blue Sky laws of such jurisdictions as the Representatives shall reasonably request and will continue such qualifications in effect so long as required for distribution of the Shares; provided that the Company shall not be required to (i) qualify as a foreign corporation or other entity or as a dealer in securities in any such jurisdiction where it would not otherwise be required to so qualify, (ii) file any general consent to service of process in any such jurisdiction or (iii) subject itself to taxation in any such jurisdiction if it is not otherwise so subject.

(g) *Earning Statement.* The Company will make generally available to its security holders and the Representatives as soon as practicable an earning statement that satisfies the provisions of Section 11(a) of the Securities Act and Rule 158 of the Commission promulgated thereunder covering a period of at least twelve months beginning with the first fiscal quarter of the Company occurring after the “effective date” (as defined in Rule 158) of the Registration Statement; provided that the Company will be deemed to comply with such requirement by filing such earnings statements on the Commission’s Electronic, Data Gathering, Analysis and Retrieval System (“EDGAR”) (or any successor system).

(h) *Clear Market.* For a period of 180 days after the date of the Prospectus (the “Restricted Period”), the Company will not (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, or submit to, or file with, the Commission a registration statement under the Securities Act relating to, any shares of Common Stock, or any options, rights or warrants to purchase any shares of Common Stock or any securities convertible into or exercisable or exchangeable for, or that represent the right to receive, Common Stock, including limited liability company interests in the LLC convertible or exercisable or exchangeable for or that represent the right to receive Common Stock, or publicly disclose the intention to undertake any of the foregoing (other than filings on Form S-8 relating to the Company Stock Plans), or (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of Common Stock or any such other securities or publicly disclose the intention to enter into any such swap or agreement, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise, without the prior written consent of the Representatives, other than (1) the Shares to be sold hereunder, (2) Common Stock, options or other awards issued pursuant to the equity incentive plans of the TWFG Parties referenced in the Registration Statement, the Pricing Disclosure Package and the Prospectus, (3) Common Stock, or securities convertible into, exercisable for, or which are otherwise exchangeable for, Common Stock issued in private placements as consideration for the acquisition of other businesses or other strategic transactions, up to an aggregate amount of \$50 million, provided the Company shall cause each recipient in such private placements to enter into a lockup agreement substantially in the form of Exhibit D hereto for the remainder of the Restricted Period,

(4) Common Stock otherwise issued in connection with the Reorganization Transactions and (5) Common Stock issued pursuant to the terms of the LLC Agreement.

If J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC in their sole discretion, agree to release or waive the restrictions set forth in a lock-up letter described in Section [6(l)] hereof for an officer or director of the Company and provide the Company with notice of the impending release or waiver substantially in the form of Exhibit B hereto at least three business days before the effective date of the release or waiver, the Company agrees to announce the impending release or waiver substantially in the form of Exhibit C hereto through a major news service at least two business days before the effective date of the release or waiver.

(i) *Use of Proceeds.* Each of the TWFG Parties will apply the net proceeds from the sale of the Shares as described in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus under the heading “Use of proceeds”.

(j) *No Stabilization.* Neither the Company nor its subsidiaries or affiliates will take, directly or indirectly, any action designed to or that could reasonably be expected to cause or result in any stabilization or manipulation of the price of the Stock.

(k) *Exchange Listing.* The Company will use its reasonable best efforts to list for quotation the Shares on the Nasdaq Global Select Market.

(l) *Reports.* For a period of two years following the date hereof, so long as the Company is subject to the reporting requirements of either Section 13 or Section 15(d) of the Exchange Act, the Company will furnish to the Representatives, as soon as they are available, copies of all reports or other communications (financial or other) furnished to holders of the Shares, and copies of any reports and financial statements furnished to or filed with the Commission or any national securities exchange or automatic quotation system; provided that the Company will be deemed to have furnished such reports and financial statements to the Representatives to the extent they are filed on the Commission’s Electronic Data Gathering, Analysis, and Retrieval system.

(m) *Record Retention.* The Company will, pursuant to reasonable procedures developed in good faith, retain copies of each Issuer Free Writing Prospectus that is not filed with the Commission in accordance with Rule 433 under the Securities Act.

(n) *Filings.* The Company will file with the Commission such reports as may be required by Rule 463 under the Securities Act.

(o) *Directed Share Program.* Each TWFG Party will comply with all applicable securities and other laws, rules and regulations in each jurisdiction in which the Directed Shares are offered in connection with the Directed Share Program.

(p) *Emerging Growth Company.* The Company will promptly notify the Representatives if the Company ceases to be an Emerging Growth Company at any time

prior to the later of (i) completion of the distribution of Shares within the meaning of the Securities Act and (ii) completion of the 180-day Restricted Period referred to in Section [4(h)] hereof.

(q) *CDD Certification.* The Company will deliver to each Underwriter (or its agent), prior to the date of execution of this Agreement, a properly completed and executed Certification Regarding Beneficial Owners of Legal Entity Customers, together with copies of identifying documentation, and the Company undertakes to provide such additional supporting documentation as each Underwriter may reasonably request in connection with the verification of the foregoing Certification.

5. Certain Agreements of the Underwriters. Each Underwriter hereby severally represents and agrees that:

(a) It has not and will not use, authorize use of, refer to or participate in the planning for use of, any “free writing prospectus”, as defined in Rule 405 under the Securities Act (which term includes use of any written information furnished to the Commission by the Company and not incorporated by reference into the Registration Statement and any press release issued by the Company) other than (i) a free writing prospectus that contains no “issuer information” (as defined in Rule 433(h)(2) under the Securities Act) that was not included (including through incorporation by reference) in the Preliminary Prospectus or a previously filed Issuer Free Writing Prospectus, (ii) any Issuer Free Writing Prospectus listed on Annex A or prepared pursuant to Section [3(c)] or Section [4(c)] above (including any electronic road show approved in advance by the Company), or (iii) any free writing prospectus prepared by such Underwriter and approved by the Company in advance in writing (each such free writing prospectus referred to in clauses (i) or (iii), an “Underwriter Free Writing Prospectus”).

(b) It has not and will not, without the prior written consent of the Company, use any free writing prospectus that contains the final terms of the Shares unless such terms have previously been included in a free writing prospectus filed with the Commission; provided that Underwriters may use a term sheet substantially in the form of Annex C hereto without the consent of the Company; provided further that any Underwriter using such term sheet shall notify the Company, and provide a copy of such term sheet to the Company, prior to, or substantially concurrently with, the first use of such term sheet.

(c) It is not subject to any pending proceeding under Section 8A of the Securities Act with respect to the offering (and will promptly notify the Company if any such proceeding against it is initiated during the Prospectus Delivery Period).

6. Conditions of Underwriters' Obligations. The obligation of each Underwriter to purchase the Underwritten Shares on the Closing Date or the Option Shares on the Additional Closing Date, as the case may be, as provided herein is subject to the performance by the

Company of its covenants and other obligations hereunder and to the following additional conditions:

(a) *Registration Compliance; No Stop Order.* No order suspending the effectiveness of the Registration Statement shall be in effect, and no proceeding for such purpose or pursuant to Section 8A of the Securities Act shall be pending before or, to the knowledge of the TWFG Parties, threatened by the Commission; the Prospectus and each Issuer Free Writing Prospectus shall have been timely filed with the Commission under the Securities Act (in the case of an Issuer Free Writing Prospectus, to the extent required by Rule 433 under the Securities Act) and in accordance with Section [4(a)] hereof; and all requests by the Commission for additional information shall have been complied with to the reasonable satisfaction of the Representatives.

(b) *Representations and Warranties.* The respective representations and warranties of each TWFG Party contained herein shall be true and correct on the date hereof and on and as of the Closing Date or the Additional Closing Date, as the case may be; and the statements of each TWFG Party and its officers made in any certificates delivered pursuant to this Agreement shall be true and correct on and as of the Closing Date or the Additional Closing Date, as the case may be.

(c) *No Material Adverse Change.* No event or condition of a type described in Section [3(h)] hereof shall have occurred or shall exist, which event or condition is not described in the Pricing Disclosure Package (excluding any amendment or supplement thereto) and the Prospectus (excluding any amendment or supplement thereto) and the effect of which in the judgment of the Representatives makes it impracticable or inadvisable to proceed with the offering, sale or delivery of the Shares on the Closing Date or the Additional Closing Date, as the case may be, on the terms and in the manner contemplated by this Agreement, the Pricing Disclosure Package and the Prospectus.

(d) *Officers' Certificates.* The Representatives shall have received on and as of the Closing Date or the Additional Closing Date, as the case may be, a certificate of the chief financial officer or chief accounting officer of each TWFG Party and one additional senior executive officer of such TWFG Party who is satisfactory to the Representatives (i) confirming that such officers have carefully reviewed the Registration Statement, the Pricing Disclosure Package and the Prospectus and, to the knowledge of such officers, the representations set forth in Sections [3(b)] and [3(c)] hereof are true and correct, (ii) confirming that the other representations and warranties of each TWFG Party in this Agreement are true and correct and that each TWFG Party has complied in all material respects with all agreements and satisfied all conditions on its part to be performed or satisfied hereunder at or prior to the Closing Date or the Additional Closing Date, as the case may be, and (iii) to the effect set forth in paragraphs [(a) and (c)] above.

(e) *Comfort Letters.* On the date of this Agreement and on the Closing Date or the Additional Closing Date, as the case may be, Deloitte & Touche LLP shall have furnished to the Representatives, at the request of the Company, letters, dated the respective dates of delivery thereof and addressed to the Underwriters, in form and

substance reasonably satisfactory to the Representatives, containing statements and information of the type customarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus; provided that the letter delivered on the Closing Date or the Additional Closing Date, as the case may be, shall use a "cut-off" date no more than two business days prior to such Closing Date or such Additional Closing Date, as the case may be.

(f) *CFO Certificate*. On the date of this Agreement and on the Closing Date or the Additional Closing Date, as the case may be, the Company shall have furnished to the Representatives a certificate, dated the respective dates of delivery thereof and addressed to the Underwriters, of its chief financial officer with respect to certain financial data contained in the Pricing Disclosure Package and the Prospectus, providing "management comfort" with respect to such information, in form and substance reasonably satisfactory to the Representatives.

(g) *Opinion and 10b-5 Statement of Counsel for the Company*. Akin Gump Strauss Hauer & Feld LLP, counsel for the Company, shall have furnished to the Representatives, at the request of the Company, their written opinion and 10b-5 statement, dated the Closing Date or the Additional Closing Date, as the case may be, and addressed to the Underwriters, in form and substance reasonably satisfactory to the Representatives, to the effect set forth in Annex D hereto.

(h) *Opinion and 10b-5 Statement of Counsel for the Underwriters*. The Representatives shall have received on and as of the Closing Date or the Additional Closing Date, as the case may be, an opinion and 10b-5 statement, addressed to the Underwriters, of Davis Polk & Wardwell LLP, counsel for the Underwriters, with respect to such matters as the Representatives may reasonably request, and such counsel shall have received such documents and information as they may reasonably request to enable them to pass upon such matters.

(i) *No Legal Impediment to Issuance and Sale*. No action shall have been taken and no statute, rule, regulation or order shall have been enacted, adopted or issued by any federal, state or foreign governmental or regulatory authority that would, as of the Closing Date or the Additional Closing Date, as the case may be, prevent the issuance or sale of the Shares; and no injunction or order of any federal, state or foreign court shall have been issued that would, as of the Closing Date or the Additional Closing Date, as the case may be, prevent the issuance or sale of the Shares.

(j) *Good Standing*. The Representatives shall have received on and as of the Closing Date or the Additional Closing Date, as the case may be, satisfactory evidence of the good standing of each TWFG Party and its subsidiaries in their respective jurisdictions of organization and their good standing in such other jurisdictions as the Representatives may reasonably request, in each case in writing or any standard form of telecommunication from the appropriate governmental authorities of such jurisdictions.

(k) *Exchange Listing.* The Shares to be delivered on the Closing Date or the Additional Closing Date, as the case may be, shall have been approved for listing on the Nasdaq Global Select Market, subject to official notice of issuance.

(l) *Lock-up Agreements.* The “lock-up” agreements, each substantially in the form of Exhibit D hereto, between you and certain shareholders, officers and directors of the TWFG Parties relating to sales and certain other dispositions of shares of Stock or certain other securities, delivered to you on or before the date hereof, shall be in full force and effect on the Closing Date or the Additional Closing Date, as the case may be.

(m) *Reorganization Transactions.* Prior to or substantially concurrent with the issuance of the Underwritten Shares and payment therefor in accordance with this Agreement, the Reorganization Transactions shall have been consummated in a manner consistent in all material respects with the descriptions thereof in the Registration Statement, Pricing Disclosure Package and the Prospectus.

(n) *CDD Certification.* The Company shall have delivered to each Underwriter (or its agent), on the date of execution of this Agreement, a properly completed and executed Certification Regarding Beneficial Owners of Legal Entity Customers, together with copies of identifying documentation, and the Company undertakes to provide such additional supporting documentation as each Underwriter may reasonably request in connection with the verification of the foregoing Certification.

(o) *Additional Documents.* On or prior to the Closing Date or the Additional Closing Date, as the case may be, the TWFG Parties shall have furnished to the Representatives such further certificates and documents as the Representatives may reasonably request.

All opinions, letters, certificates and evidence mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof only if they are in form and substance reasonably satisfactory to counsel for the Underwriters.

7. Indemnification and Contribution.

(a) *Indemnification of the Underwriters.* The TWFG Parties, jointly and severally, agree to indemnify and hold harmless each Underwriter, its affiliates, directors and officers and each person, if any, who controls such Underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, from and against any and all losses, claims, damages and liabilities (including, without limitation, reasonable legal fees and other reasonable expenses incurred in connection with any suit, action or proceeding or any claim asserted, as such fees and expenses are incurred), joint or several, that arise out of, or are based upon, (i) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein, not misleading, or (ii) any untrue statement or alleged untrue statement of a material fact contained in the Prospectus (or any amendment or supplement thereto), any Preliminary Prospectus, any Issuer Free Writing

Prospectus, any “issuer information” filed or required to be filed pursuant to Rule 433(d) under the Securities Act, any Testing-the-Waters Communication, any road show as defined in Rule 433(h) under the Securities Act (a “road show”) or any Pricing Disclosure Package (including any Pricing Disclosure Package that has subsequently been amended), or caused by any omission or alleged omission to state therein a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, in each case except insofar as such losses, claims, damages or liabilities arise out of, or are based upon, any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with any information relating to any Underwriter furnished to the Company in writing by such Underwriter through the Representatives expressly for use therein, it being understood and agreed that the only such information furnished by any Underwriter consists of the information described as such in paragraph [(b)] below.

(b) *Indemnification of the TWFG Parties.* Each Underwriter agrees, severally and not jointly, to indemnify and hold harmless each TWFG Party, directors of the Company, officers of the Company who signed the Registration Statement and each person, if any, who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act to the same extent as the indemnity set forth in paragraph [(a)] above, but only with respect to any losses, claims, damages or liabilities that arise out of, or are based upon, any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with any information relating to such Underwriter furnished to the Company in writing by such Underwriter through the Representatives expressly for use in the Registration Statement, the Prospectus (or any amendment or supplement thereto), any Preliminary Prospectus, any Issuer Free Writing Prospectus, any Testing-the-Waters Communication, any road show or any Pricing Disclosure Package (including any Pricing Disclosure Package that has subsequently been amended), it being understood and agreed upon that the only such information furnished by any Underwriter consists of the following information in the Prospectus furnished on behalf of each Underwriter: the concession and reallowance figures appearing in the [•] paragraph under the caption “Underwriting” and the information contained in the [•] paragraph[s] under the caption “Underwriting”.

(c) *Notice and Procedures.* If any suit, action, proceeding (including any governmental or regulatory investigation), claim or demand shall be brought or asserted against any person in respect of which indemnification may be sought pursuant to the preceding paragraphs of this Section [7], such person (the “Indemnified Person”) shall promptly notify the person against whom such indemnification may be sought (the “Indemnifying Person”) in writing; provided that the failure to notify the Indemnifying Person shall not relieve it from any liability that it may have under the preceding paragraphs of this Section [7] except to the extent that it has been materially prejudiced (through the forfeiture of substantive rights or defenses) by such failure; and provided, further, that the failure to notify the Indemnifying Person shall not relieve it from any liability that it may have to an Indemnified Person otherwise than under the preceding paragraphs of this Section [7]. If any such proceeding shall be brought or asserted against an Indemnified Person and it shall have notified the Indemnifying Person thereof, the Indemnifying Person shall retain counsel reasonably satisfactory to the Indemnified Person (who shall not, without the consent of the Indemnified Person, be counsel to the Indemnifying Person)

to represent the Indemnified Person and any others entitled to indemnification pursuant to this Section that the Indemnifying Person may designate in such proceeding and shall pay the reasonable and documented fees and expenses in such proceeding and shall pay the reasonable and documented fees and expenses of such counsel related to such proceeding, as incurred. In any such proceeding, any Indemnified Person shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Person unless (i) the Indemnifying Person and the Indemnified Person shall have mutually agreed to the contrary; (ii) the Indemnifying Person has failed within a reasonable time to retain counsel reasonably satisfactory to the Indemnified Person; (iii) the Indemnified Person shall have reasonably concluded that there may be legal defenses available to it that are different from or in addition to those available to the Indemnifying Person; or (iv) the named parties in any such proceeding (including any impleaded parties) include both the Indemnifying Person and the Indemnified Person and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood and agreed that the Indemnifying Person shall not, in connection with any proceeding or related proceeding in the same jurisdiction, be liable for the reasonable fees and expenses of more than one separate firm (in addition to any local counsel) for all Indemnified Persons, and that all such reasonable and documented fees and expenses shall be paid or reimbursed as they are incurred. Any such separate firm for any Underwriter, its affiliates, directors and officers and any control persons of such Underwriter shall be designated in writing by the Representatives and any such separate firm for the TWFG Parties, the directors and officers of the Company who signed the Registration Statement and any control persons of the Company shall be designated in writing by the Company. The Indemnifying Person shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent, the Indemnifying Person agrees to indemnify each Indemnified Person from and against any loss or liability by reason of such settlement. Notwithstanding the foregoing sentence, if at any time an Indemnified Person shall have requested that an Indemnifying Person reimburse the Indemnified Person for reasonable and documented fees and expenses of counsel as contemplated by this paragraph, the Indemnifying Person shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 30 days after receipt by the Indemnifying Person of such request and (ii) the Indemnifying Person shall not have reimbursed the Indemnified Person in accordance with such request prior to the date of such settlement. No Indemnifying Person shall, without the written consent of the Indemnified Person, effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Person is or could have been a party and indemnification could have been sought hereunder by such Indemnified Person, unless such settlement (x) includes an unconditional release of such Indemnified Person, in form and substance reasonably satisfactory to such Indemnified Person, from all liability on claims that are the subject matter of such proceeding and (y) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of any Indemnified Person.

(d) *Contribution.* If the indemnification provided for in paragraphs [(a) or (b)] above is unavailable to an Indemnified Person or insufficient in respect of any losses, claims, damages or liabilities referred to therein, then each Indemnifying Person under such paragraph, in lieu of indemnifying such Indemnified Person thereunder, shall contribute to the amount paid or payable

by such Indemnified Person as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the TWFG Parties, on the one hand, and the Underwriters, on the other, from the offering of the Shares or (ii) if the allocation provided by clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) but also the relative fault of the TWFG Parties, on the one hand, and the Underwriters, on the other, in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the TWFG Parties, on the one hand, and the Underwriters, on the other, shall be deemed to be in the same respective proportions as the net proceeds (before deducting expenses) received by the Company from the sale of the Shares and the total underwriting discounts and commissions received by the Underwriters in connection therewith, in each case as set forth in the table on the cover of the Prospectus, bear to the aggregate offering price of the Shares. The relative fault of the TWFG Parties, on the one hand, and the Underwriters, on the other, shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the TWFG Parties or by the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

(e) *Limitation on Liability.* The TWFG Parties and the Underwriters agree that it would not be just and equitable if contribution pursuant to paragraph [(d)] above were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in paragraph [(d)] above. The amount paid or payable by an Indemnified Person as a result of the losses, claims, damages and liabilities referred to in paragraph [(d)] above shall be deemed to include, subject to the limitations set forth above, any reasonable and documented legal or other expenses incurred by such Indemnified Person in connection with any such action or claim. Notwithstanding the provisions of paragraphs [(d) and (e)], in no event shall an Underwriter be required to contribute any amount in excess of the amount by which the total underwriting discounts and commissions received by such Underwriter with respect to the offering of the Shares exceeds the amount of any damages that such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations to contribute pursuant to paragraphs [(d) and (e)] are several in proportion to their respective purchase obligations hereunder and not joint.

(f) *Non-Exclusive Remedies.* The remedies provided for in this Section [7] paragraphs [(a) through (e)] are not exclusive and shall not limit any rights or remedies which may otherwise be available to any Indemnified Person at law or in equity.

(g) *Directed Share Program Indemnification.*

(i) The TWFG Parties, jointly and severally, agree to indemnify and hold harmless the Directed Share Underwriter, each person, if any, who controls the Directed Share Underwriter within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act and each affiliate of the Directed Share Underwriter within the meaning of Rule 405 of the Securities Act (“Directed Share Underwriter Entities”) from and against any and all losses, claims, damages and liabilities (including, without limitation, any legal or other expenses reasonably incurred in connection with defending or investigating any suit, action or proceeding or any claim asserted, as such fees and expenses are incurred) (a) that arise out of, or are based upon, (i) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or that arise out of, or are based upon, any omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein, not misleading, or (ii) any untrue statement or alleged untrue statement of a material fact contained in any other materials prepared by or with the consent of the Company for distribution to Participants in connection with the Directed Share Program or that arise out of, or are based upon, any omission or alleged omission to state therein a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (b) that arise out of, or are based upon, the failure of any Participant to pay for and accept delivery of Directed Shares that the Participant agreed to purchase; or (c) related to, arising out of, or in connection with the Directed Share Program, other than losses, claims, damages or liabilities (or expenses relating thereto) that are finally judicially determined to have resulted from the bad faith or gross negligence of the Directed Share Underwriter Entities.

(ii) In case any proceeding (including any governmental investigation) shall be instituted involving any Directed Share Underwriter Entity in respect of which indemnity may be sought pursuant to Section [7(g)(i)], the Directed Share Underwriter Entity seeking indemnity shall promptly notify the Company in writing and the TWFG Parties, upon request of the Directed Share Underwriter Entity, shall retain counsel reasonably satisfactory to the Directed Share Underwriter Entity to represent the Directed Share Underwriter Entity and any others the TWFG Parties may designate in such proceeding and shall pay the reasonably incurred fees and disbursements of such counsel related to such proceeding. In any such proceeding, any Directed Share Underwriter Entity shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Directed Share Underwriter Entity unless (a) the TWFG Parties shall have agreed to the retention of such counsel, (b) the TWFG Parties have failed within a reasonable time to retain counsel reasonably satisfactory to such Directed Share Underwriter Entity, (c) the Directed Share Underwriter Entity shall have reasonably concluded that there may be legal defenses available to it that are different from or in addition to those available to either TWFG Party or (d) the named parties to any such proceeding (including any impleaded parties) include either TWFG Party and the Directed Share Underwriter Entity and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. The

TWFG Parties shall not, in respect of the legal expenses of the Directed Share Underwriter Entities in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all Directed Share Underwriter Entities. Any such separate firm for the Directed Share Underwriter Entities shall be designated in writing by the Directed Share Underwriter. The TWFG Parties shall not be liable for any settlement of any proceeding effected without their written consent, but if settled with such consent or if there be a final judgment for the plaintiff, each TWFG Party agrees to indemnify the Directed Share Underwriter Entities from and against any loss or liability by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time a Directed Share Underwriter Entity shall have requested the TWFG Parties to reimburse it for fees and expenses of counsel as contemplated by the second and third sentences of this paragraph, the TWFG Parties agree that they shall be liable for any settlement of any proceeding effected without its written consent if (a) such settlement is entered into more than 30 days after receipt by the TWFG Parties of the aforesaid request and (b) the TWFG Parties shall not have reimbursed the Directed Share Underwriter Entity in accordance with such request prior to the date of such settlement. The TWFG Parties shall not, without the prior written consent of the Directed Share Underwriter, effect any settlement of any pending or threatened proceeding in respect of which any Directed Share Underwriter Entity is or could have been a party and indemnity could have been sought hereunder by such Directed Share Underwriter Entity, unless (x) such settlement includes an unconditional release of the Directed Share Underwriter Entities from all liability on claims that are the subject matter of such proceeding and (y) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of the Directed Share Underwriter Entity.

(iii) To the extent the indemnification provided for in Section [7(g)(i)] is unavailable to a Directed Share Underwriter Entity or insufficient in respect of any losses, claims, damages or liabilities referred to therein, then the TWFG Parties in lieu of indemnifying the Directed Share Underwriter Entity thereunder, shall contribute to the amount paid or payable by the Directed Share Underwriter Entity as a result of such losses, claims, damages or liabilities (a) in such proportion as is appropriate to reflect the relative benefits received by the TWFG Parties on the one hand and the Directed Share Underwriter Entities on the other hand from the offering of the Directed Shares or (b) if the allocation provided by clause [7(g)(iii)(a)] above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause [7(g)(iii)(a)] above but also the relative fault of the TWFG Parties on the one hand and of the Directed Share Underwriter Entities on the other hand in connection with any statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the TWFG Parties on the one hand and the Directed Share Underwriter Entities on the other hand in connection with the offering of the Directed Shares shall be deemed to be in the same respective proportions as the net proceeds from the offering of the Directed Shares (before deducting expenses) and the total underwriting discounts and commissions received by the Directed Share Underwriter Entities for the Directed Shares, bear to the

aggregate public offering price of the Directed Shares. If the loss, claim, damage or liability is caused by an untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact, the relative fault of the TWFG Parties on the one hand and the Directed Share Underwriter Entities on the other hand shall be determined by reference to, among other things, whether the untrue or alleged untrue statement or the omission or alleged omission relates to information supplied by the TWFG Parties or by the Directed Share Underwriter Entities and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

(iv) The TWFG Parties and the Directed Share Underwriter Entities agree that it would not be just or equitable if contribution pursuant to this Section [7(g)] were determined by pro rata allocation (even if the Directed Share Underwriter Entities were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in Section [7(g)(iii)]. The amount paid or payable by the Directed Share Underwriter Entities as a result of the losses, claims, damages and liabilities referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by the Directed Share Underwriter Entities in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section [7(g)], no Directed Share Underwriter Entity shall be required to contribute any amount in excess of the amount by which the total price at which the Directed Shares distributed to the public were offered to the public exceeds the amount of any damages that such Directed Share Underwriter Entity has otherwise been required to pay. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The remedies provided for in this Section [7(g)] are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified party at law or in equity.

(v) The indemnity and contribution provisions contained in this Section [7(g)] shall remain operative and in full force and effect regardless of (a) any termination of this Agreement, (b) any investigation made by or on behalf of any Directed Share Underwriter Entity or any TWFG Party, its officers or directors or any person controlling the Company and (c) acceptance of and payment for any of the Directed Shares.

8. Effectiveness of Agreement. This Agreement shall become effective as of the date first written above.

9. Termination. This Agreement may be terminated in the absolute discretion of the Representatives, by notice to the Company, if after the execution and delivery of this Agreement and on or prior to the Closing Date or, in the case of the Option Shares, prior to the Additional Closing Date (i) trading generally shall have been suspended or materially limited on or by any of the New York Stock Exchange or The Nasdaq Stock Market; (ii) trading of any securities issued or guaranteed by the Company shall have been suspended on any exchange or in any

over-the-counter market; (iii) a general moratorium on commercial banking activities shall have been declared by federal or New York State authorities; or (iv) there shall have occurred any outbreak or escalation of hostilities or any change in financial markets or any calamity or crisis, either within or outside the United States, that, in the judgment of the Representatives, is material and adverse and makes it impracticable or inadvisable to proceed with the offering, sale or delivery of the Shares on the Closing Date or the Additional Closing Date, as the case may be, on the terms and in the manner contemplated by this Agreement, the Pricing Disclosure Package and the Prospectus.

10. Defaulting Underwriter.

(a) If, on the Closing Date or the Additional Closing Date, as the case may be, any Underwriter defaults on its obligation to purchase the Shares that it has agreed to purchase hereunder on such date, the non-defaulting Underwriters may in their discretion arrange for the purchase of such Shares by other persons satisfactory to the Company on the terms contained in this Agreement. If, within 36 hours after any such default by any Underwriter, the non-defaulting Underwriters do not arrange for the purchase of such Shares, then the Company shall be entitled to a further period of 36 hours within which to procure other persons satisfactory to the non-defaulting Underwriters to purchase such Shares on such terms. If other persons become obligated or agree to purchase the Shares of a defaulting Underwriter, either the non-defaulting Underwriters or the Company may postpone the Closing Date or the Additional Closing Date, as the case may be, for up to five full business days in order to effect any changes that in the opinion of counsel for the Company or counsel for the Underwriters may be necessary in the Registration Statement and the Prospectus or in any other document or arrangement, and the Company agrees to promptly prepare any amendment or supplement to the Registration Statement and the Prospectus that effects any such changes. As used in this Agreement, the term "Underwriter" includes, for all purposes of this Agreement unless the context otherwise requires, any person not listed in Schedule 1 hereto that, pursuant to this Section [10], purchases Shares that a defaulting Underwriter agreed but failed to purchase.

(b) If, after giving effect to any arrangements for the purchase of the Shares of a defaulting Underwriter or Underwriters by the non-defaulting Underwriters and the Company as provided in paragraph [(a)] above, the aggregate number of Shares that remain unpurchased on the Closing Date or the Additional Closing Date, as the case may be, does not exceed one-eleventh of the aggregate number of Shares to be purchased on such date, then the Company shall have the right to require each non-defaulting Underwriter to purchase the number of Shares that such Underwriter agreed to purchase hereunder on such date plus such Underwriter's pro rata share (based on the number of Shares that such Underwriter agreed to purchase on such date) of the Shares of such defaulting Underwriter or Underwriters for which such arrangements have not been made.

(c) If, after giving effect to any arrangements for the purchase of the Shares of a defaulting Underwriter or Underwriters by the non-defaulting Underwriters and the Company as provided in paragraph [(a)] above, the aggregate number of Shares that remain unpurchased on the Closing Date or the Additional Closing Date, as the case may be, exceeds one-eleventh of the

aggregate amount of Shares to be purchased on such date, or if the Company shall not exercise the right described in paragraph [(b)] above, then this Agreement or, with respect to any Additional Closing Date, the obligation of the Underwriters to purchase Shares on the Additional Closing Date, as the case may be, shall terminate without liability on the part of the non-defaulting Underwriters. Any termination of this Agreement pursuant to this Section [10] shall be without liability on the part of the TWFG Parties, except that the TWFG Parties, jointly and severally, will continue to be liable for the payment of expenses as set forth in Section [11] hereof and except that the provisions of Section [7] hereof shall not terminate and shall remain in effect.

(d) Nothing contained herein shall relieve a defaulting Underwriter of any liability it may have to the TWFG Parties or any non-defaulting Underwriter for damages caused by its default.

11. Payment of Expenses.

(a) Whether or not the transactions contemplated by this Agreement are consummated or this Agreement is terminated, the TWFG Parties, jointly and severally, will pay or cause to be paid all costs and expenses incident to the performance of their obligations hereunder, including without limitation, (i) the costs incident to the authorization, issuance, sale, preparation and delivery of the Shares and any taxes payable in that connection; (ii) the costs incident to the preparation, printing and filing under the Securities Act of the Registration Statement, the Preliminary Prospectus, any Issuer Free Writing Prospectus, any Pricing Disclosure Package and the Prospectus (including all exhibits, amendments and supplements thereto) and the distribution thereof; (iii) the costs of reproducing and distributing each of the Transaction Documents; (iv) the fees and expenses of the Company's counsel and independent accountants; (v) the fees and expenses incurred in connection with the registration or qualification and determination of eligibility for investment of the Shares under the laws of such jurisdictions as the Representatives may designate and the preparation, printing and distribution of a Blue Sky Memorandum (including the related reasonable and documented fees and expenses of counsel for the Underwriters); (vi) the cost of preparing stock certificates, if applicable; (vii) the costs and charges of any transfer agent and any registrar; (viii) all expenses and application fees incurred in connection with any filing with, and clearance of the offering by, FINRA; (ix) all expenses incurred by the Company in connection with any "road show" presentation to potential investors, provided, however, that the Underwriters shall be responsible for 50% of the third party costs of any private aircraft used by both the Company and the Underwriters incurred in connection with such "road show"; (x) all expenses and application fees related to the listing of the Shares on the Nasdaq Global Select Market and (xi) all fees and disbursements of counsel incurred by the Underwriters in connection with the Directed Share Program and stamp duties, similar taxes or duties or other taxes, if any, incurred by the Underwriters in connection with the Directed Share Program; provided, however, that the amount payable by the Company pursuant to clauses (v) and (viii) of this Section 11(a) shall not exceed \$[•] in the aggregate for fees and expenses of counsel to the Underwriters. It is, however, understood that except as provided in this Section [11] or Section [7] hereof, the Underwriters

shall pay all of their own costs and expenses, including, without limitation, the fees and disbursements of their counsel.

(b) If (i) this Agreement is terminated pursuant to Section [9], (ii) the Company for any reason fails to tender the Shares for delivery to the Underwriters or (iii) the Underwriters decline to purchase the Shares for any reason permitted under this Agreement, the TWFG Parties, jointly and severally, agree to reimburse the Underwriters for all out-of-pocket costs and expenses (including the reasonable fees and expenses of their counsel) reasonably incurred by the Underwriters in connection with this Agreement and the offering contemplated hereby; provided, however, that in the event any such termination is effected after the Closing Date but prior to any Additional Closing Date with respect to the purchase of any Option Shares, the Company shall only reimburse the Underwriters for all reasonable out-of-pocket costs and expenses (including the reasonable fees and expenses of their counsel) incurred by the Underwriters after the Closing Date in connection with the proposed purchase of any such Option Shares. For the avoidance of doubt, it is understood that the Company shall not pay or reimburse any costs, fees or expenses incurred by any Underwriter that defaults on its obligations to purchase the Shares.

12. Persons Entitled to Benefit of Agreement. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and the officers and directors and any controlling persons referred to herein, and the affiliates of each Underwriter referred to in Section [7] hereof. Nothing in this Agreement is intended or shall be construed to give any other person any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision contained herein. No purchaser of Shares from any Underwriter shall be deemed to be a successor merely by reason of such purchase.

13. Survival. The respective indemnities, rights of contribution, representations, warranties and agreements of the TWFG Parties and the Underwriters contained in this Agreement or made by or on behalf of the TWFG Parties or the Underwriters pursuant to this Agreement or any certificate delivered pursuant hereto shall survive the delivery of and payment for the Shares and shall remain in full force and effect, regardless of any termination of this Agreement or any investigation made by or on behalf of the TWFG Parties or the Underwriters or the directors, officers, controlling persons or affiliates referred to in Section [7] hereof.

14. Certain Defined Terms. For purposes of this Agreement, (a) except where otherwise expressly provided, the term “affiliate” has the meaning set forth in Rule 405 under the Securities Act; (b) the term “business day” means any day other than a day on which banks are permitted or required to be closed in New York City; (c) the term “subsidiary” has the meaning set forth in Rule 405 under the Securities Act; and (d) the term “significant subsidiary” has the meaning set forth in Rule 1-02 of Regulation S-X under the Exchange Act.

15. Compliance with USA Patriot Act. In accordance with the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), the Underwriters are required to obtain, verify and record information that identifies their respective clients, including the Company, which information may include the name and address of their

respective clients, as well as other information that will allow the Underwriters to properly identify their respective clients.

16. Miscellaneous.

(a) *Notices.* All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if mailed or transmitted and confirmed by any standard form of telecommunication. Notices to the Underwriters shall be given to the Representatives at:

J.P. Morgan Securities LLC
383 Madison Avenue
New York, NY 10179
Fax: (212) 622-8358
Attention: Equity Syndicate Desk; and

Morgan Stanley & Co. LLC
1585 Broadway
New York, New York 10036
Fax: (212) 507-8999
Attention: Equity Syndicate Desk, with a copy to Legal Department.

Notices to the Company shall be given to it at:

TWFG, Inc.
1201 Lake Woodlands Drive, Suite 4020
The Woodlands, Texas 77380
Email: [****]
Attention: [****]

(b) *Governing Law.* This Agreement and any claim, controversy or dispute arising under or related to this Agreement shall be governed by and construed in accordance with the laws of the State of New York.

(c) *Submission to Jurisdiction.* Each TWFG Party hereby submits to the exclusive jurisdiction of the U.S. federal and New York state courts in the Borough of Manhattan in The City of New York in any suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby. Each TWFG Party waives any objection which it may now or hereafter have to the laying of venue of any such suit or proceeding in such courts. Each TWFG Party agrees that final judgment in any such suit, action or proceeding brought in such court shall be conclusive and binding upon such TWFG Party and may be enforced in any court to the jurisdiction of which such TWFG Party is subject by a suit upon such judgment.

(d) *Waiver of Jury Trial.* Each of the parties hereto hereby waives any right to trial by jury in any suit or proceeding arising out of or relating to this Agreement.

(e) *Recognition of the U.S. Special Resolution Regimes.*

(i) In the event that any Underwriter that is a Covered Entity becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer from such Underwriter of this Agreement, and any interest and obligation in or under this Agreement, will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Agreement, and any such interest and obligation, were governed by the laws of the United States or a state of the United States.

(ii) In the event that any Underwriter that is a Covered Entity or a BHC Act Affiliate of such Underwriter becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under this Agreement that may be exercised against such Underwriter are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Agreement were governed by the laws of the United States or a state of the United States.

As used in this Section 16(e):

“BHC Act Affiliate” has the meaning assigned to the term “affiliate” in, and shall be interpreted in accordance with, 12 U.S.C. § 1841(k).

“Covered Entity” means any of the following:

- (i) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);
- (ii) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or
- (iii) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“Default Right” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

“U.S. Special Resolution Regime” means each of (i) the Federal Deposit Insurance Act and the regulations promulgated thereunder and (ii) Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder.

(f) *Counterparts.* This Agreement may be signed in two or more counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. Counterparts may be delivered via electronic mail (including any electronic signature complying with the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act or other applicable law, e.g., www.docuSign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

(g) *Amendments or Waivers.* No amendment or waiver of any provision of this Agreement, nor any consent or approval to any departure therefrom, shall in any event be effective unless the same shall be in writing and signed by the parties hereto.

(h) *Headings.* The headings herein are included for convenience of reference only and are not intended to be part of, or to affect the meaning or interpretation of, this Agreement.

If the foregoing is in accordance with your understanding, please indicate your acceptance of this Agreement by signing in the space provided below.

Very truly yours,

TWFG, INC.

By: _____
Name:
Title:

[Signature Page to Underwriting Agreement]

Accepted: As of the date first written above

For themselves and on behalf of the
several Underwriters listed
in Schedule 1 hereto.

J.P. MORGAN SECURITIES LLC

By:

Name:

Title:

[Signature Page to Underwriting Agreement]

MORGAN STANLEY & CO. LLC

By: _____
Name:
Title:

[Signature Page to Underwriting Agreement]

<u>Underwriter</u>	<u>Number of Underwritten Shares</u>	<u>[Number of Option Shares]</u>
J.P. Morgan Securities LLC	[.]	[.]
Morgan Stanley & Co. LLC	[.]	[.]
BMO Capital Markets Corp.	[.]	[.]
Piper Sandler & Co.	[.]	[.]
	<hr/>	<hr/>
Total	[.]	[.]
	<hr/> <hr/>	<hr/> <hr/>

a. **Pricing Disclosure Package**

[•]

b. **Pricing Information Provided Orally by Underwriters**

[Number of Underwritten Shares: [•]

Public Offering Price Per Share: \$[•]]

Written Testing-the-Waters Communications

[None]

Pricing Term Sheet

[To come]

Form of Opinion of Counsel for the Company

[Akin to provide]

Testing the Waters Authorization

(to be delivered by the Company to J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC in email or letter form)

In reliance on Section 5(d) of and/or Rule 163B under the Securities Act of 1933, as amended (the “Act”), TWFG, Inc. (the “Issuer”) hereby authorizes J.P. Morgan Securities LLC (“J.P. Morgan”) and Morgan Stanley & Co. LLC (“Morgan Stanley”) and their respective affiliates and employees (the “Authorized Underwriters”), to act on behalf of the Issuer in undertaking oral and written communications with potential investors that are, or are reasonably believed to be, “qualified institutional buyers,” as defined in Rule 144A under the Act, or institutions that are, or are reasonably believed to be, “accredited investors,” as defined in Regulation D under the Act, to determine whether such investors might have an interest in the Issuer’s contemplated initial public offering (“Testing-the-Waters Communications”) in the United States. A “Written Testing-the-Waters Communication” means any Testing-the-Waters Communication that is a written communication within the meaning of Rule 405 under the Act. Any Written Testing-the-Waters Communication shall be subject to prior approval by the Issuer prior to its dissemination to a potential investor, provided, however, that no such approval shall be required for any written communication that is administrative in nature (i.e., scheduling meetings) or that solely contains information already contained in a communication previously approved by the Issuer. The Issuer has advised the Authorized Underwriters that it does not intend to provide or authorize any written communications to potential investors other than communications that are solely administrative in nature.

The Issuer represents that (i) except as disclosed to the Authorized Underwriters, it has not alone engaged in any Testing-the-Waters Communication and (ii) it has not authorized anyone other than the Authorized Underwriters to engage in Testing-the-Waters Communications. The Issuer agrees that it shall not authorize any other third party to engage on its behalf in oral or written communications with potential investors without the written consent of J.P. Morgan and Morgan Stanley. The Issuer also represents that, as of the date hereof, it is an “emerging growth company,” as defined in Section 2(a)(19) of the Act (an “Emerging Growth Company”). The Issuer agrees to promptly notify J.P. Morgan and Morgan Stanley in writing if the Issuer hereafter ceases to be an Emerging Growth Company while this authorization is in effect.

If at any time following the distribution of any Written Testing-the-Waters Communication there occurred or occurs an event or development as a result of which such Written Testing-the-Waters Communication included or would include an untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in light of the circumstances existing at that subsequent time, not misleading, the Issuer will promptly notify J.P. Morgan and Morgan Stanley and will promptly amend or supplement, at its own expense, such Written Testing-the-Waters Communication to eliminate or correct such untrue statement or omission.

Nothing in this authorization is intended to limit or otherwise affect the ability of the Authorized Underwriters, to engage in communications in which they could otherwise lawfully engage in the absence of this authorization, including, without limitation, any written communication containing only one or more of the statements specified under Rule 134(a) under the Act. This authorization shall remain in effect until the Issuer has provided to the Authorized Underwriters a written notice revoking this authorization. All notices as described herein shall be sent by email to the attention of [****]

Form of Waiver of Lock-up

TWFG, Inc.

Public Offering of Class A Common Stock

[•], 2024

[Name and Address of
Officer or Director
Requesting Waiver]

Dear Mr./Ms. [Name]:

This letter is being delivered to you in connection with the offering by TWFG, Inc. (the “Company”) of [•] shares of Class A common stock, \$[•] par value per share (the “Class A Common Stock”), of the Company and the lock-up letter dated [•], 2024 (the “Lock-up Letter”), executed by you in connection with such offering, and your request for a [waiver] [release] dated [•], 2024, with respect to [•] shares of Class A Common Stock (the “Shares”).

J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC hereby agree to [waive] [release] the transfer restrictions set forth in the Lock-up Letter, but only with respect to the Shares, effective [•], 2024; provided, however, that such [waiver] [release] is conditioned on the Company announcing the impending [waiver] [release] by press release through a major news service at least two business days before effectiveness of such [waiver] [release]. This letter will serve as notice to the Company of the impending [waiver] [release].

Except as expressly [waived] [released] hereby, the Lock-up Letter shall remain in full force and effect.

Yours very truly,

J.P. MORGAN SECURITIES LLC

By:

Name:

Title:

MORGAN STANLEY & CO. LLC

By:

Name:

Title:

cc: Company

Form of Press Release

TWFG, INC.

[Date]

TWFG, Inc. (the “Company”) announced today that J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC, the lead book-running managers in the Company’s recent public sale of [•] shares of Class A common stock, are [waiving] [releasing] a lock-up restriction with respect to [•] shares of the Company’s Class A common stock held by [certain officers or directors] [an officer or director] of the Company. The [waiver] [release] will take effect on [•], 2024, and the shares may be sold on or after such date.

This press release is not an offer for sale of the securities in the United States or in any other jurisdiction where such offer is prohibited, and such securities may not be offered or sold in the United States absent registration or an exemption from registration under the United States Securities Act of 1933, as amended.

FORM OF LOCK-UP AGREEMENT

[•], 2024

J.P. Morgan Securities LLC
Morgan Stanley & Co. LLC

As Representatives of the
several Underwriters listed
in Schedule 1 to the Underwriting
Agreement referred to below

c/o J.P. Morgan Securities LLC
383 Madison Avenue
New York, New York 10179

c/o Morgan Stanley & Co. LLC
1585 Broadway
New York, New York 10036

Re: TWFG, Inc. – Public Offering

Ladies and Gentlemen:

The undersigned understands that you, as representatives (the “Representatives”) of the several Underwriters, propose to enter into an underwriting agreement (the “Underwriting Agreement”) with TWFG, Inc., a Delaware corporation (the “Company”), providing for the public offering (the “Public Offering”) by the several Underwriters named in Schedule 1 to the Underwriting Agreement (the “Underwriters”), of Class A common stock, par value \$0.01 per share (the “Class A Common Stock”), of the Company (the “Securities”). Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Underwriting Agreement.

In consideration of the Underwriters’ agreement to purchase and make the Public Offering of the Securities, and for other good and valuable consideration receipt of which is hereby acknowledged, the undersigned hereby agrees that, without the prior written consent of J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC on behalf of the Underwriters, the undersigned will not, and will not cause any direct or indirect affiliate to, during the period beginning on the date of this letter agreement (this “Letter Agreement”) and ending at the close of business 180 days after the date of the final prospectus relating to the Public Offering (the “Prospectus”) (such period, the “Restricted Period”), (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any shares

of Class A Common Stock, Class B Common Stock, par value \$0.01 per share, of the Company (the “Class B Common Stock”), or Class C Common Stock, par value \$0.01 per share, of the Company (the “Class C Common Stock” and, together with the Class A Common Stock and the Class B Common Stock, the “Common Stock”) or any securities convertible into or exercisable or exchangeable for Common Stock (including without limitation, Common Stock or such other securities which may be deemed to be beneficially owned by the undersigned in accordance with the rules and regulations of the Securities and Exchange Commission and securities which may be issued upon exercise of a stock option or warrant) (collectively with the Common Stock, “Lock-Up Securities”), (2) enter into any hedging, swap or other agreement or transaction that transfers, in whole or in part, any of the economic consequences of ownership of the Lock-Up Securities, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Lock-Up Securities, in cash or otherwise, (3) make any demand for or exercise any right with respect to the registration of any Lock-Up Securities, or (4) publicly disclose the intention to do any of the foregoing; provided that, for the avoidance of doubt, to the extent the undersigned has demand and/or piggyback registration rights, the foregoing shall not prohibit the undersigned from notifying the Company privately that it is or will be exercising its demand and/or piggyback registration rights following the expiration of the Restricted Period so long as such demands or exercises do not involve any public disclosure or filing during the Restricted Period (provided that (i) the Company shall provide written notice to J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC at least three business days prior to any confidential submission or public filing of a registration statement made during the Restricted Period, and (ii) no such confidential submission or public filing shall be made during the Restricted Period unless otherwise agreed by J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC). The undersigned acknowledges and agrees that the foregoing precludes the undersigned from engaging in any hedging or other transactions or arrangements (including, without limitation, any short sale or the purchase or sale of, or entry into, any put or call option, or combination thereof, forward, swap or any other derivative transaction or instrument, however described or defined) designed or intended, or which could reasonably be expected to lead to or result in, a sale or disposition or transfer (whether by the undersigned or any other person) of any economic consequences of ownership, in whole or in part, directly or indirectly, of any Lock-Up Securities, whether any such transaction or arrangement (or instrument provided for thereunder) would be settled by delivery of Lock-Up Securities, in cash or otherwise. The undersigned further confirms that it has furnished the Representatives with the details of any transaction the undersigned, or any of its affiliates, is a party to as of the date hereof, which transaction would have been restricted by this Letter Agreement if it had been entered into by the undersigned during the Restricted Period.

Notwithstanding the foregoing, the undersigned may:

- (a) transfer the undersigned’s Lock-Up Securities:
 - (i) as a bona fide gift or gifts, or for bona fide estate planning purposes,
 - (ii) to any immediate family member of the undersigned,
 - (iii) by will or intestacy,

(iv) to any trust for the direct or indirect benefit of the undersigned or the immediate family of the undersigned, or if the undersigned is a trust, to a trustor or beneficiary of the trust or to the estate of a beneficiary of such trust (for purposes of this Letter Agreement, “immediate family” shall mean any relationship by blood, current or former marriage, domestic partnership or adoption, not more remote than first cousin),

(v) to a partnership, limited liability company or other entity of which the undersigned and the immediate family of the undersigned are the legal and beneficial owner of all of the outstanding equity securities or similar interests,

(vi) to a nominee or custodian of a person or entity to whom a disposition or transfer would be permissible under clauses (i) through (v) above,

(vii) if the undersigned is a corporation, partnership, limited liability company, trust or other business entity, (A) to another corporation, partnership, limited liability company, trust or other business entity that is an affiliate (as defined in Rule 405 promulgated under the Securities Act of 1933, as amended (the “Securities Act”)) of the undersigned, or to any investment fund or other entity controlling, controlled by, managing or managed by or under common control with the undersigned or affiliates of the undersigned (including, for the avoidance of doubt, where the undersigned is a partnership, to its general partner or a successor partnership or fund, or any other funds managed by such partnership), or (B) as part of a distribution to members or shareholders of the undersigned,

(viii) by operation of law, such as pursuant to a qualified domestic order, divorce settlement, divorce decree or separation agreement,

(ix) to the Company from an employee of the Company upon death, disability or termination of employment, in each case, of such employee,

(x) as part of a sale of the undersigned’s Lock-Up Securities acquired in open market transactions after the closing date for the Public Offering,

(xi) to the Company in connection with the vesting, settlement, or exercise of restricted stock units, options, warrants or other rights to purchase shares of Common Stock (including, in each case, by way of “net” or “cashless” exercise), including for the payment of exercise price and tax and remittance payments due as a result of the vesting, settlement, or exercise of such restricted stock units, options, warrants or rights, provided that any such shares of Common Stock received upon such exercise, vesting or settlement shall be subject to the terms of this Letter Agreement, and provided further that any such restricted stock units, options, warrants or rights are held by the undersigned pursuant to an agreement or equity awards granted under a stock incentive plan or other equity award plan, each such agreement or plan which is described in the Registration Statement, the Pricing Disclosure Package and the Prospectus,

(xii) pursuant to a bona fide third-party tender offer, merger, consolidation or other similar transaction that is approved by the Board of Directors of the Company and made to all holders of the Company’s capital stock involving a Change of Control (as defined below) of the

Company (for purposes hereof, “Change of Control” shall mean the transfer (whether by tender offer, merger, consolidation or other similar transaction), in one transaction or a series of related transactions, to a person or group of affiliated persons, of shares of capital stock if, after such transfer, such person or group of affiliated persons would hold at least a majority of the outstanding voting securities of the Company (or the surviving entity)); provided that in the event that such tender offer, merger, consolidation or other similar transaction is not completed, the undersigned’s Lock-Up Securities shall remain subject to the provisions of this Letter Agreement; or

(xiii) (A) transfer, convert, reclassify, redeem or exchange of any of the undersigned’s Lock-Up Securities pursuant to the Reorganization Transactions and (B) redeem or exchange any of the undersigned’s Lock-Up Securities pursuant to the terms of the LLC Agreement, provided that in the case of each of clauses (A) and (B), any shares of Class A Common Stock or securities convertible or exercisable into shares of Class A Common Stock received in connection with such transfer, conversion, reclassification, redemption or exchange remain subject to the provisions of this Letter Agreement;

provided that (A) in the case of any transfer or distribution pursuant to clause (a)(i), (ii), (iii), (iv), (v), (vi), (vii) and (viii), such transfer shall not involve a disposition for value and each donee, devisee, transferee or distributee shall execute and deliver to the Representatives a lock-up letter in the form of this Letter Agreement, (B) in the case of any transfer or distribution pursuant to clause (a) (i), (ii), (iii), (iv), (v), (vi), (vii), (x) and (xi), no filing by any party (donor, donee, devisee, transferor, transferee, distributor or distributee) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or other public announcement shall be required or shall be made voluntarily in connection with such transfer or distribution (other than a filing on a Form 5 made after the expiration of the Restricted Period referred to above) and (C) in the case of any transfer or distribution pursuant to clause (a)(vii) and (viii) it shall be a condition to such transfer that no public filing, report or announcement shall be voluntarily made and if any filing under Section 16(a) of the Exchange Act, or other public filing, report or announcement reporting a reduction in beneficial ownership of shares of Common Stock in connection with such transfer or distribution shall be legally required during the Restricted Period, such filing, report or announcement shall clearly indicate in the footnotes thereto the nature and conditions of such transfer;

(b) exercise outstanding options, settle restricted stock units or other equity awards or exercise warrants pursuant to plans described in the Registration Statement, the Pricing Disclosure Package and the Prospectus; provided that any Lock-up Securities received upon such exercise, vesting or settlement shall be subject to the terms of this Letter Agreement;

(c) convert outstanding preferred stock, warrants to acquire preferred stock or convertible securities into shares of Common Stock or warrants to acquire shares of Common Stock; provided that any such shares of Common Stock or warrants received upon such conversion shall be subject to the terms of this Letter Agreement; and

(d) establish trading plans pursuant to Rule 10b5-1 under the Exchange Act for the transfer of shares of Lock-Up Securities; provided that (1) such plans do not provide for the

transfer of Lock-Up Securities during the Restricted Period and (2) no filing by any party under the Exchange Act or other public announcement shall be required or made voluntarily in connection with such trading plan.

If the undersigned is not a natural person, the undersigned represents and warrants that no single natural person, entity or “group” (within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) beneficially owns, directly or indirectly, 50% or more of the common equity interests, or 50% or more of the voting power, in the undersigned.

If the undersigned is an officer or director of the Company, the undersigned further agrees that the foregoing restrictions shall be equally applicable to any Company-directed Securities the undersigned may purchase in the Public Offering.

If the undersigned is an officer or director of the Company, (i) J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC on behalf of the Underwriters agree that, at least three business days before the effective date of any release or waiver of the foregoing restrictions in connection with a transfer of shares of Lock-Up Securities, J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC, on behalf of the Underwriters, will notify the Company of the impending release or waiver; provided that the failure to give such notice shall not give rise to any claim or liability against the Underwriters, and (ii) the Company has agreed in the Underwriting Agreement to announce the impending release or waiver through a major news service at least two business days before the effective date of the release or waiver. Any release or waiver granted by J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC, on behalf of the Underwriters, hereunder to any such officer or director shall only be effective two business days after the publication date of such announcement. The provisions of this paragraph will not apply if (a) the release or waiver is effected solely to permit a transfer not for consideration or that is to an immediate family member as defined in FINRA Rule 5130(i)(5) and (b) the transferee has agreed in writing to be bound by the same terms described in this letter to the extent and for the duration that such terms remain in effect at the time of the transfer.

In furtherance of the foregoing, the Company, and any duly appointed transfer agent for the registration or transfer of the securities described herein, are hereby authorized to decline to make any transfer of securities if such transfer would constitute a violation or breach of this Letter Agreement.

The undersigned hereby represents and warrants that the undersigned has full power and authority to enter into this Letter Agreement. All authority herein conferred or agreed to be conferred and any obligations of the undersigned shall be binding upon the successors, assigns, heirs or personal representatives of the undersigned.

The undersigned acknowledges and agrees that the Underwriters have not provided any recommendation or investment advice nor have the Underwriters solicited any action from the undersigned with respect to the Public Offering of the Securities and the undersigned has consulted their own legal, accounting, financial, regulatory and tax advisors to the extent deemed appropriate. The undersigned further acknowledges and agrees that, although the Representatives

may be required or choose to provide certain Regulation Best Interest and Form CRS disclosures to you in connection with the Public Offering, the Representatives and the other Underwriters are not making a recommendation to you to enter into this Letter Agreement, and nothing set forth in such disclosures is intended to suggest that the Representatives or any Underwriter is making such a recommendation.

The undersigned understands that if the Underwriting Agreement does not become effective by [•], 2024, or if the Underwriting Agreement (other than the provisions thereof which survive termination) shall terminate or be terminated prior to payment for and delivery of the Common Stock to be sold thereunder, the undersigned shall be released from all obligations under this Letter Agreement. The undersigned understands that the Underwriters are entering into the Underwriting Agreement and proceeding with the Public Offering in reliance upon this Letter Agreement.

This Letter Agreement and any claim, controversy or dispute arising under or related to this Letter Agreement shall be governed by and construed in accordance with the laws of the State of New York.

Very truly yours,

[*NAME OF STOCKHOLDER*]

By:

Name:

Title:

TABLE OF CONTENTS

	Page
1. Name	2
2. Address; Registered Office and Agent	2
3. Purposes	2
4. Number of Shares	2
5. Classes of Shares	3
6. Class B Common Stock and Class C Common Stock	6
7. Board of Directors	8
8. Meetings of Stockholders	10
9. Business Combinations	11
10. Limitation of Liability	11
11. Indemnification	11
12. Adoption, Amendment or Repeal of By-Laws	14
13. Adoption, Amendment and Repeal of Certificate	14
14. Forum for Adjudication of Disputes	15
15. Severability	16
16. Corporate Opportunity	16
17. Definitions	16

AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
TWFG, INC.

(Pursuant to Section 242 and 245 of
the General Corporation Law of the State of Delaware)

TWFG, Inc., a corporation organized and existing under the laws of the State of Delaware (the “Corporation”), hereby certifies as follows:

FIRST: The name of the Corporation is TWFG, Inc. The date of filing of its original certificate of incorporation with the Secretary of State of the State of Delaware was January 8, 2024.

SECOND: This Amended and Restated Certificate of Incorporation (this “Certificate of Incorporation”) amends and restates in its entirety the Corporation’s certificate of incorporation as currently in effect and has been duly adopted in accordance with the provisions of Sections 242 and 245 of the General Corporation Law of the State of Delaware (as from time to time in effect, the “General Corporation Law”), by written consent of the holders of all of the outstanding stock entitled to vote thereon in accordance with the provisions of Section 228 of the General Corporation Law. The effective date of this Certificate of Incorporation shall be the date it is filed with the Secretary of State of the State of Delaware.

THIRD: This Certificate of Incorporation amends and restates in its entirety the Corporation’s certificate of incorporation as currently in effect to read as follows:

1. Name. The name of the Corporation is TWFG, Inc.

2. Address; Registered Office and Agent. The address of the Corporation’s registered office in the State of Delaware is c/o Corporation Service Company, 251 Little Falls Drive, City of Wilmington, County of New Castle, State of Delaware 19808 and the name of its registered agent at such address is the Corporation Service Company.

3. Purposes. The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law.

4. Number of Shares.

4.1 The total number of shares of all classes of stock that the Corporation shall have authority to issue is 550,000,000 shares, consisting of: (i) 500,000,000 shares of common stock, divided into (a) 300,000,000 shares of Class A common stock, with the par value of \$0.01 per share (the “Class A Common Stock”), (b) 100,000,000 shares of Class B common stock, with the par value of \$0.01 per share (the “Class B Common Stock”) and (c) 100,000,000 shares

of Class C common stock, with the par value of \$0.01 per share (the “Class C Common Stock”) and, together with Class A Common Stock and the Class B Common Stock, the “Common Stock”); and (ii) 50,000,000 shares of preferred stock, with the par value of \$0.01 per share (the “Preferred Stock”).

4.2 Subject to the rights of the holders of any one or more series of Preferred Stock then outstanding, the number of authorized shares of any class of the Common Stock or the Preferred Stock may be increased or decreased, in each case by the affirmative vote of the holders of a majority of the total voting power of the outstanding shares of capital stock of the Corporation entitled to vote thereon, voting together as a single class, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law, and no vote of the holders of any class of the Common Stock or the Preferred Stock voting separately as a class will be required therefor. Notwithstanding the immediately preceding sentence, the number of authorized shares of any particular class may not be decreased below the number of shares of such class then outstanding, plus in the case of Class A Common Stock, the number of shares of Class A Common Stock issuable in connection with (x) the exchange of all outstanding shares of Class B Common Stock and Class C Common Stock, together with the corresponding LLC Units, pursuant to Section 10.01 of the TWFG LLC Agreement and (y) the exercise of outstanding options, warrants, exchange rights, conversion rights or similar rights for Class A Common Stock.

5. Classes of Shares. The designation, relative rights, preferences and limitations of the shares of each class of stock are as follows:

5.1 Common Stock.

(i) Voting Rights.

(1) Each holder of Class A Common Stock will be entitled to one vote for each share of Class A Common Stock held of record by such holder on all matters on which stockholders generally are entitled to vote. Each holder of Class B Common Stock will be entitled to one vote for each share of Class B Common Stock held of record by such holder on all matters on which stockholders generally are entitled to vote. Each holder of Class C Common Stock will be entitled to ten votes for each share of Class C Common Stock held of record by such holder on all matters on which stockholders generally are entitled to vote, except that, each holder of Class C Common Stock will be entitled to one vote per share automatically from and after the close of business on the date that is the first to occur of (i) twelve (12) months following the date of the death or Disability of the Founder, or (ii) upon the first trading day on or after such date as the outstanding shares of Class C Common Stock represent less than ten percent (10%) of the then-outstanding Common Stock, which date, in the case of clause (i) and (ii), may be extended to eighteen (18) months upon affirmative approval of a majority of the Independent Directors. However, in each case, to the fullest extent permitted by law and subject to Section 5.1(i)(2), holders of shares of each class of Common Stock, as such, will have no voting power with respect to, and will not be entitled to vote on, any amendment to this Certificate of Incorporation (including any certificate of designations relating to any series of Preferred Stock) that relates solely to the terms of any outstanding Preferred Stock if the holders of such Preferred

Stock are entitled to vote as a separate class thereon under this Certificate of Incorporation (including any certificate of designations relating to any series of Preferred Stock) or under General Corporation Law.

(2) (a) The holders of the outstanding shares of Class A Common Stock shall be entitled to vote separately upon any amendment to this Certificate of Incorporation (including by merger, consolidation, reorganization or similar event) that would alter or change the powers, preferences or special rights of such class of Common Stock in a manner that is disproportionately adverse as compared to the Class B Common Stock and/or the Class C Common Stock, (b) the holders of the outstanding shares of Class B Common Stock shall be entitled to vote separately upon any amendment to this Certificate of Incorporation (including by merger, consolidation, reorganization or similar event) that would alter or change the powers, preferences or special rights of such class of Common Stock in a manner that is disproportionately adverse as compared to the Class A Common Stock and/or the Class C Common Stock and (c) the holders of the outstanding shares of Class C Common Stock shall be entitled to vote separately upon any amendment to this Certificate of Incorporation (including by merger, consolidation, reorganization or similar event) that would alter or change the powers, preferences or special rights of such class of Common Stock in a manner that is disproportionately adverse as compared to the Class A Common Stock and/or the Class B Common Stock, it being understood that any merger, consolidation or other business combination shall not be deemed an amendment hereof if such merger, consolidation or other business combination (x) constitutes a Disposition Event in which holders of Paired Interests are required to exchange such Paired Interests pursuant to Section 10.04 of the TWFG LLC Agreement in such Disposition Event and receive consideration in such Disposition Event in accordance with the terms of the TWFG LLC Agreement as in effect prior to such Disposition Event and (y) provides for payments under or in respect of the tax receivable or similar agreement entered into by the Corporation from time to time with any holders of Common Stock and/or securities of TWFG Holding Company, LLC to be made in connection with any such merger, consolidation or other business combination in accordance with the terms of such tax receivable or similar agreement as in effect prior to such merger, consolidation or other business combination.

(3) Except as otherwise required in this Certificate of Incorporation or by applicable law, the holders of Common Stock will vote together as a single class on all matters (or, if any holders of Preferred Stock are entitled to vote together with the holders of Common Stock, as a single class with the holders of Preferred Stock).

(4) If at any time the ratio at which Paired Interests are redeemable or exchangeable for shares of Class A Common Stock pursuant to Article 10 of the TWFG LLC Agreement is amended, the number of votes per share of Class B Common Stock and Class C Common Stock to which holders of shares of Class B Common Stock and Class C Common Stock, as applicable, are entitled pursuant to Section 5.1(i)(1) shall be adjusted accordingly.

(ii) Dividends; Stock Splits or Combinations.

(1) Subject to applicable law and the rights, if any, of the holders of any outstanding series of Preferred Stock or any class or series of stock having a preference senior to or the right to participate with the Class A Common Stock with respect to the payment of dividends, dividends of cash or property may be declared and paid on the Class A Common Stock out of the assets of the Corporation that are by law available therefor, at the times and in the amounts as the board of directors of the Corporation (the "Board") in its discretion may determine.

(2) Except as provided in Section 5.1(ii)(3) with respect to stock dividends, dividends of cash or property may not be declared or paid on shares of Class B Common Stock or Class C Common Stock.

(3) In no event will any stock dividend, stock split, reverse stock split, combination of stock, reclassification or recapitalization be declared or made on any class of Common Stock (each, a "Stock Adjustment") unless (a) a corresponding Stock Adjustment for all other classes of Common Stock not so adjusted at the time outstanding is made in the same proportion and the same manner and (b) the Stock Adjustment has been reflected in the same economically equivalent manner on all LLC Units. Stock dividends with respect to each class of Common Stock may only be paid with shares of stock of the same class of Common Stock.

(iii) Liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding-up of the affairs of the Corporation, after payment or provision for payment of the debts and other liabilities of the Corporation and of the preferential and other amounts, if any, to which the holders of Preferred Stock are entitled, if any, the holders of all outstanding shares of Class A Common Stock will be entitled to receive, *pari passu*, an amount per share equal to the par value thereof, and thereafter the holders of all outstanding shares of Class A Common Stock will be entitled to receive the remaining assets of the Corporation available for distribution ratably in proportion to the number of shares of Class A Common Stock. Without limiting (1) the rights of the holders of Class B Common Stock to exchange their shares of Class B Common Stock, together with the corresponding LLC Units constituting the remainder of any Paired Interests in which such shares are included, for shares of Class A Common Stock in accordance with Section 10.01 of the TWFG LLC Agreement (or for the consideration payable in respect of shares of Class A Common Stock in such voluntary or involuntary liquidation, dissolution or winding-up) or (2) the rights of the holders of Class C Common Stock to exchange their shares of Class C Common Stock, together with the corresponding LLC Units constituting the remainder of any Paired Interests in which such shares are included, for shares of Class A Common Stock in accordance with Section 10.01 of the TWFG LLC Agreement (or for the consideration payable in respect of shares of Class A Common Stock in such voluntary or involuntary liquidation, dissolution or winding-up), the holders of shares of Class B Common Stock and Class C Common Stock, as such, will not be entitled to receive, with respect to such shares, any assets of the Corporation in excess of the par

value thereof, in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

5.2 Preferred Stock. Shares of Preferred Stock may be issued from time to time in one or more series of any number of shares, provided that the aggregate number of shares issued and not retired of any and all such series shall not exceed the total number of shares of Preferred Stock hereinabove authorized, and with such powers, including voting powers, if any, and the designations, preferences and relative, participating, optional or other special rights, if any, and any qualifications, limitations or restrictions thereof, all as shall hereafter be stated and expressed in the resolution or resolutions providing for the designation and issue of such shares of Preferred Stock from time to time adopted by the Board pursuant to authority so to do which is hereby expressly vested in the Board. The powers, including voting powers, if any, preferences and relative, participating, optional and other special rights of each series of Preferred Stock, and the qualifications, limitations or restrictions thereof, if any, may differ from those of any and all other series at any time outstanding. Each series of shares of Preferred Stock: (i) may have such voting rights or powers, full or limited, if any; (ii) may be subject to redemption at such time or times and at such prices, if any; (iii) may be entitled to receive dividends (which may be cumulative or noncumulative) at such rate or rates, on such conditions and at such times, and payable in preference to, or in such relation to, the dividends payable on any other class or classes or series of stock, if any; (iv) may have such rights upon the voluntary or involuntary liquidation, winding-up or dissolution of, upon any distribution of the assets of, or in the event of any merger, sale or consolidation of, the Corporation, if any; (v) may be made convertible into or exchangeable for, shares of any other class or classes or of any other series of the same or any other class or classes of stock of the Corporation (or any other securities of the Corporation or any other Person) at such price or prices or at such rates of exchange and with such adjustments, if any; (vi) may be entitled to the benefit of a sinking fund to be applied to the purchase or redemption of shares of such series in such amount or amounts, if any; (vii) may be entitled to the benefit of conditions and restrictions upon the creation of indebtedness of the Corporation or any subsidiary, upon the issue of any additional shares (including additional shares of such series or of any other series) and upon the payment of dividends or the making of other distributions on, and the purchase, redemption or other acquisition by the Corporation or any subsidiary of, any outstanding shares of the Corporation, if any; (viii) may be subject to restrictions on transfer or registration of transfer, or on the amount of shares that may be owned by any Person or group of Persons; and (ix) may have such other relative, participating, optional or other special rights, qualifications, limitations or restrictions thereof, if any; all as shall be stated in said resolution or resolutions of the Board providing for the designation and issue of such shares of Preferred Stock.

6. Class B Common Stock and Class C Common Stock.

6.1 Retirement of Class B Common Stock and Class C Common Stock. For the avoidance of doubt, a holder of Class B Common Stock or Class C Common Stock, as applicable, may surrender such shares of Class B Common Stock or Class C Common Stock, as applicable, to the Corporation for no consideration at any time. Following the surrender of any shares of Class B Common Stock or Class C Common Stock to the Corporation, the Corporation

will take all actions necessary to retire such shares and such shares will not be reissued by the Corporation.

6.2 Transfer of Class B Common Stock or Class C Common Stock. Except as set forth in Section 6.1, no holder of Class B Common Stock or Class C Common Stock may Transfer shares of Class B Common Stock or Class C Common Stock, as applicable, to any person unless such holder Transfers a corresponding number of LLC Units to the same person in accordance with the provisions of the TWFG LLC Agreement, as such agreement may be amended from time to time in accordance with the terms thereof. If any outstanding share of Class B Common Stock or Class C Common Stock ceases to be held by a holder of an LLC Unit, such share shall automatically and without further action on the part of the Corporation or any holder of Class B Common Stock or Class C Common Stock, as applicable, be transferred to the Corporation for no consideration and retired.

6.3 Reservation of Shares of Class A Common Stock. The Corporation will at all times reserve and keep available out of its authorized and unissued shares of Class A Common Stock, solely for the purpose of the issuance upon exchange of Paired Interests, the number of shares of Class A Common Stock that are issuable upon conversion of all outstanding Paired Interests, pursuant to Section 10.01 of the TWFG LLC Agreement. The Corporation covenants that all the shares of Class A Common Stock that are issued upon the exchange of such Paired Interests will, upon issuance, be validly issued, fully paid and non-assessable.

6.4 Reservation of Shares of Class B Common Stock. The Corporation will at all times reserve and keep available out of its authorized and unissued shares of Class B Common Stock, solely for the purpose of the issuance upon automatic conversion of Class C Common Stock pursuant to Section 6.7 herein, the number of shares of Class B Common Stock that are issuable upon conversion of all outstanding shares of Class C Common Stock. The Corporation covenants that all the shares of Class B Common Stock that are issued upon the automatic conversion of such Class C Common Stock will, upon issuance, be validly issued, fully paid and non-assessable.

6.5 Taxes. The issuance of shares of Class A Common Stock upon the exercise by holders of shares of Class B Common Stock or Class C Common Stock of their right under Section 10.01 of the TWFG LLC Agreement to exchange Paired Units will be made without charge to the holders of the shares of Class B Common Stock or Class C Common Stock, as applicable, for any transfer taxes, stamp taxes or duties or other similar tax in respect of the issuance; provided, however, that if any such shares of Class A Common Stock are to be issued in a name other than that of the then record holder of the shares of Class B Common Stock or Class C Common Stock, as applicable, being exchanged (or The Depository Trust Company or its nominee for the account of a participant of The Depository Trust Company that will hold the shares for the account of such holder), then such holder and/or the Person in whose name such shares are to be delivered, shall pay to the Corporation the amount of any tax that may be payable in respect of any transfer involved in the issuance or shall establish to the reasonable satisfaction of the Corporation that the tax has been paid or is not payable.

6.6 Preemptive Rights. To the extent LLC Units are issued pursuant to the TWFG LLC Agreement to anyone other than the Corporation or a wholly owned subsidiary of the Corporation (including pursuant to Article 3 (or any equivalent successor provision) of the TWFG LLC Agreement), an equivalent number of shares of Class B Common Stock (subject to adjustment as set forth herein) shall be issued to the same Person to which such LLC Units are issued at par.

6.7 Conversion of the Class C Common Stock. If any outstanding share of Class C Common Stock ceases to be held by a Class C Permitted Holder in connection with a Transfer of such share of Class C Common Stock to another holder permitted by Section 6.2, such share shall automatically and without further action on the part of the Corporation or any such holder of Class C Common Stock be converted into one fully paid and nonassessable share of Class B Common Stock.

7. Board of Directors.

7.1 Number of Directors; Composition of the Board.

(i) The business and affairs of the Corporation shall be managed by, or under the direction of, the Board. Unless and except to the extent that the Amended and Restated By-laws of the Corporation (as such By-laws may be amended from time to time, the "By-laws") shall so require, the election of the directors of the Corporation (the "Directors") need not be by written ballot. Until such time as the Majority Ownership Requirement is no longer met, the Board will consist of a single class of Directors each elected annually at the annual meeting of stockholders. Except as otherwise provided for or fixed pursuant to the provisions of Section 5.2 of this Certificate of Incorporation relating to the rights of the holders of any series of Preferred Stock to elect additional Directors, the total number of Directors constituting the entire Board shall be not less than three (3) nor more than eleven (11), with the then authorized number of Directors constituting the entire Board being fixed from time to time by the Board.

(ii) During any period when the holders of any series of Preferred Stock have the right to elect additional Directors as provided for or fixed pursuant to the provisions of Section 5.2 ("Preferred Stock Directors"), upon the commencement, and for the duration, of the period during which such right continues: (i) the then total authorized number of Directors shall automatically be increased by such specified number of Preferred Stock Directors, and the holders of the related Preferred Stock shall be entitled to elect the Preferred Stock Directors pursuant to the provisions of the Board's designation for the series of Preferred Stock and (ii) each such Preferred Stock Director shall serve until such Preferred Stock Director's successor shall have been duly elected and qualified, or until such Preferred Stock Director's right to hold such office terminates pursuant to such provisions, whichever occurs earlier, subject to his or her earlier death, disqualification, resignation or removal. Except as otherwise provided by the Board in the resolution or resolutions establishing such series, whenever the holders of any series of Preferred Stock having such right to elect Preferred Stock Directors are divested of such right pursuant to the provisions of such stock, the terms of office of all such Preferred Stock Directors elected by the holders of such Preferred Stock, or elected to

fill any vacancies resulting from the death, resignation, disqualification or removal of such Preferred Stock Directors, shall forthwith terminate and the total and authorized number of Directors shall be reduced accordingly.

(iii) Until the Substantial Ownership Requirement is no longer met, the holders of a majority of the outstanding shares of Class C Common Stock may, by written consent, designate the nominees for a majority of the members of the Board, including the nominee for the Chairman.

7.2 Staggered Board. Following the time when the Majority Ownership Requirement is no longer met, the Board (other than Preferred Stock Directors) shall be divided into three (3) classes, as nearly equal in number as possible, designated Class I, Class II and Class III. Class I Directors shall initially serve until the first annual meeting of stockholders following the time when the Majority Ownership Requirement is no longer met; Class II Directors shall initially serve until the second annual meeting of stockholders following the time when the Majority Ownership Requirement is no longer met; and Class III Directors shall initially serve until the third annual meeting of stockholders following the time when the Majority Ownership Requirement is no longer met. Commencing with the first annual meeting of stockholders following the time when the Majority Ownership Requirement is no longer met, each Director of each class the term of which shall then expire shall be elected to hold office for a term ending on the date of the third annual meeting of stockholders next following the annual meeting at which such Director was elected. In case of any increase or decrease, from time to time, in the number of Directors (other than Preferred Stock Directors), the number of Directors in each class shall be apportioned as nearly equal as possible. Immediately following the time when the Majority Ownership Requirement is no longer met, the Board is authorized to designate the members of the Board then in office as Class I Directors, Class II Directors or Class III Directors. In making such designation, the Board shall equalize, as nearly as possible, the number of Directors in each class. In the event of any change in the number of Directors, the Board shall apportion any newly created directorships among, or reduce the number of directorships in, such class or classes as shall equalize, as nearly as possible, the number of Directors in each class. In no event will a decrease in the number of directors shorten the term of any incumbent director.

7.3 Vacancies and Newly Created Directorships. Subject to the rights of the holders of any one or more series of Preferred Stock then outstanding, newly created directorships resulting from any increase in the authorized number of Directors or any vacancies on the Board resulting from death, resignation, retirement, disqualification, removal from office or other cause shall be filled only by the affirmative vote of a majority of the remaining Directors then in office, even if less than a quorum of the Board, or, until the Majority Ownership Requirement is no longer met, by the affirmative vote of the holders of a majority of the total voting power of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of Directors, voting together as a single class. Any Director so chosen shall hold office until the next election of the class for which such Director shall have been chosen and until his or her successor shall be duly elected and qualified or until such Director's

earlier death, disqualification, resignation or removal. No decrease in the number of Directors shall shorten the term of any Director then in office.

7.4 Removal of Directors. Except for Preferred Stock Directors, any Director or the entire Board may be removed from office at any time, but only for cause by the affirmative vote of the holders of seventy-five percent (75%) of the total voting power of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of Directors, voting together as a single class; provided, however, that until the Majority Ownership Requirement is no longer met, any Director may be removed with or without cause by the affirmative vote of the holders of a majority of the total voting power of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of Directors, voting together as a single class.

8. Meetings of Stockholders.

8.1 Action by Written Consent. From and after the date that the Majority Ownership Requirement is no longer met, any action required or permitted to be taken by the stockholders of the Corporation may be effected only at a duly called annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders; provided, however, that any action required or permitted to be taken by the holders of Class C Common Stock, voting separately as a class, may be effected by the consent in writing of the holders of a majority of the total voting power of the Class C Common Stock entitled to vote thereon, voting together as a single class in lieu of a duly called annual or special meeting of holders of Class C Common Stock. Until the Majority Ownership Requirement is no longer met, any action required or permitted to be taken by the stockholders of the Corporation may be effected by the consent in writing of the holders of a majority of the total voting power of the Corporation entitled to vote thereon, voting together as a single class in lieu of a duly called annual or special meeting of stockholders.

8.2 Meetings of Stockholders. (i) An annual meeting of stockholders for the election of directors to succeed those whose terms expire and for the transaction of such other business as may properly come before the meeting shall be held at such place, on such date, and at such time as the Board shall determine.

(ii) Subject to any special rights of the holders of any series of Preferred Stock, and to the requirements of applicable law, special meetings of stockholders of the Corporation may be called only (1) by or at the direction of the Board pursuant to a written resolution adopted by a majority of the total number of Directors that the Corporation would have if there were no vacancies or (2) by or at the direction of the Chairman, the Vice Chairman or the Chief Executive Officer. In addition, until the Majority Ownership Requirement is no longer met, special meetings of stockholders of the Corporation may be called by the Secretary of the Corporation at the request of the holders of a majority of the total voting power of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of Directors, voting together as a single class. Any business transacted at any special meeting of stockholders shall be limited to matters relating to the purpose or purposes stated in the notice of

meeting. From and after the date that the Majority Ownership Requirement is no longer met, the ability of the stockholders to call a special meeting is specifically denied.

8.3 No Cumulative Voting. There shall be no cumulative voting in the election of directors.

9. Business Combinations.

9.1 Section 203 of the General Corporation Law. The Corporation will not be subject to the provisions of Section 203 of the General Corporation Law until the Majority Ownership Requirement is no longer met. At that time, such election shall be automatically withdrawn and the Corporation will thereafter be governed by Section 203 of the General Corporation Law; provided that it shall only apply to a “person” that became an “interested stockholder” (each as defined in Section 203 of the General Corporation Law) after the Corporation became subject to Section 203 of the General Corporation Law.

10. Limitation of Liability.

10.1 To the fullest extent permitted under the General Corporation Law, as amended from time to time, no Director shall be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a Director.

10.2 Any amendment or repeal of Section 10.1 shall not adversely affect any right or protection of a Director hereunder in respect of any act or omission occurring prior to the time of such amendment or repeal.

11. Indemnification.

11.1 Right to Indemnification. The Corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any Person (a “Covered Person”) who was or is a party or is threatened to be made a party to or otherwise involved any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (a “Proceeding”), by reason of the fact that he or she, or a Person for whom he or she is the legal representative, is or was a Director or officer of the Corporation or, while a Director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee, agent or trustee of another entity or enterprise, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including, without limitation, attorneys’ fees and expenses, judgments, fines, excise taxes or penalties under the Employee Retirement Income Security Act of 1974, as amended, and amounts paid or to be paid in settlement) reasonably incurred by such Covered Person. Notwithstanding the preceding sentence, except as otherwise provided in Section 11.3 with respect to Proceedings to enforce rights to indemnification or advancement of expenses or with respect to any compulsory counterclaim brought by such indemnitee, the Corporation shall be required to indemnify a Covered Person in connection with a Proceeding (or part thereof) commenced by such Covered Person only if the commencement of such Proceeding (or part thereof) by the Covered Person was authorized by the Board.

Any reference to an officer of the Corporation in this Article 11 shall be deemed to refer exclusively to the Chairman, Vice Chairman, Chief Executive Officer, President, Vice Presidents, Secretary, Treasurer and any other officers of the Corporation appointed pursuant to Section 5.01 of the Corporation's By-laws, and any reference to an officer of any other entity or other enterprise shall be deemed to refer exclusively to an officer appointed by the board of directors or equivalent governing body of such other entity pursuant to the certificate of incorporation and by-laws or equivalent organizational documents of such other entity or enterprise.

11.2 Prepayment of Expenses. To the extent not prohibited by applicable law, the Corporation shall pay the expenses (including attorneys' fees) incurred by a Covered Person in appearing at, participating in or defending any Proceeding in advance of its final disposition or in connection with a Proceeding brought to establish or enforce a right to indemnification or advancement of expenses under this Article 11 (which shall be governed by Section 11.3); provided, however, that to the extent required by applicable law or in the case of advance made in a Proceeding brought to establish or enforce a right to indemnification or advancement, such payment of expenses in advance of the final disposition of the Proceeding shall be made solely upon receipt of an undertaking by the Covered Person to repay all amounts advanced if it should be ultimately determined that the Covered Person is not entitled to be indemnified or entitled to advancement of expenses under this Article 11 or otherwise.

11.3 Claims. If a claim for indemnification or advancement of expenses under this Article 11 is not paid in full within thirty (30) days after a written claim therefor by the Covered Person has been received by the Corporation, the Covered Person may file suit to recover the unpaid amount of such claim or to obtain an advancement of expenses, as applicable. To the fullest extent permitted by law, if successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Covered Person shall be entitled to be paid the expense of prosecuting or defending such claim. In any such action the Corporation shall have the burden of proving that the Covered Person is not entitled to the requested indemnification or advancement of expenses under applicable law. In (i) any suit brought by a Covered Person to enforce a right to indemnification hereunder (but not in a suit brought by a Covered Person to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that, such Person has not met any applicable standard for indemnification set forth in the General Corporation Law. Neither the failure of the Corporation (including by its Directors who are not parties to such action, a committee of such Directors, independent legal counsel or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the Covered Person is proper in the circumstances because the Covered Person has met the applicable standard of conduct set forth in the General Corporation Law, nor an actual determination by the Corporation (including by its Directors who are not parties to such action, a committee of such Directors, independent legal counsel or its stockholders) that the Covered Person has not met such applicable standard of conduct, shall create a presumption that such Person has not met the

applicable standard of conduct or, in the case of such a suit brought by the Covered Person, be a defense to such suit.

11.4 Nonexclusivity of Rights. The rights conferred on any Covered Person by this Article 11 shall not be exclusive of any other rights that such Covered Person may have or hereafter acquire under any statute, provision of this Certificate of Incorporation, the By-laws, agreement, vote of stockholders or disinterested Directors or otherwise.

11.5 Other Sources. Subject to Section 11.6, the Corporation's obligation, if any, to indemnify or to advance expenses to any Covered Person who was or is serving at its request as a director, officer, employee or agent of another entity or enterprise shall be reduced by any amount such Covered Person may collect as indemnification or advancement of expenses from such other entity or enterprise.

11.6 Indemnitor of First Resort. In all events, (i) the Corporation hereby agrees that it is the indemnitor of first resort (i.e., its obligation to a Covered Person to provide advancement and/or indemnification to such Covered Person is primary and any obligation of any Principal Stockholder (including any Affiliate thereof other than the Corporation) to provide advancement or indemnification hereunder or under any other indemnification agreement (whether pursuant to contract, by-laws or charter), or any obligation of any insurer of any Principal Stockholder to provide insurance coverage, for the same expenses, liabilities, judgments, penalties, fines and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such expenses, liabilities, judgments, penalties, fines and amounts paid in settlement) incurred by such Covered Person are secondary) and (ii) if any Principal Stockholder (or any Affiliate thereof, other than the Corporation) pays or causes to be paid, for any reason, any amounts otherwise indemnifiable hereunder or under any other indemnification agreement (whether pursuant to contract, by-laws or charter) with such Covered Person, then (x) such Principal Stockholder (or such Affiliate, as the case may be) shall be fully subrogated to all rights of such Covered Person with respect to such payment, (y) the Covered Person shall execute all papers reasonably required and shall do all things that may be reasonably necessary to secure such rights, including the execution of such documents as may be necessary to enable such Principal Stockholder (or such Affiliate) effectively to bring suit to enforce such rights and (z) the Corporation shall fully indemnify, reimburse and hold harmless such Principal Stockholder (or such other Affiliate, as the case may be) for all such payments actually made by such Principal Stockholder (or such other Affiliate). Each of the Principal Stockholders (and any Affiliate thereof) shall be third-party beneficiaries with respect to this Section 11.6, entitled to enforce this Section 11.6.

11.7 Amendment or Repeal. Any amendment or repeal of the foregoing provisions of this Article 11 shall not adversely affect any right or protection hereunder of any Covered Person in respect of any act or omission occurring prior to the time of such amendment or repeal.

11.8 Other Indemnification and Prepayment of Expenses. This Article 11 shall not limit the right of the Corporation, to the extent and in the manner permitted by applicable

law, to indemnify and to advance expenses to Persons other than Covered Persons when and as authorized by appropriate corporate action.

11.9 Reliance. Covered Persons who after the date of the adoption of this provision become or remain a Covered Person described in Article 11 will be conclusively presumed to have relied on the rights to indemnity, advance of expenses and other rights contained in this Article 11 in entering into or continuing the service. The rights to indemnification and to the advance of expenses conferred in this Article 11 will apply to claims made against any Covered Person described in this Article 11 arising out of acts or omissions in respect of the Corporation or one of its subsidiaries that occurred or occur both prior and subsequent to the adoption hereof. The rights conferred upon Covered Persons in this Article 11 shall be contract rights and such rights shall continue as to a Covered Person who has ceased to be a Director or officer and shall inure to the benefit of the Covered Person's heirs, executors and administrators. Any amendment, alteration or repeal of this Article 11 that adversely affects any right of a Covered Person or its successors shall be prospective only and shall not limit, eliminate or impair any such right with respect to any proceeding involving any occurrence or alleged occurrence of any action or omission to act that took place prior to such amendment or repeal.

11.10 Insurance. The Corporation may purchase and maintain insurance, at its expense, to protect itself and any Director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the General Corporation Law.

12. Adoption, Amendment or Repeal of By-Laws. In furtherance and not in limitation of the powers conferred by law, the Board is expressly authorized to make, alter, amend or repeal the By-laws subject to the power of the stockholders of the Corporation entitled to vote with respect thereto to make, alter, amend or repeal the By-laws; provided, that with respect to the powers of stockholders entitled to vote with respect thereto to make, alter, amend or repeal the By-laws, from and after the date that the Majority Ownership Requirement is no longer met, in addition to any other vote otherwise required by law, the affirmative vote of the holders of seventy-five percent (75%) of the total voting power of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of Directors, voting together as a single class, shall be required to make, alter, amend or repeal the By-laws.

13. Adoption, Amendment and Repeal of Certificate. Subject to Article 5, the Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by the General Corporation Law, and all rights, preferences and privileges of whatsoever nature conferred upon stockholders, Directors or any other Persons whomsoever by and pursuant to this Certificate of Incorporation in its present form or as hereafter amended, are granted and held subject to this reservation. Notwithstanding anything to the contrary contained in this Certificate of Incorporation, and notwithstanding that a lesser percentage may be permitted from time to time by applicable law, no provision of Sections 7.1(i), 7.2, 7.3 and 7.4 of Article 7, Sections 8.1 and 8.2 of Article 8 or Article 9, 11, 12, 13 or 14 may be altered, amended or repealed in any respect,

nor may any provision or by-law inconsistent therewith be adopted, unless in addition to any other vote required by this Certificate of Incorporation or otherwise required by law, (i) until the Majority Ownership Requirement is no longer met, such alteration, amendment, repeal or adoption is approved by, in addition to any other vote otherwise required by law, the affirmative vote of the holders of a majority of the total voting power of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of Directors, voting together as a single class and (ii) from and after the date that the Majority Ownership Requirement is no longer met, such alteration, amendment, repeal or adoption is approved by, in addition to any other vote otherwise required by law, the affirmative vote of the holders of seventy-five percent (75%) of the total voting power of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of Directors, voting together as a single class, at a meeting of the stockholders called for that purpose.

14. Forum for Adjudication of Disputes.

14.1 Exclusive Forum. Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (the “Court of Chancery”) (or, if and only if the Court of Chancery lacks subject matter jurisdiction, any state court located within the State of Delaware or, if and only if all such state courts lack subject matter jurisdiction, the federal district court for the District of Delaware (together with the Court of Chancery, the “Delaware Courts” and, individually, a “Delaware Court”)) shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by any Director, officer or other employee of the Corporation to the Corporation or the Corporation’s stockholders, (iii) any action asserting a claim arising pursuant to any provision of the General Corporation Law, this Certificate of Incorporation or the By-Laws, (iv) any action or proceeding to interpret, apply, enforce or determine the validity of this Certificate of Incorporation or the By-Laws (including any right, obligation, or remedy thereunder), (v) any action or proceeding as to which the General Corporation Law confers jurisdiction to the Court of Chancery or (vi) any action asserting a claim governed by the internal affairs doctrine, except for, as to each of (i) through (vi) above, any claim (A) as to which such Delaware Court determines that there is an indispensable party not subject to the jurisdiction of such Delaware Court (and the indispensable party does not consent to the personal jurisdiction of such Delaware Court within ten days following such determination); (B) which is vested in the exclusive jurisdiction of a court or forum other than the Delaware Courts; (C) for which the Delaware Courts do not have subject matter jurisdiction; or (D) any action arising under the Securities Act of 1933, as amended (the “Securities Act”), as to which the federal district courts for the United States of America (the “U.S. Federal Courts”) shall have exclusive jurisdiction to the fullest extent permitted by law, unless the Corporation consents in writing to the selection of an alternative forum. Notwithstanding the foregoing, the provisions of this Section 14.1 will not apply to suits brought to enforce a duty or liability created by the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or any other claim for which the federal courts have exclusive jurisdiction.

14.2 Stockholder Consent to Personal Jurisdiction. If any action the subject matter of which is within the scope of Section 14.1 above is filed in a court other than a court

located within the State of Delaware or, in the case of an action arising under the Securities Act, the U.S. Federal Courts (a “Foreign Action”) in the name of any stockholder, such stockholder shall be deemed to have consented to (i) (A) the personal jurisdiction of the Delaware Courts in connection with any action brought in any such court to enforce Section 14.1 above other than with respect to any action arising under the Securities Act and (B) the personal jurisdiction of the U.S. Federal Courts, in the case of any action arising under the Securities Act (each under clause (i)(A) and (i)(B), an “FSC Enforcement Action”) and (ii) having service of process made upon such stockholder in any such FSC Enforcement Action by service upon such stockholder’s counsel in the Foreign Action as agent for such stockholder.

15. Severability. If any provision or provisions of this Certificate of Incorporation shall be held to be invalid, illegal or unenforceable as applied to any circumstance for any reason whatsoever: (i) the validity, legality and enforceability of such provisions in any other circumstance and of the remaining provisions of this Certificate of Incorporation (including, without limitation, each portion of any paragraph of this Certificate of Incorporation containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and (ii) to the fullest extent possible, the provisions of this Certificate of Incorporation (including, without limitation, each such portion of any paragraph of this Certificate of Incorporation containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to permit the Corporation to protect its Directors, officers, employees and agents from personal liability in respect of their good faith service to or for the benefit of the Corporation to the fullest extent permitted by law.

16. Corporate Opportunity. The Corporation waives, to the maximum extent permitted by law, the application of the doctrine of corporate opportunity, or any other analogous doctrine, with respect to the Corporation, any Directors, officers or stockholders or any of their respective Affiliates, except, in the case of Directors and officers, as related to insurance brokerage activities, unless such Director or officer did not become aware of such opportunity related to insurance brokerage activities in his or her capacity as a Director or officer of the Corporation.

17. Definitions. As used in this Certificate of Incorporation, unless the context otherwise requires or as set forth in another Article or Section of this Certificate of Incorporation, the term:

- (a) “Affiliate” means, with respect to any Person, any other Person directly or indirectly controlling, controlled by or under common control with such Person.
- (b) “Board” is defined in Section 5.1(ii)(1).
- (c) “Bunch Holdings” means Bunch Family Holdings, LLC.
- (d) “By-laws” is defined in Section 7.1.

- (e) “Certificate of Incorporation” is defined in the recitals.
- (f) “Chairman” means the Chairman of the Board.
- (g) “Chief Executive Officer” means the Chief Executive Officer of the Corporation.
- (h) “Class A Common Stock” is defined in Section 4.1.
- (i) “Class B Common Stock” is defined in Section 4.1.
- (j) “Class C Common Stock” is defined in Section 4.1.
- (k) “Class C Permitted Holder” means the Founder, any Person that is a member of the Founder's Family Group, Bunch Holdings and Affiliates of Bunch Holdings.
- (l) “Common Stock” is defined in Section 4.1.
- (m) “control” (including the terms “controlling” and “controlled”), with respect to the relationship between or among two or more Persons, means the possession, directly or indirectly, of the power to direct or cause the direction of the affairs or management of such subject Person, whether through the ownership of voting securities, as trustee or executor, by contract or otherwise.
- (n) “Corporation” means TWFG, Inc.
- (o) “Covered Person” is defined in Section 11.1.
- (p) “Director” is defined in Section 7.1.
- (q) “Disability” means with respect to an individual, any physical or mental incapacitation that results in such individual’s inability to perform substantially all of his or her duties and responsibilities for the Corporation for a total of one hundred eighty (180) consecutive working days, as determined in accordance with the Family and Medical Leave Act, or an aggregate of one hundred eighty (180) working days during any twelve-month period, as determined by the Board in its good faith judgment.
- (r) “Disposition Event” means any merger, consolidation or other business combination of the Corporation, whether effectuated through one transaction or series of related transactions (including a tender offer followed by a merger in which holders of Class A Common Stock receive the same consideration per share paid in the tender offer), unless, following such transaction, all or substantially all of the holders of the voting power of all outstanding classes of Common Stock and series of Preferred Stock that are generally entitled to vote in the election of Directors prior to such transaction or series of transactions, continue to hold a majority of the voting power of the surviving entity (or its parent) resulting from such transaction or series of transactions in substantially the

same proportions as immediately prior to such transaction or series of transactions.

- (s) “Exchange Act” is defined in Section 14.1.
- (t) “Family Group” means, as to any Person, (i) an individual, his or her parents, siblings, spouses and descendants and the spouses of such descendants (collectively, the “Individual Group”); (ii) all trusts, the primary beneficiaries of which are one or more members of the Individual Group (“Family Trusts”); and (iii) all entities which are wholly-owned, directly or indirectly, by one or more members of the Individual Group and/or Family Trusts.
- (u) “Founder” means Richard F. (“Gordy”) Bunch III.
- (v) “General Corporation Law” is defined in the recitals.
- (w) “GHC” means GHC Woodlands Holdings LLC.
- (x) “LLC Unit” means a nonvoting common interest unit of TWFG Holding Company, LLC.
- (y) “Independent Directors” means each member of the Board who meets the criteria for independence set forth in Rule 10A-3(b)(1) under the Exchange Act.
- (z) “Majority Ownership Requirement” means the beneficial ownership (as such term is defined in Rule 13d-3 and Rule 13d-5 under the Exchange Act) by Bunch Holdings and the Class C Permitted Holders, collectively, of shares of Common Stock representing at least a majority of the total voting power of the outstanding shares of Common Stock entitled to vote generally in the election of Directors.
- (aa) “Paired Interest” means one LLC Unit together with one share of Class B Common Stock or one share of Class C Common Stock, as applicable, subject to adjustment pursuant to Section 4.02(c) of the TWFG LLC Agreement.
- (bb) “Person” means any individual, partnership, firm, corporation, limited liability company, association, trust, unincorporated organization or other entity.
- (cc) “Preferred Stock” is defined in Section 4.1.
- (dd) “Preferred Stock Directors” is defined in Section 7.1.
- (ee) “Principal Stockholders” means Bunch Holdings, RenRe Ventures and GHC.
- (ff) “Proceeding” is defined in Section 11.1.
- (gg) “RenRe Ventures” means RenaissanceRe Ventures U.S. LLC.

- (hh) “Stock Adjustment” is defined in Section 5.1(ii)(3).
- (ii) “Substantial Ownership Requirement” means the beneficial ownership (as such term is defined in Rule 13d-3 and Rule 13d-5 under the Exchange Act) by Bunch Holdings and the Class C Permitted Holders, collectively, of shares of Common Stock representing at least ten percent (10%) of the total voting power of the outstanding shares of Common Stock entitled to vote generally in the election of Directors.
- (jj) “Transfer” of a share of Class B Common Stock or Class C Common Stock means, directly or indirectly, any sale, assignment, transfer, exchange, gift, bequest, pledge, hypothecation or other disposition or encumbrance of such share or any legal or beneficial interest in such share, in whole or in part, whether or not for value and whether voluntary or involuntary or by operation of law; provided, however, that the following shall not be considered a “Transfer”: (i) the granting of a revocable proxy to officers or directors of the Corporation at the request of the Board in connection with actions to be taken at annual or special meetings of stockholders or in connection with any action by written consent of the stockholders solicited by the Board (at such times as action by written consent of stockholders is permitted under this Certificate of Incorporation); (ii) entering into a voting trust, agreement or arrangement (with or without granting a proxy) solely with the Corporation and/or its stockholders that (x) is disclosed either in a Schedule 13D filed with the Securities and Exchange Commission or in writing to the Secretary of the Corporation, (y) either has a term not exceeding one (1) year or is terminable by the holder of the shares subject thereto at any time and (z) does not involve any payment of cash, securities, property or other consideration to the holder of the shares subject thereto other than the mutual promise to vote shares in a designated manner; (iii) entering into a customary voting or support agreement (with or without granting a proxy) in connection with any merger, consolidation or other business combination of the Corporation, whether effectuated through one transaction or series of related transactions (including a tender offer followed by a merger in which holders of Class A Common Stock receive the same consideration per share paid in the tender offer); (iv) the pledge of shares of capital stock of the Corporation by a stockholder that creates a mere security interest in such shares pursuant to a bona fide loan or indebtedness transaction so long as such stockholder continues to exercise sole voting control over such pledged shares; provided, however, that a foreclosure on such shares or other similar action by the pledgee shall constitute a “Transfer”; or (v) the fact that the spouse of any holder of Class B Common Stock or Class C Common Stock possesses or obtains an interest in such holder’s shares of Class B Common Stock or Class C Common Stock arising solely by reason of the application of the community property laws of any jurisdiction, so long as no other event or circumstance shall exist or have occurred that constitutes a “Transfer” of such shares of Class B Common Stock or Class C Common Stock.

- (kk) “TWFG Holding Company, LLC” means TWFG Holding Company, LLC, a Delaware limited liability company or any successor thereto.
- (ll) “TWFG LLC Agreement” means the Third Amended and Restated Limited Liability Company Agreement of TWFG Holding Company, LLC, dated as of [●], 2024, by and among TWFG Holding Company, LLC, the Corporation, Bunch Holdings, RenRe Ventures, GHC and the other Persons that may become parties thereto from time to time, as the same may be amended, restated, supplemented and/or otherwise modified, from time to time.
- (mm) “Vice Chairman” means the Vice Chairman of the Board.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, this Amended and Restated Certificate of Incorporation of TWFG, Inc. has been duly executed by the officer below this [_____] day of [_____] 2024.

By: _____

Name:

Title: Chairman and Chief Executive Officer

[Signature Page to Amended and Restated Certificate of Incorporation]

AMENDED AND RESTATED BY-LAWS

of

TWFG, INC.

(A Delaware Corporation)

TABLE OF CONTENTS

ARTICLE 1 Definitions		4
ARTICLE 2 Stockholders		4
Section 2.01	Place of Meetings	4
Section 2.02	Annual Meetings; Stockholder Proposals	5
Section 2.03	Special Meetings	8
Section 2.04	Record Date	8
Section 2.05	Notice of Meetings of Stockholders	9
Section 2.06	Waivers of Notice	10
Section 2.07	List of Stockholders	10
Section 2.08	Quorum of Stockholders; Adjournment	10
Section 2.09	Voting; Proxies	11
Section 2.10	Voting Procedures and Inspectors at Meetings of Stockholders	11
Section 2.11	Conduct of Meetings; Adjournment	12
Section 2.12	Order of Business	12
Section 2.13	Written Consent of Stockholders Without a Meeting	12
ARTICLE 3 Directors		13
Section 3.01	General Powers	13
Section 3.02	Term of Office	13
Section 3.03	Nominations of Directors	13
Section 3.04	Nominee and Director Qualifications	16
Section 3.05	Resignation	17
Section 3.06	Compensation	17
Section 3.07	Regular Meetings	17
Section 3.08	Special Meetings	17
Section 3.09	Telephone Meetings	17
Section 3.10	Adjourned Meetings	18
Section 3.11	Notice Procedure	18
Section 3.12	Waiver of Notice	18
Section 3.13	Organization	18
Section 3.14	Quorum of Directors	18
Section 3.15	Action by Majority Vote	18
Section 3.16	Action Without Meeting	19
ARTICLE 4 Committees of the Board		19
ARTICLE 5 Officers		19
Section 5.01	Positions; Election	19
Section 5.02	Term of Office	20
Section 5.03	Chairman	20
Section 5.04	Chief Executive Officer	20

Section 5.05	President	20
Section 5.06	Vice Presidents	21
Section 5.07	Secretary	21
Section 5.08	Treasurer	21
Section 5.09	Assistant Secretaries and Assistant Treasurers	22
ARTICLE 6 General Provisions		22
Section 6.01	Certificates Representing Shares	22
Section 6.02	Transfer and Registry Agents	22
Section 6.03	Lost, Stolen or Destroyed Certificates	22
Section 6.04	Form of Records	22
Section 6.05	Dividends and Reserves	23
Section 6.06	Seal	23
Section 6.07	Fiscal Year	23
Section 6.08	Amendments	23
Section 6.09	Conflict with Applicable Law or Certificate of Incorporation	23

ARTICLE 1
DEFINITIONS

As used in these By-laws, unless the context otherwise requires, the term:

“**Assistant Secretary**” means an Assistant Secretary of the Corporation.

“**Assistant Treasurer**” means an Assistant Treasurer of the Corporation.

“**Board**” means the Board of Directors of the Corporation.

“**By-laws**” means the By-laws of the Corporation, as amended and restated.

“**Certificate of Incorporation**” means the Certificate of Incorporation of the Corporation, as amended and restated.

“**Chairman**” means the Chairman of the Board and includes any Executive Chairman.

“**Chief Executive Officer**” means the Chief Executive Officer of the Corporation.

“**control**” (including the terms “controlling” and “controlled”), with respect to the relationship between or among two or more persons, means the possession, directly or indirectly, of the power to direct or cause the direction of the affairs or management of such subject person, whether through the ownership of voting securities, as trustee or executor, by contract or otherwise.

“**Corporation**” means TWFG, Inc.

“**Derivative**” is defined in Section 2.02(d)(iii).

“**Directors**” means the directors of the Corporation.

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended, and any successor law or statute, and the rules and regulations promulgated thereunder.

“**Executive Chairman**” means the Executive Chairman of the Board.

“**General Corporation Law**” means the General Corporation Law of the State of Delaware, as amended.

“**law**” means any U.S. or non-U.S. federal, state or local law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement enacted, adopted, promulgated or applied by a governmental authority (including any department, court, agency or official, or non-governmental self-regulatory organization, agency or authority and any political subdivision or instrumentality thereof).

“**Nominating Stockholder**” is defined in Section 3.03(b).

“**Notice of Business**” is defined in Section 2.02(c).

“**Notice of Nomination**” is defined in Section 3.03(c).

“**Notice Record Date**” is defined in Section 2.04(a).

“**Office of the Corporation**” means the executive office of the Corporation, anything in Section 131 of the General Corporation Law to the contrary notwithstanding.

“**President**” means the President of the Corporation.

“**Proponent**” is defined in Section 2.02(d)(i).

“**Public Disclosure**” is defined in Section 2.02(i).

“**SEC**” means the Securities and Exchange Commission.

“**Secretary**” means the Secretary of the Corporation.

“**Stockholder Associated Person**” is defined in Section 2.02(j).

“**Stockholder Business**” is defined in Section 2.02(b).

“**Stockholder Information**” is defined in Section 2.02(d)(iii).

“**Stockholder Nominees**” is defined in Section 3.03(b).

“**Stockholders**” means the stockholders of the Corporation.

“**Treasurer**” means the Treasurer of the Corporation.

“**Vice President**” means a Vice President of the Corporation.

“**Voting Commitment**” is defined in Section 3.04.

“**Voting Record Date**” is defined in Section 2.04(a).

ARTICLE 2 STOCKHOLDERS

Section 2.01 *Place of Meetings*. Meetings of Stockholders may be held within or without the State of Delaware, at such place or solely by means of remote communication or otherwise, as may be designated by the Board from time to time.

Section 2.02 *Annual Meetings; Stockholder Proposals.*

(a) A meeting of Stockholders for the election of Directors and other business shall be held annually at such date and time as may be designated by the Board from time to time.

(b) At an annual meeting of the Stockholders, only business (other than business relating to the nomination or election of Directors, which is governed by Section 3.03) that has been properly brought before the Stockholder meeting in accordance with the procedures set forth in this Section 2.02 shall be conducted. To be properly brought before a meeting of Stockholders, such business must be brought before the meeting (i) by or at the direction of the Board or any committee thereof or (ii) by a Stockholder who (A) was a Stockholder of record of the Corporation when the notice required by this Section 2.02 is delivered to the Secretary and at the time of the meeting, (B) is entitled to vote at the meeting and (C) complies with the notice and other provisions of this Section 2.02. Subject to Section 2.02(k), and except with respect to nominations or elections of Directors, which are governed by Section 3.03, Section 2.02(b)(ii) is the exclusive means by which a Stockholder may bring business before a meeting of Stockholders; *provided* that if Rule 14a-8 of the Exchange Act (or any successor rule) is applicable, a Stockholder may not bring business before any meeting if the Stockholder fails to meet the requirements of such rule. Any business brought before a meeting in accordance with Section 2.02(b)(ii) is referred to as “**Stockholder Business.**”

(c) Subject to Section 2.02(k), at any annual meeting of Stockholders, all proposals of Stockholder Business must be made by timely written notice given by or on behalf of a Stockholder of record of the Corporation (the “**Notice of Business**”) and must otherwise be a proper matter for Stockholder action. To be timely, the Notice of Business must be delivered personally or mailed to, and received at, the Office of the Corporation, addressed to the Secretary, by no earlier than one hundred and twenty (120) days and no later than ninety (90) days before the first anniversary of the date of the prior year’s annual meeting of Stockholders; *provided, however,* that if (i) the annual meeting of Stockholders is advanced by more than thirty (30) days, or delayed by more than sixty (60) days, from the first anniversary of the prior year’s annual meeting of Stockholders or (ii) no annual meeting was held during the prior year, the notice by the Stockholder to be timely must be received (A) no earlier than one hundred and twenty (120) days before such annual meeting and (B) no later than the later of ninety (90) days before such annual meeting and the tenth day after the day on which the notice of such annual meeting was made by mail or Public Disclosure; *provided, further,* that, solely for the purposes of the notice requirements under this Section 2.02(c), with respect to the annual meeting of stockholders of the Corporation for 2025, the date of the preceding year’s annual meeting of stockholders shall be deemed to be [] 1, 2024. In no event shall an adjournment, postponement or deferral, or Public Disclosure of an adjournment, postponement or deferral, of a Stockholder meeting commence a new time period (or extend any time period) for the giving of the Notice of Business.

(d) The Notice of Business must set forth:

(i) the name and record address of each Stockholder proposing Stockholder Business (the “**Proponent**”), as they appear on the Corporation’s books;

(ii) the name and address of any Stockholder Associated Person;

(iii) as to each Proponent and any Stockholder Associated Person, (A) the class or series and number of shares of stock directly or indirectly held of record and beneficially by the Proponent or Stockholder Associated Person, (B) the date such shares of stock were acquired, (C) a description of any agreement, arrangement or understanding, direct or indirect, with respect to such Stockholder Business between or among the Proponent, any Stockholder Associated Person or any others (including their names) acting in concert with any of the foregoing, (D) a description of any agreement, arrangement or understanding (including any derivative or short positions, profit interests, options, hedging transactions, warrant, convertible security, stock appreciation right or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class of securities and/or borrowed or loaned shares) that has been entered into, directly or indirectly, as of the date of the Proponent’s notice by, or on behalf of, the Proponent or any Stockholder Associated Person, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of the Proponent or any Stockholder Associated Person with respect to shares of stock of the Corporation or with a value derived in whole or in part from the value or decrease in value of any class or series of stock of the Corporation, whether or not such instrument or right shall be subject to settlement in the underlying class or series of stock of the Corporation or otherwise (a “**Derivative**”), (E) a description in reasonable detail of any proxy (including revocable proxies), contract, arrangement, understanding or other relationship pursuant to which the Proponent or Stockholder Associated Person has a right to vote any shares of stock of the Corporation, (F) any rights to dividends on the stock of the Corporation owned beneficially by the Proponent or Stockholder Associated Person that are separated or separable from the underlying stock of the Corporation, (G) any proportionate interest in stock of the Corporation or Derivatives held, directly or indirectly, by a general or limited partnership in which the Proponent or Stockholder Associated Person is a general partner or, directly or indirectly, beneficially owns an interest in a general partner and (H) any performance-related fees (other than an asset-based fee) that the Proponent or Stockholder Associated Person is entitled to based on any increase or decrease in the value of stock of the Corporation or Derivatives thereof, if any, as of the date of such notice. The information specified in Section 2.02(d)(i) to (iii) is referred to herein as “**Stockholder Information**”;

(iv) Stockholder Information with respect to any stock or other interests of the Corporation held by members of the Proponent’s or Stockholder Associated Person’s immediate family sharing the same household;

(v) a representation to the Corporation that each Proponent is a holder of record of stock of the Corporation entitled to vote at the meeting and intends to appear in person or by proxy at the meeting to propose such Stockholder Business;

(vi) a brief description of the Stockholder Business desired to be brought before the annual meeting, the text of the proposal (including the text of any resolutions proposed for consideration and, if such business includes a proposal to amend the By-laws, the language of the proposed amendment) and the reasons for conducting such Stockholder Business at the meeting;

(vii) any material interest of each Proponent and any Stockholder Associated Person in such Stockholder Business;

(viii) a representation to the Corporation as to whether the Proponent intends (A) to deliver a proxy statement and form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to approve or adopt such Stockholder Business or (B) otherwise to solicit proxies from the Stockholders in support of such Stockholder Business;

(ix) all other information that would be required to be filed with the SEC if the Proponents or Stockholder Associated Persons were participants in a solicitation subject to Section 14 of the Exchange Act; and

(x) a representation and covenant for the benefit of the Corporation that the Proponents shall provide any other information reasonably requested by the Corporation.

(e) The Proponents shall also provide any other information reasonably requested by the Corporation within ten (10) business days after such request.

(f) In addition, the Proponent shall further update and supplement the information provided to the Corporation in the Notice of Business or upon the Corporation's request pursuant to Section 2.02(e) as needed, so that such information shall be true and correct as of the record date for the meeting and as of the date that is the later of ten (10) business days before the meeting or any adjournment or postponement thereof. Such update and supplement must be delivered personally or mailed to, and received at, the Office of the Corporation, addressed to the Secretary, by no later than five (5) business days after the record date for the meeting (in the case of the update and supplement required to be made as of the record date), and not later than seven (7) business days before the date for the meeting (in the case of the update and supplement required to be made as of ten (10) business days before the meeting or any adjournment or postponement thereof).

(g) The person presiding over the meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with the procedures set forth in this Section 2.02, and if he or she should so determine, he or she shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

(h) If the Proponent (or a qualified representative of the Proponent) does not appear at the meeting of Stockholders to present the Stockholder Business, such business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received

by the Corporation. For purposes of this Section 2.02, to be considered a qualified representative of the Stockholder, a person must be a duly authorized officer, manager or partner of such Stockholder or must be authorized by a writing executed by such Stockholder or an electronic transmission delivered by such Stockholder to act for such Stockholder as proxy at the meeting of Stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of Stockholders.

(i) “**Public Disclosure**” of any date or other information means disclosure thereof by a press release reported by the Dow Jones News Services, Associated Press or comparable U.S. national news service or in a document publicly filed by the Corporation with the SEC pursuant to Sections 13, 14 or 15(d) of the Exchange Act.

(j) “**Stockholder Associated Person**” means, with respect to any Stockholder, (i) any other beneficial owner of stock of the Corporation that is owned by such Stockholder and (ii) any person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Stockholder or such beneficial owner.

(k) The notice requirements of this Section 2.02 shall be deemed satisfied with respect to Stockholder proposals that have been properly brought under Rule 14a-8 of the Exchange Act and that are included in a proxy statement that has been prepared by the Corporation to solicit proxies for such annual meeting. Further, nothing in this Section 2.02 shall be deemed to affect any rights of the holders of any series of preferred stock of the Corporation pursuant to any applicable provision of the Certificate of Incorporation.

Section 2.03 *Special Meetings.* Special meetings of the Stockholders may be called only in the manner set forth in the Certificate of Incorporation. Notice of every special meeting of the Stockholders shall state the purpose or purposes of such meeting. Except as otherwise required by law, the business conducted at a special meeting of Stockholders shall be limited exclusively to the business set forth in the Corporation’s notice of meeting, and the individual or group calling such meeting shall have exclusive authority to determine the business included in such notice.

Section 2.04 *Record Date.*

(a) For the purpose of determining the Stockholders entitled to notice of any meeting of Stockholders or any adjournment thereof, unless otherwise required by the Certificate of Incorporation or applicable law, the Board may fix a record date (the “**Notice Record Date**”), which record date shall not precede the date on which the resolution fixing the record date was adopted by the Board and shall not be more than sixty (60) or less than ten (10) days before the date of such meeting. The Notice Record Date shall also be the record date for determining the Stockholders entitled to vote at such meeting unless the Board determines, at the time it fixes such Notice Record Date, that a later date on or before the date of the meeting shall be the date for making such determination (the “**Voting Record Date**”). For the purposes of determining the Stockholders entitled to express consent to corporate action in writing without a meeting, unless otherwise required by the Certificate of Incorporation or applicable law, the Board may

fix a record date, which record date shall not precede the date on which the resolution fixing the record date was adopted by the Board and shall not be more than ten (10) days after the date on which the record date was fixed by the Board. For the purposes of determining the Stockholders entitled to (i) receive payment of any dividend or other distribution or allotment of any rights, (ii) exercise any rights in respect of any change, conversion or exchange of stock or (iii) take any other lawful action, unless otherwise required by the Certificate of Incorporation or applicable law, the Board may fix a record date, which record date shall not precede the date on which the resolution fixing the record date was adopted by the Board and shall not be more than sixty (60) days prior to such action.

(b) If no such record date is fixed:

(i) the record date for determining Stockholders entitled to notice of, and to vote at, a meeting of Stockholders shall be at the close of business on the day next preceding the day on which notice is given or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held;

(ii) the record date for determining Stockholders entitled to express consent to corporate action in writing without a meeting (unless otherwise provided in the Certificate of Incorporation), when no prior action by the Board is required by applicable law, shall be the first day on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation in accordance with applicable law; and when prior action by the Board is required by applicable law, the record date for determining Stockholders entitled to express consent to corporate action in writing without a meeting shall be at the close of business on the date on which the Board takes such prior action; and

(iii) when a determination of Stockholders of record entitled to notice of, or to vote at, any meeting of Stockholders has been made as provided in this Section 2.04, such determination shall apply to any adjournment thereof, unless the Board fixes a new Voting Record Date for the adjourned meeting, in which case the Board shall also fix such Voting Record Date or a date earlier than such date as the new Notice Record Date for the adjourned meeting.

Section 2.05 *Notice of Meetings of Stockholders.* Whenever, under the provisions of applicable law, the Certificate of Incorporation or these By-laws, Stockholders are required or permitted to take any action at a meeting, notice shall be given stating the place, if any, date and hour of the meeting; the means of remote communication, if any, by which Stockholders and proxy holders may be deemed to be present in person and vote at such meeting; the Voting Record Date, if such date is different from the Notice Record Date; and, in the case of a special meeting, the purposes for which the meeting is called. Unless otherwise provided by these By-laws or applicable law, notice of any meeting shall be given, not less than ten (10) nor more than sixty (60) days before the date of the meeting, to each Stockholder entitled to vote at such meeting as of the Notice Record Date. If mailed, such notice shall be deemed to be given when deposited in the U.S. mail, with postage prepaid, and directed to the Stockholder at his or her address as it appears on the records of the Corporation. An affidavit of the Secretary, an Assistant Secretary or the transfer agent of the Corporation that the notice required by this

Section 2.05 has been given shall, in the absence of fraud, be prima facie evidence of the facts stated therein. If a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. Any business that might have been transacted at the meeting as originally called may be transacted at the adjourned meeting. If, however, the adjournment is for more than thirty (30) days, a notice of the adjourned meeting shall be given to each Stockholder of record entitled to vote at the meeting. If, after the adjournment, a new Voting Record Date is fixed for the adjourned meeting, the Board shall fix a new Notice Record Date in accordance with Section 2.04(b)(iii) hereof and shall give notice of such adjourned meeting to each Stockholder entitled to vote at such meeting as of the Notice Record Date.

Section 2.06 *Waivers of Notice.* Whenever the giving of any notice to Stockholders is required by applicable law, the Certificate of Incorporation or these By-laws, a waiver thereof, given by the person entitled to said notice, whether before or after the event as to which such notice is required, shall be deemed equivalent to notice. Attendance by a Stockholder at a meeting shall constitute a waiver of notice of such meeting except when the Stockholder attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business on the ground that the meeting has not been lawfully called or convened. Neither the business to be transacted at, nor the purposes of, any regular or special meeting of the Stockholders need be specified in any waiver of notice.

Section 2.07 *List of Stockholders.* The Secretary shall prepare and make available, at least ten (10) days before every meeting of Stockholders, a complete, alphabetical list of the Stockholders entitled to vote at the meeting, and showing the address of each Stockholder and the number of shares registered in the name of each Stockholder. Such list may be examined by any Stockholder, the Stockholder's agent or attorney, at the Stockholder's expense, for any purpose germane to the meeting, for a period of at least ten (10) days prior to the meeting, during ordinary business hours at the principal place of business of the Corporation or on a reasonably accessible electronic network as provided by applicable law. If the meeting is to be held at a place, the list shall also be produced and kept at the time and place of the meeting during the whole time thereof and may be inspected by any Stockholder who is present. If the meeting is held solely by means of remote communication, the list shall also be open for inspection as provided by applicable law. Except as provided by applicable law, the stock ledger shall be the only evidence as to who are the Stockholders entitled to examine the list of Stockholders or to vote in person or by proxy at any meeting of Stockholders.

Section 2.08 *Quorum of Stockholders; Adjournment.* Except as otherwise provided by these By-laws, at each meeting of Stockholders, the presence in person or by proxy of the holders of a majority of the voting power of all outstanding shares of stock entitled to vote at the meeting of Stockholders shall constitute a quorum for the transaction of any business at such meeting, except that, where a separate vote by a class or series of classes of shares is required, a quorum shall consist of no less than a majority of the voting power of all outstanding shares of stock of such class or series of classes, as applicable. In the absence of a quorum, the holders of a majority in voting power of the shares of stock present in person or represented by proxy at any meeting of Stockholders, including an adjourned meeting, may adjourn such meeting to another

time and place. Shares of its own stock belonging to the Corporation or to another corporation, if a majority of the shares entitled to vote in the election of Directors of such other corporation is held, directly or indirectly, by the Corporation, shall neither be entitled to vote nor be counted for quorum purposes; *provided, however*, that the foregoing shall not limit the right of the Corporation to vote stock, including but not limited to its own stock, held by it in a fiduciary capacity.

Section 2.09 *Voting; Proxies*. At any meeting of Stockholders, all matters other than the election of Directors, except as otherwise provided by the Certificate of Incorporation, these By-laws or any applicable law, shall be decided by the affirmative vote of a majority in voting power of shares of stock present in person or represented by proxy and entitled to vote thereon. At all meetings of Stockholders for the election of Directors, a plurality of the votes cast shall be sufficient to elect Directors. Each Stockholder entitled to vote at a meeting of Stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for such Stockholder by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy expressly provides for a longer period. A proxy shall be irrevocable if it states that it is irrevocable and if, and only so long as, it is coupled with an interest sufficient in law to support an irrevocable power. A Stockholder may revoke any proxy that is not irrevocable by attending the meeting and voting in person or by delivering to the Secretary a revocation of the proxy or by delivering a new proxy bearing a later date.

Section 2.10 *Voting Procedures and Inspectors at Meetings of Stockholders*. The Board, in advance of any meeting of Stockholders, shall appoint one or more inspectors, who may be employees of the Corporation, to act at the meeting and make a written report thereof. The Board may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. The inspectors shall (a) ascertain the number of shares outstanding and the voting power of each, (b) determine the shares represented at the meeting and the validity of proxies and ballots, (c) count all votes and ballots, (d) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors and (e) certify their determination of the number of shares represented at the meeting and their count of all votes and ballots. The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of their duties. Unless otherwise provided by the Board, the date and time of the opening and the closing of the polls for each matter upon which the Stockholders will vote at a meeting shall be determined by the person presiding at the meeting and shall be announced at the meeting. No ballot, proxies, votes or any revocation thereof or change thereto, shall be accepted by the inspectors after the closing of the polls unless the Court of Chancery of the State of Delaware upon application by a Stockholder shall determine otherwise. In determining the validity and counting of proxies and ballots cast at any meeting of Stockholders, the inspectors may consider such information as is permitted by applicable law. No person who is a candidate for office at an election may serve as an inspector at such election.

Section 2.11 *Conduct of Meetings; Adjournment.* The Board may adopt such rules and procedures for the conduct of Stockholder meetings as it deems appropriate. At each meeting of Stockholders, the Chairman or, in the absence of the Chairman, the Chief Executive Officer or, in the absence of the Chairman and the Chief Executive Officer, the President or, if there is no Chairman, Chief Executive Officer or President, or if they are absent, a Vice President and, in the case that more than one Vice President shall be present, that Vice President designated by the Board (or in the absence of any such designation, the most senior Vice President present), shall preside over the meeting. Except to the extent inconsistent with the rules and procedures as adopted by the Board, the person presiding over the meeting of Stockholders shall have the right and authority to convene, adjourn and reconvene the meeting from time to time, to prescribe such additional rules and procedures and to do all such acts as, in the judgment of such person, are appropriate for the proper conduct of the meeting. Such rules and procedures, whether adopted by the Board or prescribed by the person presiding over the meeting, may include (a) the establishment of an agenda or order of business for the meeting, (b) rules and procedures for maintaining order at the meeting and the safety of those present, (c) limitations on attendance at or participation in the meeting to Stockholders of record of the Corporation, their duly authorized and constituted proxies or such other persons as the person presiding over the meeting shall determine, (d) restrictions on entry to the meeting after the time fixed for the commencement thereof and (e) limitations on the time allotted to questions or comments by participants. The person presiding over any meeting of Stockholders, in addition to making any other determinations that may be appropriate to the conduct of the meeting, may determine and declare to the meeting that a matter or business was not properly brought before the meeting and if such presiding person should so determine, he or she shall so declare to the meeting and any such matter or business not properly brought before the meeting shall not be transacted or considered. Unless and to the extent determined by the Board or the person presiding over the meeting, meetings of Stockholders shall not be required to be held in accordance with the rules of parliamentary procedure. The Secretary or, in his or her absence, one of the Assistant Secretaries, shall act as secretary of the meeting. If none of the officers above designated to act as the person presiding over the meeting or as secretary of the meeting shall be present, a person presiding over the meeting or a secretary of the meeting, as the case may be, shall be designated by the Board and, if the Board has not so acted, in the case of the designation of a person to act as secretary of the meeting, designated by the person presiding over the meeting. To the extent permitted by applicable law, meetings of stockholders may be conducted by remote communications, including by webcast.

Section 2.12 *Order of Business.* The order of business at all meetings of Stockholders shall be as determined by the person presiding over the meeting.

Section 2.13 *Written Consent of Stockholders Without a Meeting.* If, and only if, the Certificate of Incorporation expressly permits action to be taken at any annual or special meeting of Stockholders without a meeting, without prior notice and without a vote, then a consent or consents in writing, setting forth the action to be so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered (by hand or by certified or registered mail, return receipt

requested) to the Corporation by delivery to its registered office in the State of Delaware, the Office of the Corporation or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of Stockholders are recorded. Every written consent shall bear the date of signature of each Stockholder who signs the consent, and no written consent shall be effective to take the corporate action referred to therein unless, within sixty (60) days of the earliest dated consent delivered in the manner required by this Section 2.13, written consents signed by a sufficient number of holders to take action are delivered to the Corporation as aforesaid. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall, to the extent required by applicable law, be given to those Stockholders who have not consented in writing and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting if the record date for such meeting had been the date that written consents signed by a sufficient number of holders to take the action were delivered to the Corporation.

ARTICLE 3 DIRECTORS

Section 3.01 *General Powers.* The business and affairs of the Corporation shall be managed by, or under the direction of, the Board. The Board may exercise all such powers of the Corporation, may do all such lawful acts and things, and may adopt such rules and procedures, not inconsistent with the Certificate of Incorporation, these By-laws or applicable law, as it may deem proper for the conduct of its meetings and the management of the Corporation.

Section 3.02 *Term of Office.* The Board shall consist of members as determined in accordance with the Certificate of Incorporation. Each Director shall hold office until a successor is duly elected and qualified or until the Director's earlier death, resignation, disqualification or removal.

Section 3.03 *Nominations of Directors.*

(a) Subject to Section 3.03(k), only persons who are nominated in accordance with the procedures set forth in this Section 3.03 are eligible for election as Directors.

(b) Nominations of persons for election to the Board may only be made at a meeting properly called for the election of Directors and only (i) by or at the direction of the Board or any committee thereof or (ii) by a Stockholder who (A) was a Stockholder of record of the Corporation when the notice required by this Section 3.03 is delivered to the Secretary and at the time of the meeting, (B) is entitled to vote for the election of Directors at the meeting and (C) complies with the notice and other provisions of this Section 3.03. Subject to Section 3.03(k), Section 3.03(c) is the exclusive means by which a Stockholder may nominate a person for election to the Board. Persons nominated in accordance with Section 3.03(c) are referred to as "**Stockholder Nominees.**" A Stockholder nominating persons for election to the Board is referred to as the "**Nominating Stockholder.**"

(c) Subject to Section 3.03(k), all nominations of Stockholder Nominees must be made by timely written notice given by or on behalf of a Stockholder of record of the

Corporation (the “**Notice of Nomination**”). To be timely, the Notice of Nomination must be delivered personally or mailed to and received at the Office of the Corporation, addressed to the attention of the Secretary, by the following dates:

(i) in the case of the nomination of a Stockholder Nominee for election to the Board at an annual meeting of Stockholders, no earlier than one hundred and twenty (120) days and no later than ninety (90) days before the first anniversary of the date of the prior year’s annual meeting of Stockholders; *provided, however*, that if (A) the annual meeting of Stockholders is advanced by more than thirty (30) days, or delayed by more than sixty (60) days, from the first anniversary of the prior year’s annual meeting of Stockholders or (B) no annual meeting was held during the prior year, the notice by the Nominating Stockholder to be timely must be received (1) no earlier than one hundred and twenty (120) days before such annual meeting and (2) no later than the later of ninety (90) days before such annual meeting and the tenth day after the day on which the notice of such annual meeting was made by mail or Public Disclosure; *provided, further*, that, solely for the purposes of the notice requirements under this Section 3.03(c), with respect to the annual meeting of stockholders of the Corporation for 2025, the date of the preceding year’s annual meeting of stockholders shall be deemed to be [] 1, 2024; and

(ii) in the case of the nomination of a Stockholder Nominee for election to the Board at a special meeting of Stockholders, no earlier than one hundred and twenty (120) days before and no later than the later of ninety (90) days before such special meeting and the tenth day after the day on which the notice of such special meeting was made by mail or Public Disclosure.

(d) Notwithstanding anything to the contrary, if the number of Directors to be elected to the Board at a meeting of Stockholders is increased and there is no Public Disclosure by the Corporation naming the nominees for the additional directorships at least one hundred (100) days before the first anniversary of the preceding year’s annual meeting, a Notice of Nomination shall also be considered timely, but only with respect to nominees for the additional directorships, if it shall be delivered personally and received at the Office of the Corporation, addressed to the attention of the Secretary, no later than the close of business on the tenth day following the day on which such Public Disclosure is first made by the Corporation.

(e) In no event shall an adjournment, postponement or deferral, or Public Disclosure of an adjournment, postponement or deferral, of an annual or special meeting commence a new time period (or extend any time period) for the giving of the Notice of Nomination.

(f) The Notice of Nomination shall set forth:

(i) the Stockholder Information with respect to each Nominating Stockholder and Stockholder Associated Person;

(ii) a representation to the Corporation that each Nominating Stockholder is a holder of record of stock of the Corporation entitled to vote at the meeting and intends to appear in person or by proxy at the meeting to propose such nomination;

(iii) all information regarding each Stockholder Nominee and Stockholder Associated Person that would be required to be disclosed in a solicitation of proxies subject to Section 14 of the Exchange Act, the written consent of each Stockholder Nominee to being named in a proxy statement as a nominee and to serve if elected and a completed signed questionnaire, representation and agreement required by Section 3.04;

(iv) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among a Nominating Stockholder, Stockholder Associated Person or their respective associates, or others acting in concert therewith, including all information that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K if the Nominating Stockholder, Stockholder Associated Person or any person acting in concert therewith were the “registrant” for purposes of such rule and the Stockholder Nominee were a director or executive of such registrant;

(v) Stockholder Information with respect to any stock or other interests of the Corporation held by members of the Nominating Stockholder’s or its Stockholder Associated Person’s immediate family sharing the same household;

(vi) a representation to the Corporation as to whether each Nominating Stockholder intends (A) to deliver a proxy statement and form of proxy to holders of at least the percentage of the Corporation’s outstanding capital stock required to approve the nomination or (B) otherwise to solicit proxies from Stockholders in support of such nomination;

(vii) all other information that would be required to be filed with the SEC if the Nominating Stockholders and Stockholder Associated Persons were participants in a solicitation subject to Section 14 of the Exchange Act; and

(viii) a representation and covenant for the benefit of the Corporation that the Nominating Stockholders shall provide any other information reasonably requested by the Corporation.

(g) The Nominating Stockholders shall also provide any other information reasonably requested by the Corporation within ten (10) business days after such request.

(h) In addition, the Nominating Stockholders shall further update and supplement the information provided to the Corporation in the Notice of Nomination or upon the Corporation’s request pursuant to Section 3.03(g) as needed, so that such information shall be true and correct as of the record date for the meeting and as of the date that is ten (10) business days before the meeting or any adjournment or postponement thereof. Such update and supplement must be delivered personally or mailed to, and received at, the Office of the Corporation, addressed to the Secretary, by no later than five (5) business days after the record

date for the meeting (in the case of the update and supplement required to be made as of the record date), and not later than seven (7) business days before the date for the meeting (in the case of the update and supplement required to be made as of ten (10) business days before the meeting or any adjournment or postponement thereof).

(i) The person presiding over the meeting shall, if the facts warrant, determine and declare to the meeting, that the nomination was not made in accordance with the procedures set forth in this Section 3.03, and, if he or she should so determine, he or she shall so declare to the meeting and the defective nomination shall be disregarded.

(j) If the Stockholder (or a qualified representative of the Stockholder) does not appear at the applicable Stockholder meeting to nominate the Stockholder Nominees, such nomination shall be disregarded and such business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the Corporation. For purposes of this Section 3.03, to be considered a qualified representative of the Stockholder, a person must be a duly authorized officer, manager or partner of such Stockholder or must be authorized by a writing executed by such Stockholder or an electronic transmission delivered by such Stockholder to act for such Stockholder as proxy at the meeting of Stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of Stockholders.

(k) Nothing in this Section 3.03 shall be deemed to affect any rights of the holders of any series of preferred stock of the Corporation pursuant to any applicable provision of the Certificate of Incorporation.

Section 3.04 *Nominee and Director Qualifications*. Unless the Board determines otherwise, to be eligible to be a nominee for election or reelection as a Director, a person must deliver (in accordance with the time periods prescribed for delivery of notice by the Board) to the Secretary at the Office of the Corporation a written questionnaire with respect to the background and qualification of such person and the background of any other person or entity on whose behalf the nomination is being made (which questionnaire shall be provided by the Secretary upon written request) and a written representation and agreement (in the form provided by the Secretary upon written request) that such person (a) is not and will not become a party to (i) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person will act or vote as a Director on any issue or question (a “**Voting Commitment**”) that has not been disclosed to the Corporation or (ii) any Voting Commitment that could limit or interfere with such person’s ability to comply with such person’s fiduciary duties as a Director under applicable law, (b) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a Director that has not been disclosed therein, and (c) in such person’s individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, and will comply with all applicable publicly disclosed corporate governance, conflict of interest, confidentiality and stock

ownership and trading and other policies and guidelines of the Corporation that are applicable to Directors.

Section 3.05 *Resignation*. Any Director may resign at any time by notice given in writing or by electronic transmission to the Corporation. Such resignation shall take effect at the date of receipt of such notice or at such later time as is therein specified, and, unless otherwise specified in such resignation, the acceptance of such resignation shall not be necessary to make it effective.

Section 3.06 *Compensation*. Each Director, in consideration of his or her service as such, shall be entitled to receive from the Corporation such amount per annum or such fees (payable in cash or equity) for attendance at Directors' meetings, or both, as the Board may from time to time determine, together with reimbursement for the reasonable out-of-pocket expenses, if any, incurred by such Director in connection with the performance of his or her duties. Each Director who shall serve as a member of any committee of Directors in consideration of serving as such shall be entitled to such additional amount per annum or such fees for attendance at committee meetings, or both, as the Board may from time to time determine, together with reimbursement for the reasonable out-of-pocket expenses, if any, incurred by such Director in the performance of his or her duties. Nothing contained in this Section 3.06 shall preclude any Director from serving the Corporation or its subsidiaries in any other capacity and receiving proper compensation therefor.

Section 3.07 *Regular Meetings*. Regular meetings of the Board may be held without notice at such times and at such places within or without the State of Delaware as may be determined from time to time by the Board or its Chairman.

Section 3.08 *Special Meetings*. Special meetings of the Board may be held at such times and at such places within or without the State of Delaware as may be determined by the Chairman or the Chief Executive Officer and shall be held at such time, date and place as may be determined by the person calling the meeting. Notice of each special meeting of the Board shall be given, as provided in Section 3.11, to each director (i) at least 24 hours before the meeting if such notice is oral notice given personally or by telephone or written notice given by hand delivery or by means of a form of electronic transmission and delivery; (ii) at least two days before the meeting if such notice is sent by a nationally recognized overnight delivery service; and (iii) at least five days before the meeting if such notice is sent through the United States mail. Except as may be otherwise expressly provided by applicable law, the Certificate of Incorporation, or these By-Laws, neither the business to be transacted at, nor the purpose of, any special meeting need be specified in the notice or waiver of notice of such meeting. A special meeting may be held at any time without notice if all the directors are present or if those not present waive notice of the meeting in accordance with Section 3.12.

Section 3.09 *Telephone Meetings*. Board or Board committee meetings may be held by means of telephone conference or other communications equipment by means of which all persons participating in the meeting can hear each other. Participation by a Director in a meeting pursuant to this Section 3.09 shall constitute presence in person at such meeting.

Section 3.10 *Adjourned Meetings*. A majority of the Directors present at any meeting of the Board, including an adjourned meeting, whether or not a quorum is present, may adjourn and reconvene such meeting to another time and place. At least twenty-four (24) hours' notice of any adjourned meeting of the Board shall be given to each Director whether or not present at the time of the adjournment, if such notice shall be given by one of the means specified in Section 3.11 hereof other than by nationally recognized overnight delivery service or United States mail, or at least three (3) days' notice if by nationally recognized overnight delivery service, or at least five (5) days' notice if by mail. Any business may be transacted at an adjourned meeting that might have been transacted at the meeting as originally called.

Section 3.11 *Notice Procedure*. Subject to Section 3.08 and 3.12 hereof, whenever notice is required to be given to any Director by applicable law, the Certificate of Incorporation or these By-laws, such notice shall be deemed given effectively if given in person or by telephone, nationally recognized overnight delivery service, United States mail or electronic mail addressed to such Director at such Director's address, telephone number or email address, as applicable, as it appears on the records of the Corporation.

Section 3.12 *Waiver of Notice*. Whenever the giving of any notice to Directors is required by applicable law, the Certificate of Incorporation or these By-laws, a waiver thereof, in writing signed by the Director entitled to the notice, whether before or after such notice is required, shall be deemed equivalent to notice. Attendance by a Director at a meeting shall constitute a waiver of notice of such meeting except when the Director attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business on the ground that the meeting was not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special Board or committee meeting need be specified in any waiver of notice.

Section 3.13 *Organization*. At each meeting of the Board, the Chairman or, in the absence of the Chairman, the Chief Executive Officer shall preside. The Secretary shall act as secretary at each meeting of the Board. If the Secretary is absent from any meeting of the Board, an Assistant Secretary shall perform the duties of secretary at such meeting; and in the absence from any such meeting of the Secretary and all Assistant Secretaries, the person presiding at the meeting may appoint any person to act as secretary of the meeting.

Section 3.14 *Quorum of Directors*. The presence in person of a majority of the total members of Board, which shall include either the Chairman or the Chief Executive Officer (if the Chief Executive Officer is then a member of the board), shall be necessary and sufficient to constitute a quorum for the transaction of business at any meeting of the Board.

Section 3.15 *Action by Majority Vote*. Except as otherwise expressly required by these By-laws, or the Certificate of Incorporation, the vote of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board; *provided* that to the extent one or more Directors recuses himself or herself from an act, the act of a majority of the remaining Directors present shall be the act of the Board.

Section 3.16 *Action Without Meeting.* Unless otherwise restricted by these By-laws, any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting if all Directors or members of such committee, as the case may be, consent thereto in writing or by electronic transmission, and the writings or electronic transmissions are filed with the minutes of proceedings of the Board or committee.

ARTICLE 4 COMMITTEES OF THE BOARD

The Board may, by resolution, designate one or more committees, each committee to consist of one or more of the Directors of the Corporation. The Board may, by resolution, adopt charters for one or more of such committees. The Board may designate one or more Directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of such committee. If a member of a committee shall be absent from any meeting, or disqualified from voting thereat, the remaining member or members present at the meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may, by a unanimous vote, appoint another member of the Board to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent permitted by applicable law, and to the extent provided in the resolution of the Board designating such committee or the charter for such committee, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation and may authorize the seal of the Corporation to be affixed to all papers that may require it to the extent so authorized by the Board. The Board may remove any Director from any committee at any time, with or without cause. Unless the Board provides otherwise, at all meetings of such committee, a majority of the then authorized members of the committee shall constitute a quorum for the transaction of business, and the vote of a majority of the members of the committee present at any meeting at which there is a quorum shall be the act of the committee. Each committee shall keep regular minutes of its meetings. Unless the Board provides otherwise, each committee designated by the Board may make, alter and repeal rules and procedures for the conduct of its business. In the absence of such rules and procedures, each committee shall conduct its business in the same manner as the Board conducts its business pursuant to Article 3.

ARTICLE 5 OFFICERS

Section 5.01 *Positions; Election.* The Board may from time to time elect officers of the Corporation, which may include a Chairman, Chief Executive Officer, President, Vice Presidents, Secretary, Treasurer and any other officers as it may deem proper or may delegate to any elected officer of the Corporation the power to appoint and remove any such officers and to prescribe their respective terms of office, authorities and duties. Any number of offices may be held by the same person. Should the Corporation or any of its Subsidiaries enter into any management services or similar agreement with another entity (each as may be amended, supplemented, restated or replaced from time to time), the officers of the Corporation may be the officers or employees of such entity to the extent permitted by applicable law.

Section 5.02 *Term of Office.* Each officer of the Corporation shall hold office for such terms as may be determined by the Board or, except with respect to his or her own office, the Chief Executive Officer, or until such officer's successor is elected and qualifies or until such officer's earlier death, resignation or removal. Any officer may resign at any time upon written notice to the Corporation. Such resignation shall take effect at the date of receipt of such notice or at such later time as is therein specified, and, unless otherwise specified, the acceptance of such resignation shall not be necessary to make it effective. The resignation of an officer shall be without prejudice to the contract rights of the Corporation, if any. Any officer may be removed at any time with or without cause by the Board or, in the case of appointed officers, by any elected officer upon whom such power of removal shall have been conferred by the Board. Any vacancy occurring in any office of the Corporation may be filled by the Board or, in the case of appointed officers, by any elected officer upon whom such power of appointment shall have been conferred by the Board. The election or appointment of an officer shall not of itself create contract rights.

Section 5.03 *Chairman.* The Chairman shall preside at all meetings of the Stockholders and at all meetings of the Board and shall exercise such powers and perform such other duties as shall be determined from time to time by the Board. In addition to the responsibilities, powers and duties of the Chairman, an Executive Chairman (if there be one) shall exercise such powers and perform such other duties as shall be determined from time to time by the Board and may sign and execute in the name of the Corporation deeds, mortgages, bonds, contracts and other instruments, except in cases in which the signing and execution thereof shall be expressly delegated by resolution of the Board or by these By-laws to some other officer or agent of the Corporation, or shall be required by applicable law otherwise to be signed or executed.

Section 5.04 *Chief Executive Officer.* The Chief Executive Officer shall have general supervision over, and direction of, the business and affairs of the Corporation, subject, however, to the control of the Board and of any duly authorized committee of the Board. The Chief Executive Officer shall preside at all meetings of the Stockholders and at all meetings of the Board at which the Chairman is not present. The Chief Executive Officer may sign and execute in the name of the Corporation deeds, mortgages, bonds, contracts and other instruments, except in cases in which the signing and execution thereof shall be expressly delegated by resolution of the Board or by these By-laws to some other officer or agent of the Corporation, or shall be required by applicable law otherwise to be signed or executed and, in general, the Chief Executive Officer shall perform all duties incident to the office of Chief Executive Officer of a corporation and such other duties as may be determined from time to time by the Board.

Section 5.05 *President.* The President shall have duties incident to the office of President, and any other duties as may from time to time be assigned to the President by the Chief Executive Officer (if the President and Chief Executive Officer are not the same person) or the Board and subject to the control of the Chief Executive Officer (if the President and Chief Executive Officer are not the same person) and the Board in each case. The President shall preside at all meetings of the Stockholders at which the Chairman and the Chief Executive Officer are not present. The President may sign and execute in the name of the Corporation deeds, mortgages, bonds, contracts and other instruments, except in cases in which the signing

and execution thereof shall be expressly delegated by the Board or by these By-laws to some other officer or agent of the Corporation, or shall be required by applicable law otherwise to be signed or executed.

Section 5.06 *Vice Presidents.* Vice Presidents shall have the duties incident to the office of Vice President and any other duties that may from time to time be assigned to the Vice President by the Chief Executive Officer, the President or the Board. A Vice President shall preside at all meetings of the Stockholders at which the Chairman, the Chief Executive Officer and the President are not present. Any Vice President may sign and execute in the name of the Corporation deeds, mortgages, bonds, contracts or other instruments, except in cases in which the signing and execution thereof shall be expressly delegated by the Board or by these By-laws to some other officer or agent of the Corporation, or shall be required by applicable law otherwise to be signed or executed.

Section 5.07 *Secretary.* The Secretary shall attend all meetings of the Board and of the Stockholders, record all the proceedings of the meetings of the Board and of the Stockholders in a book to be kept for that purpose and perform like duties for committees of the Board, when required. The Secretary shall give, or cause to be given, notice of all special meetings of the Board and of the Stockholders and perform such other duties as may be prescribed by the Board, the Chief Executive Officer or the President. The Secretary shall have custody of the corporate seal of the Corporation and the Secretary or an Assistant Secretary shall have authority to affix the same on any instrument that may require it, and when so affixed, the seal may be attested by the signature of the Secretary or by the signature of such Assistant Secretary. The Board may give general authority to any other officer to affix the seal of the Corporation and to attest the same by such officer's signature. The Secretary or an Assistant Secretary may also attest all instruments signed by the Executive Chairman, Chief Executive Officer, President or any Vice President. The Secretary shall have charge of all the books, records and papers of the Corporation relating to its organization and management, see that the reports, statements and other documents required by applicable law are properly kept and filed and, in general, perform all duties incident to the office of secretary of a corporation and such other duties as may from time to time be assigned to the Secretary by the Board, the Chief Executive Officer or the President.

Section 5.08 *Treasurer.* The Treasurer shall have charge and custody of, and be responsible for, all funds, securities and notes of the Corporation, receive and give receipts for moneys due and payable to the Corporation from any sources whatsoever; deposit all such moneys and valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board, against proper vouchers, cause such funds to be disbursed by checks or drafts on the authorized depositories of the Corporation signed in such manner as shall be determined by the Board and be responsible for the accuracy of the amounts of all moneys so disbursed, regularly enter or cause to be entered in books or other records maintained for the purpose full and adequate account of all moneys received or paid for the account of the Corporation, have the right to require from time to time reports or statements giving such information as the Treasurer may desire with respect to any and all financial transactions of the Corporation from the officers or agents transacting the same, render to the Chief Executive

Officer, the President or the Board, whenever the Chief Executive Officer, the President or the Board shall require the Treasurer so to do, an account of the financial condition of the Corporation and of all financial transactions of the Corporation, disburse the funds of the Corporation as ordered by the Board and, in general, perform all duties incident to the office of Treasurer of a corporation and such other duties as may from time to time be assigned to the Treasurer by the Board, the Chief Executive Officer or the President.

Section 5.09 *Assistant Secretaries and Assistant Treasurers*. Assistant Secretaries and Assistant Treasurers shall perform such duties as shall be assigned to them by the Secretary or by the Treasurer, respectively, or by the Board, the Chief Executive Officer or the President.

ARTICLE 6 GENERAL PROVISIONS

Section 6.01 *Certificates Representing Shares*. The shares of stock of the Corporation may be represented by certificates or all of such shares shall be uncertificated shares that may be evidenced by a book-entry system maintained by the registrar of such stock, or a combination of both. If shares are represented by certificates (if any), such certificates shall be in the form approved by the Board. The certificates representing shares of stock of each class shall be signed by, or in the name of, the Corporation by the Chairman, the Chief Executive Officer, the President or any Vice President, and by the Secretary, any Assistant Secretary, the Treasurer or any Assistant Treasurer. Any or all such signatures may be facsimiles. Although any officer, transfer agent or registrar whose manual or facsimile signature is affixed to such a certificate ceases to be such officer, transfer agent or registrar before such certificate has been issued, it may nevertheless be issued by the Corporation with the same effect as if such officer, transfer agent or registrar were still such at the date of its issue.

Section 6.02 *Transfer and Registry Agents*. The Corporation may from time to time maintain one or more transfer offices or agents and registry offices or agents at such place or places as may be determined from time to time by the Board.

Section 6.03 *Lost, Stolen or Destroyed Certificates*. The Corporation may issue a new certificate of stock in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate or his legal representative to give the Corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate.

Section 6.04 *Form of Records*. Any records maintained by the Corporation in the regular course of its business, including its stock ledger, books of account and minute books, may be maintained on any information storage device or method; *provided* that the records so kept can be converted into clearly legible paper form within a reasonable time. The Corporation shall so convert any records so kept upon the request of any person entitled to inspect such records pursuant to applicable law.

Section 6.05 *Dividends and Reserves*. Except as otherwise expressly required by these By-laws, or the Certificate of Incorporation, the Board may from time to time declare, and the Corporation may pay, dividends (payable in cash, property or shares of the Corporation's capital stock) on the Corporation's outstanding shares of capital stock. The Board may set apart out of any of the funds of the Corporation available for dividends a reserve or reserves for any proper purpose and may abolish any such reserve.

Section 6.06 *Seal*. The corporate seal shall have the name of the Corporation inscribed thereon and shall be in such form as may be approved from time to time by the Board. The seal may be used by causing it or a facsimile thereof to be impressed or affixed or otherwise reproduced.

Section 6.07 *Fiscal Year*. The fiscal year of the Corporation shall be determined by the Board.

Section 6.08 *Amendments*. These By-laws may be altered, amended or repealed in accordance with the Certificate of Incorporation and the General Corporation Law.

Section 6.09 *Conflict with Applicable Law or Certificate of Incorporation*. These By-laws are adopted subject to any applicable law and the Certificate of Incorporation. Whenever these By-laws may conflict with any applicable law or the Certificate of Incorporation, such conflict shall be resolved in favor of such law or the Certificate of Incorporation.

REGISTRATION RIGHTS AGREEMENT

by and among

the Persons listed on Schedule A hereto

and

TWFG, INC.

Dated as of [•], 2024

This REGISTRATION RIGHTS AGREEMENT, dated as of [•], 2024 (as it may be amended, supplemented or otherwise modified from time to time, this “**Agreement**”), is made among TWFG, Inc., a Delaware corporation (the “**Company**”); the shareholders listed on Schedule A hereto and any transferee of Registrable Securities to whom any Person who is a party to this Agreement shall Assign any rights hereunder in accordance with Section 4.5 (each such Person, a “**Holder**”). Capitalized terms used in this Agreement without definition have the meaning set forth in Section 1.

1. Certain Definitions. As used herein, the following terms shall have the following meanings:

“**Additional Piggyback Rights**” has the meaning set forth in Section 2.2(c).

“**Affiliate**” means with respect to any Person, any other Person that directly or indirectly controls, is controlled by or is under direct or indirect common control with such Person.

“**Agreement**” has the meaning set forth in the preamble.

“**Assign**” means to directly or indirectly sell, transfer, assign, distribute, exchange, pledge, hypothecate, mortgage, grant a security interest in, encumber or otherwise dispose of Registrable Securities, whether voluntarily or by operation of law, including by way of a merger. “**Assignor**,” “**Assignee**,” “**Assigning**” and “**Assignment**” have meanings corresponding to the foregoing.

“**automatic shelf registration statement**” has the meaning set forth in Section 2.4.

“**Board**” means the Board of Directors of the Company.

“**Business Day**” means any day other than a Saturday, Sunday or day on which banking institutions in Houston, Texas are authorized or obligated by law or executive order to close.

“**Carryover Amount**” for any Holder means, with respect to any registered offering in which such Holder elected not to participate after receipt of a notice under Section 2.2(a), a number of Registrable Securities equal to the number of Registrable Securities then held by such Holder, multiplied by a fraction (expressed as a percentage), the numerator of which is equal to the number of Registrable Securities sold by the Holder that sold the most Registrable Securities in such offering and the denominator of which is the number of Registrable Securities held by such Holder immediately prior to such offering.

“**Claims**” has the meaning set forth in Section 2.9(a).

“**Company**” has the meaning set forth in the preamble.

“**Company Shares**” means Class A common stock of the Company, par value \$0.01 per share, and any and all securities of any kind whatsoever of the Company that may be issued by the Company after the date hereof in respect of, in exchange for, or in substitution of, Company

Shares, pursuant to any stock dividends, splits, reverse splits, combinations, reclassifications, recapitalizations, reorganizations and the like occurring after the date hereof.

“**Company Shares Equivalents**” means all options, warrants and other securities convertible into, or exchangeable or exercisable for (at any time or upon the occurrence of any event or contingency and without regard to any vesting or other conditions to which such securities may be subject) Company Shares or other equity securities of the Company (including, without limitation, any note or debt security convertible into or exchangeable for Company Shares or other equity securities of the Company) and any LLC Units.

“**Demand Exercise Notice**” has the meaning set forth in Section 2.1(a).

“**Demand Registration**” has the meaning set forth in Section 2.1(a).

“**Demand Registration Request**” has the meaning set forth in Section 2.1(a).

“**Exchange**” means the exchange of shares of Class B Common Stock, par value \$0.01 per share or Class C Common Stock, par value \$0.01 per share, of the Company (together with LLC Units) for shares of Class A Common Stock, par value \$0.01 per share of the Company, pursuant to the LLC Agreement.

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended.

“**Expenses**” means any and all fees and expenses incident to the Company’s performance of or compliance with Article 2, including, without limitation: (i) SEC, stock exchange or FINRA registration and filing fees and all listing fees and fees with respect to the inclusion of securities on the Nasdaq Global Select Market or on any other securities market on which the Company Shares are listed or quoted, (ii) fees and expenses of compliance with state securities or “blue sky” laws and in connection with the preparation of a “blue sky” survey, including, without limitation, reasonable fees and expenses of outside “blue sky” counsel, (iii) printing and copying expenses, (iv) messenger and delivery expenses, (v) expenses incurred in connection with any road show, (vi) fees and disbursements of counsel for the Company, (vii) with respect to each registration, the fees and disbursements of one counsel for the Participating Holder(s) (selected by the Majority Participating Holders), (viii) fees and disbursements of all independent public accountants (including the expenses of any audit and/or comfort letter and updates thereof) and fees and expenses of other Persons, including special experts, retained by the Company, (ix) fees and expenses payable to any Qualified Independent Underwriter, (x) any other fees and disbursements of underwriters, if any, customarily paid by issuers or sellers of securities (excluding, for the avoidance of doubt, any underwriting discount or spread) and (xi) expenses for securities law liability insurance and any rating agency fees.

“**FINRA**” means the Financial Industry Regulatory Authority.

“**Holder**” or “**Holdings**” has the meaning set forth in the preamble.

“**Initiating Holder(s)**” has the meaning set forth in Section 2.1(a).

“**IPO**” means the first underwritten public offering of the common stock of the Company to the general public pursuant to a registration statement filed with the SEC completed on or about the date of this Agreement.

“**LLC**” means TWFG Holding Company, LLC, a Texas limited liability company and its successors.

“**LLC Agreement**” means the Third Amended and Restated Limited Liability Agreement of TWFG Holding Company, LLC, a Texas limited liability company.

“**LLC Unit**” means a common limited liability interest in the LLC or any other class of limited liability interests in the LLC.

“**Lock-Up Agreement**” means any agreement entered into by a Holder that provides for restrictions on the transfer of Registrable Securities held by such Holder.

“**Majority Participating Holders**” means the Participating Holders holding more than 50% of the Registrable Securities proposed to be included in such offering.

“**Manager**” has the meaning set forth in Section 2.1(c).

“**Participating Holders**” means all Holders of Registrable Securities which are proposed to be included in any registration or offering of Registrable Securities pursuant to Section 2.1 or Section 2.2.

“**Person**” means any individual, corporation (including not-for-profit), general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, governmental entity or agency or other entity of any kind or nature.

“**Piggyback Shares**” has the meaning set forth in Section 2.3(a)(iv).

“**Qualified Independent Underwriter**” means a “qualified independent underwriter” within the meaning of FINRA Rule 5121.

“**Registrable Securities**” means any Company Shares held by the Holders at any time (including those held as a result of the conversion or exercise of Company Shares Equivalents) and any Company Shares issuable upon an Exchange; *provided* that, as to any Registrable Securities held by a particular Holder, such securities shall cease to be Registrable Securities when (a) a registration statement with respect to the sale of such securities shall have been declared effective under the Securities Act and such securities shall have been disposed of in accordance with such registration statement, or (b) on advice of counsel to the Company, which counsel shall be reasonably acceptable to the relevant Holder, such securities may be sold or disposed of by such Holder without the volume, manner of sale and public information limitations under Rule 144 (or any similar provisions then in force). For the avoidance of doubt, it being understood that any Company Share issuable upon an Exchange shall be considered a Registrable Security and held by the Holder of the LLC Unit with respect to which it is issuable for all purposes hereunder prior to its issuance.

“**Rule 144**” and “**Rule 144A**” have the meaning set forth in Section 4.2.

“**SEC**” means the U.S. Securities and Exchange Commission.

“**Section 2.3(a) Sale Number**” has the meaning set forth in Section 2.3(a).

“**Section 2.3(b) Sale Number**” has the meaning set forth in Section 2.3(b).

“**Section 2.3(c) Sale Number**” has the meaning set forth in Section 2.3(c).

“**Securities Act**” means the United States Securities Act of 1933, as amended, and any successor thereto, and any rules and regulations promulgated thereunder, all as the same shall be in effect from time to time.

“**Subsidiary**” means any direct or indirect subsidiary of the Company on the date hereof and any direct or indirect subsidiary of the Company organized or acquired after the date hereof.

“**Transfer**” means, with respect to any Company Shares, (i) when used as a verb, to sell, assign, dispose of, exchange, pledge, mortgage, encumber, hypothecate or otherwise transfer, in whole or in part, any of the economic consequences of ownership of such Company Shares, whether directly or indirectly, or agree or commit to do any of the foregoing and (ii) when used as a noun, a direct or indirect sale, assignment, disposition, exchange, pledge, mortgage, encumbrance, hypothecation or other transfer, in whole or in part, of any of the economic consequences of ownership of such Company Shares or any agreement or commitment to do any of the foregoing. For the avoidance of doubt, a transfer, sale, exchange, assignment, pledge, hypothecation or other encumbrance or other disposition of an interest in any Holder, or direct or indirect parent thereof, all or substantially all of whose assets are, directly or indirectly, Company Shares, shall constitute a “Transfer” of Company Shares for purposes of this Agreement. For the avoidance of doubt, a transfer, sale, exchange, assignment, pledge, hypothecation or other encumbrance or other disposition of an interest in any Holder, or direct or indirect parent thereof, which has substantial assets in addition to Company Shares shall not constitute a “Transfer” of Company Shares for purposes of this Agreement.

“**Valid Business Reason**” has the meaning set forth in Section 2.1(a)(iii).

“**WKSI**” has the meaning set forth in Section 2.4.

2. Registration Rights.

2.1 *Demand Registrations.* (a) If the Company shall receive from any Holder or group of Holders holding at least fifty percent (50%) of the Registrable Securities, in either case at any time beginning 180 days after the closing of the IPO, a written request that the Company file a registration statement with respect to Registrable Securities (a “**Demand Registration Request**,” and the registration so requested is referred to herein as a “**Demand Registration**,” and the sender(s) of such request pursuant to this Agreement shall be known as the “**Initiating Holder(s)**”), then the Company shall, within five Business Days of the receipt thereof, give written notice (the “**Demand Exercise Notice**”) of such request to all other Holders, and subject

to the limitations of this Section 2.1, use its reasonable best efforts to effect, as soon as practicable, the registration under the Securities Act (including, without limitation, by means of a shelf registration pursuant to Rule 415 thereunder if so requested and if the Company is then eligible to use such a registration) of all Registrable Securities that the Holders request to be registered. There is no limitation on the number of Demand Registrations pursuant to this Section 2.1 which the Company is obligated to effect. However, the Company shall not be obligated to take any action to effect any Demand Registration:

(i) within three months after a Demand Registration pursuant to this Section 2.1 that has been declared or become effective;

(ii) during the period starting with the date 15 days prior to its good faith estimate of the date of filing of, and ending on a date 90 days after the effective date of, a Company-initiated registration (other than a registration relating solely to the sale of securities to employees of the Company pursuant to a stock option, stock purchase or similar plan or to an SEC Rule 145 transaction), *provided* that the Company is actively employing in good faith all reasonable efforts to cause such registration statement to become effective;

(iii) where the anticipated offering price, before any underwriting discounts or commissions and any offering-related expenses, is less than \$25,000,000;

(iv) if the Company shall furnish to such Holders a certificate signed by the Chief Executive Officer of the Company stating that in the good faith judgment of the Board, any registration of Registrable Securities should not be made or continued (or sales under a shelf registration statement should be suspended) because (i) such registration (or continued sales under a shelf registration statement) would materially interfere with a material financing, acquisition, corporate reorganization or merger or other material transaction or event involving the Company or any of its subsidiaries or (ii) the Company is in possession of material non-public information, the disclosure of which has been determined by the Board to not be in the Company's best interests (in either case, a "**Valid Business Reason**"), then (x) the Company may postpone filing a registration statement relating to a Demand Registration Request or suspend sales under an existing shelf registration statement until five Business Days after such Valid Business Reason no longer exists, but in no event for more than 90 days after the date the Board determines a Valid Business Reason exists and (y) in case a registration statement has been filed relating to a Demand Registration Request, if the Valid Business Reason has not resulted from actions taken by the Company, the Company may cause such registration statement to be withdrawn and its effectiveness terminated or may postpone amending or supplementing such registration statement until five Business Days after such Valid Business Reason no longer exists, but in no event for more than 90 days after the date the Board determines a Valid Business Reason exists; and the Company shall give written notice to the Participating Holders of its determination to postpone or withdraw a registration statement or suspend sales under a shelf registration statement and of the fact that the Valid Business Reason for such postponement, withdrawal or

suspension no longer exists, in each case, promptly after the occurrence thereof; *provided, however*, that the Company shall not defer its obligation in this manner for more than 90 days in any 12 month period; or

(v) in any particular jurisdiction in which the Company would be required to qualify to do business or to execute a general consent to service of process in effecting such registration, qualification or compliance.

If the Company shall give any notice of postponement, withdrawal or suspension of any registration statement pursuant to clause (iv) of this Section 2.1(a), the Company shall not, during the period of postponement, withdrawal or suspension, register any Company Shares, other than pursuant to a registration statement on Form S-4 or S-8 (or an equivalent registration form then in effect). Each Holder of Registrable Securities agrees that, upon receipt of any notice from the Company that the Company has determined to withdraw any registration statement pursuant to clause (iv) of this Section 2.1(a), such Holder will discontinue its disposition of Registrable Securities pursuant to such registration statement and, if so directed by the Company, will deliver to the Company (at the Company's expense) all copies, other than permanent file copies, then in such Holder's possession of the prospectus covering such Registrable Securities that was in effect at the time of receipt of such notice. If the Company shall have withdrawn or prematurely terminated a registration statement filed pursuant to a Demand Registration (whether pursuant to clause (iv) of this Section 2.1(a) or as a result of any stop order, injunction or other order or requirement of the SEC or any other governmental agency or court), the Company shall not be considered to have effected an effective registration for the purposes of this Agreement until the Company shall have filed a new registration statement covering the Registrable Securities covered by the withdrawn registration statement and such registration statement shall have been declared effective and shall not have been withdrawn. If the Company shall give any notice of withdrawal or postponement of a registration statement, the Company shall, not later than five Business Days after the Valid Business Reason that caused such withdrawal or postponement no longer exists (but in no event later than 90 days after the date of the postponement or withdrawal), use its reasonable best efforts to effect the registration under the Securities Act of the Registrable Securities covered by the withdrawn or postponed registration statement in accordance with Section 2.1 (unless the Initiating Holders shall have withdrawn such request, in which case the Company shall not be considered to have effected an effective registration for the purposes of this Agreement), and such registration shall not be withdrawn or postponed pursuant to clause (iv) of this Section 2.1(a).

(b)

(i) The Company, subject to Sections 2.3 and 2.6, shall include in a Demand Registration (A) the Registrable Securities of the Initiating Holders and (B) the Registrable Securities of any other Holder of Registrable Securities, which shall have made a written request to the Company for inclusion in such registration pursuant to Section 2.2 (which request shall specify the maximum number of Registrable Securities

intended to be disposed of by such Participating Holder) within ten Business Days after the receipt of the Demand Exercise Notice.

(ii) The Company shall, as expeditiously as possible, but subject to the limitations set forth in this Section 2.1, use its reasonable best efforts to (A) effect such registration under the Securities Act (including, without limitation, by means of a shelf registration pursuant to Rule 415 under the Securities Act if so requested and if the Company is then eligible to use such a registration) of the Registrable Securities which the Company has been so requested to register, for distribution in accordance with such intended method of distribution and (B) if requested by the Majority Participating Holders, obtain acceleration of the effective date of the registration statement relating to such registration.

(c) In connection with any Demand Registration, the Majority Participating Holders shall have the right to designate the lead managing underwriter (any lead managing underwriter for the purposes of this Agreement, the “**Manager**”) in connection with such registration and each other managing underwriter for such registration, in each case subject to consent of the Company, not be unreasonably withheld.

(d) If so requested by the Initiating Holder(s), the Company (together with all Holders proposing to distribute their securities through such underwriting) shall enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting by the Company in its sole discretion.

(e) Any Holder that intends to sell Registrable Securities by means of a shelf registration pursuant to Rule 415 shall give the Company two days’ prior notice of any such sale.

2.2 Piggyback Registrations.

(a) If, at any time or from time to time the Company will register or commence an offering of any of its securities for its own account (other than pursuant to registrations on Form S-4 or Form S-8 or any similar successor forms thereto) (including but not limited to the registrations or offerings pursuant to Section 2.1), the Company will:

(i) promptly give to each Holder written notice thereof (in any event within five Business Days); and

(ii) include in such registration and in any underwriting involved therein (if any), all the Registrable Securities specified in a written request or requests, made within 10 Business Days after mailing or personal delivery of such written notice from the Company, by any of the Holders, except as set forth in Sections 2.2(b) and 2.2(f), with the securities which the Company at the time proposes to register or sell to permit the sale or other disposition by the Holders (in accordance with the intended method of distribution thereof) of the Registrable Securities to be so registered or sold, including, if necessary, by filing with the SEC a post-effective amendment or a supplement to the registration statement filed by the Company or the prospectus related

thereto. There is no limitation on the number of such piggyback registrations pursuant to the preceding sentence which the Company is obligated to effect. No registration of Registrable Securities effected under this Section 2.2(a) shall relieve the Company of its obligations to effect Demand Registrations under Section 2.1 hereof.

(b) If the registration in this Section 2.2 involves an underwritten offering, the right of any Holder to include its Registrable Securities in a registration or offering pursuant to this Section 2.2 shall be conditioned upon such Holder's participation in the underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their Registrable Securities through such underwriting shall (together with the Company) enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting by the Company.

(c) The Company, subject to Sections 2.3 and 2.6, may elect to include in any registration statement and offering pursuant to demand registration rights by any Person, (i) authorized but unissued shares of Company Shares or Company Shares held by the Company as treasury shares and (ii) any other Company Shares which are requested to be included in such registration pursuant to the exercise of piggyback registration rights granted by the Company after the date hereof and which are not inconsistent with the rights granted in, or otherwise conflict with the terms of, this Agreement ("**Additional Piggyback Rights**"); *provided, however*, that such inclusion shall be permitted only to the extent that it is pursuant to, and subject to, the terms of the underwriting agreement or arrangements, if any, entered into by the Initiating Holders.

(d) If, at any time after giving written notice of its intention to register or sell any equity securities and prior to the effective date of the registration statement filed in connection with such registration or sale of such equity securities, the Company shall determine for any reason not to register or sell or to delay registration or sale of such equity securities, the Company may, at its election, give written notice of such determination to all Holders of record of Registrable Securities and (i) in the case of a determination not to register or sell, shall be relieved of its obligation to register or sell any Registrable Securities in connection with such abandoned registration or sale, without prejudice, however, to the rights of Holders under Section 2.1, and (ii) in the case of a determination to delay such registration or sale of its equity securities, shall be permitted to delay the registration or sale of such Registrable Securities for the same period as the delay in registering such other equity securities.

(e) Notwithstanding anything contained herein to the contrary, the Company shall, at the request of any Holder, file any prospectus supplement or post-effective amendments and otherwise take any action necessary to include therein all disclosure and language deemed necessary or advisable by such Holder if such disclosure or language was not included in the initial registration statement, or revise such disclosure or language if deemed necessary or advisable by such Holder including filing a prospectus supplement naming the Holders, partners, members and shareholders to the extent required by law.

(f) Notwithstanding anything in this Agreement to the contrary, the rights of any Holder set forth in this Agreement shall be subject to any Lock-Up Agreement that such Holder has entered into.

2.3 Allocation of Securities Included in Registration Statement or Offering.

(a) Notwithstanding any other provision of this Agreement, in connection with an underwritten offering initiated by a Demand Registration Request, if the Manager advises the Initiating Holders in writing that marketing factors require a limitation of the number of shares to be underwritten (such number, the “**Section 2.3(a) Sale Number**”) within a price range acceptable to the Majority Participating Holders, the Initiating Holders shall so advise all Holders of Registrable Securities that would otherwise be underwritten pursuant hereto, and the Company shall use its reasonable best efforts to include in such registration or offering, as applicable, the number of shares of Registrable Securities in the registration and underwriting as follows:

(i) first, all Registrable Securities requested to be included in such registration or offering by the Holders thereof (including pursuant to the exercise of piggyback rights pursuant to Section 2.2); *provided, however*, that if such number of Registrable Securities exceeds the Section 2.3(a) Sale Number, the number of such Registrable Securities (not to exceed the Section 2.3(a) Sale Number) to be included in such registration shall be allocated among all such Holders requesting inclusion thereof in proportion, as nearly as practicable, to the respective amounts of Registrable Securities held by such Holders at the time of filing of the registration statement or the time of the offering, as applicable, as adjusted to give effect to any Carryover Amount(s) for any such Holder;

(ii) second, if by the withdrawal of Registrable Securities by a Participating Holder, a greater number of Registrable Securities held by other Holders, may be included in such registration or offering (up to the Section 2.3(a) Sale Number), then the Company shall offer to all Holders who have included Registrable Securities in the registration or offering the right to include additional Registrable Securities in the same proportions as set forth in Section 2.3(a)(i);

(iii) third, to the extent that the number of Registrable Securities to be included pursuant to clause (i) and (ii) of this Section 2.3(a) is less than the Section 2.3(a) Sale Number, and if the underwriter so agrees, any securities that the Company proposes to register or sell, up to the Section 2.3(a) Sale Number; and

(iv) fourth, to the extent that the number of securities to be included pursuant to clauses (i), (ii) and (iii) of this Section 2.3(a) is less than the Section 2.3(a) Sale Number, the remaining securities to be included in such registration or offering shall be allocated on a pro rata basis among all Persons requesting that securities be included in such registration or offering pursuant to the exercise of Additional Piggyback Rights (“**Piggyback Shares**”), based on the aggregate number of Piggyback Shares then owned

by each Person requesting inclusion in relation to the aggregate number of Piggyback Shares owned by all Persons requesting inclusion, up to the Section 2.3(a) Sale Number.

(b) In a registration involving an underwritten offering on behalf of the Company, which was initiated by the Company, if the Manager determines that marketing factors require a limitation of the number of shares to be underwritten (such number, the “**Section 2.3(b) Sale Number**”) within a price range acceptable to the Company, the Company shall so advise all Holders whose securities would otherwise be registered and underwritten pursuant hereto, and the number of shares of Registrable Securities that may be included in the registration and underwriting shall be allocated as follows:

(i) first, all equity securities that the Company proposes to register for its own account;

(ii) second, to the extent that the number of securities to be included pursuant to clause (i) of this Section 2.3(b) is less than the Section 2.3(b) Sale Number, among all Holders in proportion, as nearly as practicable, to the respective amounts of Registrable Securities held by such Holders at the time of such registration, up to the Section 2.3(b) Sale Number, as adjusted to give effect to any Carryover Amount(s) for any such Holder; and

(iii) third, to the extent that the number of securities to be included pursuant to clauses (i) and (ii) of this Section 2.3(b) is less than the Section 2.3(b) Sale Number, the remaining securities to be included in such registration shall be allocated on a pro rata basis among all Persons requesting that securities be included in such registration pursuant to the exercise of Additional Piggyback Rights, based on the aggregate number of Piggyback Shares then owned by each Person requesting inclusion in relation to the aggregate number of Piggyback Shares owned by all Persons requesting inclusion, up to the Section 2.3(b) Sale Number.

(c) If any registration pursuant to Section 2.2 involves an underwritten offering by any Person(s) other than a Holder to whom the Company has granted registration rights which are not inconsistent with the rights granted in, or otherwise conflict with the terms of, this Agreement, the Manager (as selected by the Company or such other Person) shall advise the Company that, in its view, the number of securities requested to be included in such registration exceeds the number (the “**Section 2.3(c) Sale Number**”) that can be sold in an orderly manner in such registration within a price range acceptable to the Company, the Company shall include shares in such registration as follows:

(i) first, the shares requested to be included in such registration shall be allocated on a pro rata basis among such Person(s) requesting the registration and all Holders requesting that Registrable Securities be included in such registration pursuant to the exercise of piggyback rights pursuant to Section 2.2, based on the aggregate number of securities or Registrable Securities, as applicable, then owned by each of the foregoing requesting inclusion in relation to the aggregate number of securities or Registrable Securities, as applicable, owned by all such Holders and Persons requesting inclusion, up

to the Section 2.3(c) Sale Number, as adjusted to give effect to any Carryover Amount(s) for any such Holder;

(ii) second, to the extent that the number of securities to be included pursuant to clause (i) of this Section 2.3(c) is less than the Section 2.3(c) Sale Number, the remaining shares to be included in such registration shall be allocated on a pro rata basis among all Persons requesting that securities be included in such registration pursuant to the exercise of Additional Piggyback Rights, based on the aggregate number of Piggyback Shares then owned by each Person requesting inclusion in relation to the aggregate number of Piggyback Shares owned by all Persons requesting inclusion, up to the Section 2.3(c) Sale Number; and

(iii) third, to the extent that the number of securities to be included pursuant to clauses (i) and (ii) of this Section 2.3(c) is less than the Section 2.3(c) Sale Number, the remaining shares to be included in such registration shall be allocated to shares the Company proposes to register for its own account, up to the Section 2.3(c) Sale Number.

(d) If any Holder of Registrable Securities disapproves of the terms of the underwriting, such Holder may elect to withdraw such Holder's request to include Registrable Securities in such registration or offering or may reduce the number requested to be included; *provided, however*, that (x) such request must be made in writing, to the Company, Manager and, if applicable, the Initiating Holder(s), prior to the execution of the underwriting agreement with respect to such registration and (y) such withdrawal or reduction shall be irrevocable and, after making such withdrawal or reduction, such Holder shall no longer have any right to include such withdrawn Registrable Securities in the registration as to which such withdrawal or reduction was made to the extent of the Registrable Securities so withdrawn or reduced.

2.4 Registration Procedures. If and whenever the Company is required by the provisions of this Agreement to use its reasonable best efforts to effect or cause the registration of any Registrable Securities under the Securities Act as provided in this Agreement, the Company shall, as expeditiously as possible (but, in any event, within 60 days after a Demand Registration Request in the case of Section 2.4(a) below), in connection with the registration of the Registrable Securities and, where applicable, a takedown off of a shelf registration statement:

(a) prepare and file with the SEC a registration statement on an appropriate registration form of the SEC for the disposition of such Registrable Securities in accordance with the intended method of disposition thereof, which registration form (i) shall be selected by the Company and (ii) shall, in the case of a shelf registration, be available for the sale of the Registrable Securities by the selling Holders thereof and such registration statement shall comply as to form in all material respects with the requirements of the applicable registration form and include all financial statements required by the SEC to be filed therewith, and the Company shall use its reasonable best efforts to cause such registration statement to become effective and remain continuously effective from the date such registration statement is declared effective until the earliest to occur of (A) the first date as of which all of the Registrable Securities included in the registration statement have been sold or (B) the expiration of a period of 90 days in the case

of an underwritten offering effected pursuant to a registration statement other than a shelf registration statement and a period of three years in the case of a shelf registration statement (*provided, however*, that before filing a registration statement or prospectus or any amendments or supplements thereto, or comparable statements under securities or state “blue sky” laws of any jurisdiction, or any free writing prospectus related thereto, the Company will furnish to one counsel for the Holders participating in the planned offering (selected by the Majority Participating Holders) and to one counsel for the Manager, if any, copies of all such documents proposed to be filed (including all exhibits thereto), which documents will be subject to the reasonable review and reasonable comment of such counsel (*provided* that the Company shall be under no obligation to make any changes suggested by the Holders), and the Company shall not file any registration statement or amendment thereto, any prospectus or supplement thereto or any free writing prospectus related thereto to which the Majority Participating Holders or the underwriters, if any, shall reasonably object);

(b) prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement continuously effective for the period set forth in Section 2.4(a) and to comply with the provisions of the Securities Act with respect to the sale or other disposition of all Registrable Securities covered by such registration statement in accordance with the intended methods of disposition by the seller or sellers thereof set forth in such registration statement (and, in connection with any shelf registration statement, file one or more prospectus supplements covering Registrable Securities upon the request of one or more Holders wishing to offer or sell Registrable Securities whether in an underwritten offering or otherwise);

(c) in the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the Manager of such offering;

(d) furnish, without charge, to each Participating Holder and each underwriter, if any, of the securities covered by such registration statement such number of copies of such registration statement, each amendment and supplement thereto (in each case including all exhibits), the prospectus included in such registration statement (including each preliminary prospectus and any summary prospectus), any other prospectus filed under Rule 424 under the Securities Act and each free writing prospectus utilized in connection therewith, in each case, in conformity with the requirements of the Securities Act, and other documents, as such seller and underwriter may reasonably request in order to facilitate the public sale or other disposition of the Registrable Securities owned by such seller (the Company hereby consenting to the use in accordance with all applicable law of each such registration statement (or amendment or post-effective amendment thereto) and each such prospectus (or preliminary prospectus or supplement thereto) or free writing prospectus by each such Participating Holder and the underwriters, if any, in connection with the offering and sale of the Registrable Securities covered by such registration statement or prospectus);

(e) use its reasonable best efforts to register or qualify the Registrable Securities covered by such registration statement under such other securities or state “blue sky”

laws of such jurisdictions as any sellers of Registrable Securities or any managing underwriter, if any, shall reasonably request in writing, and do any and all other acts and things which may be reasonably necessary or advisable to enable such sellers or underwriter, if any, to consummate the disposition of the Registrable Securities in such jurisdictions (including keeping such registration or qualification in effect for so long as such registration statement remains in effect), except that in no event shall the Company be required to qualify to do business as a foreign corporation in any jurisdiction where it would not, but for the requirements of this paragraph (e), be required to be so qualified, to subject itself to taxation in any such jurisdiction or to consent to general service of process in any such jurisdiction;

(f) promptly notify each Participating Holder and each managing underwriter, if any: (i) when the registration statement, any pre-effective amendment, the prospectus or any prospectus supplement related thereto, any post-effective amendment to the registration statement or any free writing prospectus has been filed and, with respect to the registration statement or any post-effective amendment, when the same has become effective; (ii) of any request by the SEC or state securities authority for amendments or supplements to the registration statement or the prospectus related thereto or for additional information; (iii) of the issuance by the SEC of any stop order suspending the effectiveness of the registration statement or the initiation of any proceedings for that purpose; (iv) of the receipt by the Company of any notification with respect to the suspension of the qualification of any Registrable Securities for sale under the securities or state “blue sky” laws of any jurisdiction or the initiation of any proceeding for such purpose; (v) of the existence of any fact of which the Company becomes aware which results in the registration statement or any amendment thereto, the prospectus related thereto or any supplement thereto, any document incorporated therein by reference, any free writing prospectus or the information conveyed to any purchaser at the time of sale to such purchaser containing an untrue statement of a material fact or omitting to state a material fact required to be stated therein or necessary to make any statement therein not misleading; and (vi) if at any time the representations and warranties contemplated by any underwriting agreement, securities sale agreement, or other similar agreement, relating to the offering shall cease to be true and correct in all material respects; and, if the notification relates to an event described in clause (v), the Company shall promptly prepare and furnish to each such seller and each underwriter, if any, a reasonable number of copies of a prospectus supplemented or amended so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein in the light of the circumstances under which they were made not misleading;

(g) comply (and continue to comply) with all applicable rules and regulations of the SEC (including, without limitation, maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13 a-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13 a-15(f)) in accordance with the Exchange Act), and make generally available to its security holders, as soon as reasonably practicable after the effective date of the registration statement (and in any event within 45 days, or 90 days if it is a fiscal year, after the end of such 12 month period described hereafter), an earnings statement (which need not be audited) covering the period of at least 12 consecutive months beginning with the first day

of the Company's first fiscal quarter after the effective date of the registration statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder;

(h) (i) (A) cause all such Registrable Securities covered by such registration statement to be listed on the principal securities exchange on which similar securities issued by the Company are then listed (if any), if the listing of such Registrable Securities is then permitted under the rules of such exchange, or (B) if no similar securities are then so listed, to cause all such Registrable Securities to be listed on a national securities exchange and, without limiting the generality of the foregoing, take all actions that may be required by the Company as the issuer of such Registrable Securities in order to facilitate the managing underwriter's arranging for the registration of at least two market makers as such with respect to such shares with FINRA, and (ii) comply (and continue to comply) with the requirements of any self-regulatory organization applicable to the Company, including without limitation all corporate governance requirements;

(i) provide and cause to be maintained a transfer agent and registrar for all such Registrable Securities covered by such registration statement not later than the effective date of such registration statement;

(j) enter into such customary agreements (including, if applicable, an underwriting agreement) and take such other actions as the Majority Participating Holders or the underwriters shall reasonably request in order to expedite or facilitate the disposition of such Registrable Securities (it being understood that the Holders of the Registrable Securities which are to be distributed by any underwriters shall be parties to any such underwriting agreement and may, at their option, require that the Company make to and for the benefit of such Holders the representations, warranties and covenants of the Company which are being made to and for the benefit of such underwriters);

(k) use its reasonable best efforts to (i) obtain an opinion from the Company's counsel and a comfort letter and updates thereof from the Company's independent public accountants who have certified the Company's financial statements included or incorporated by reference in such registration statement, in each case, in customary form and covering such matters as are customarily covered by such opinions and comfort letters (including, in the case of such comfort letter, events subsequent to the date of such financial statements) delivered to underwriters in underwritten public offerings, which opinion and letter shall be dated the dates such opinions and comfort letters are customarily dated and otherwise reasonably satisfactory to the underwriters, if any, and to the Majority Participating Holders, and (ii) furnish to each Holder participating in the offering and to each underwriter, if any, a copy of such opinion and letter addressed to such underwriter;

(l) deliver promptly to counsel for each Participating Holder and to each managing underwriter, if any, copies of all correspondence between the SEC and the Company, its counsel or auditors and all memoranda relating to discussions with the SEC or its staff with respect to the registration statement, and, upon receipt of such confidentiality agreements as the Company may reasonably request, make reasonably available for inspection by counsel for each

Participating Holder, by counsel for any underwriter, participating in any disposition to be effected pursuant to such registration statement and by any accountant or other agent retained by any Participating Holder or any such underwriter, all pertinent financial and other records, pertinent corporate documents and properties of the Company, and cause all of the Company's officers, directors and employees to supply all information reasonably requested by any such counsel for a Participating Holder, counsel for an underwriter, accountant or agent in connection with such registration statement;

(m) use its reasonable best efforts to obtain the prompt withdrawal of any order suspending the effectiveness of the registration statement, or the prompt lifting of any suspension of the qualification of any of the Registrable Securities for sale in any jurisdiction;

(n) provide a CUSIP number for all Registrable Securities, no later than the effective date of the registration statement;

(o) use its best efforts to make available its employees and personnel for participation in "road shows" and other marketing efforts and otherwise provide reasonable assistance to the underwriters (taking into account the needs of the Company's businesses and the requirements of the marketing process) in marketing the Registrable Securities in any underwritten offering;

(p) prior to the filing of any document which is to be incorporated by reference into the registration statement or the prospectus (after the initial filing of such registration statement), and prior to the filing of any free writing prospectus, provide copies of such document to counsel for each Participating Holder and to each managing underwriter, if any, and make the Company's representatives reasonably available for discussion of such document and make such changes in such document concerning the Participating Holders prior to the filing thereof as counsel for the Participating Holders or underwriters may reasonably request;

(q) furnish to counsel for each Participating Holder and to each managing underwriter, without charge, at least one signed copy of the registration statement and any post-effective amendments or supplements thereto, including financial statements and schedules, all documents incorporated therein by reference, the prospectus contained in such registration statement (including each preliminary prospectus and any summary prospectus), any other prospectus filed under Rule 424 under the Securities Act and all exhibits (including those incorporated by reference) and any free writing prospectus utilized in connection therewith;

(r) cooperate with the Participating Holders and the managing underwriter, if any, to facilitate the timely preparation and delivery of certificates not bearing any restrictive legends representing the Registrable Securities to be sold, and cause such Registrable Securities to be issued in such denominations and registered in such names in accordance with the underwriting agreement at least three Business Days prior to any sale of Registrable Securities to the underwriters or, if not an underwritten offering, in accordance with the instructions of the Participating Holders at least three Business Days prior to any sale of Registrable Securities and

instruct any transfer agent and registrar of Registrable Securities to release any stop transfer orders in respect thereof;

(s) cooperate with any due diligence investigation by any Manager, underwriter or Participating Holder and make available such documents and records of the Company and its Subsidiaries that they reasonably request (which, in the case of the Participating Holder, may be subject to the execution by the Participating Holder of a customary confidentiality agreement in a form which is reasonably satisfactory to the Company);

(t) take no direct or indirect action prohibited by Regulation M under the Exchange Act;

(u) take all such other commercially reasonable actions as are necessary or advisable in order to expedite or facilitate the disposition of such Registrable Securities;

(v) take all reasonable action to ensure that any free writing prospectus utilized in connection with any registration covered by Section 2.1 or 2.2 complies in all material respects with the Securities Act, is filed in accordance with the Securities Act to the extent required thereby, is retained in accordance with the Securities Act to the extent required thereby and, when taken together with the related prospectus, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and

(w) in connection with any underwritten offering, if at any time the information conveyed to a purchaser at the time of sale includes any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, promptly file with the SEC such amendments or supplements to such information as may be necessary so that the statements as so amended or supplemented will not, in light of the circumstances, be misleading.

To the extent the Company is a well-known seasoned issuer (as defined in Rule 405 under the Securities Act) (a “WKSI”) at the time any Demand Registration Request is submitted to the Company, and such Demand Registration Request requests that the Company file an automatic shelf registration statement (as defined in Rule 405 under the Securities Act) (an “**automatic shelf registration statement**”) on Form S-3, the Company shall file an automatic shelf registration statement which covers those Registrable Securities which are requested to be registered. The Company shall use its reasonable best efforts to remain a WKSI (and not become an ineligible issuer (as defined in Rule 405 under the Securities Act)) during the period during which the Registrable Securities remain Registrable Securities. If the Company does not pay the filing fee covering the Registrable Securities at the time the automatic shelf registration statement is filed, the Company agrees to pay such fee at such time or times as the Registrable Securities are to be sold. If the automatic shelf registration statement has been outstanding for at least three years, at the end of the third year the Company shall refile a new automatic shelf registration statement covering the Registrable Securities. If at any time when the Company is required to re-evaluate its WKSI status the Company determines that it is not a WKSI, the Company shall use its reasonable best efforts to refile the shelf registration statement on Form

S-3 and, if such form is not available, Form S-1, and keep such registration statement effective during the period during which such registration statement is required to be kept effective.

If the Company files any shelf registration statement for the benefit of the holders of any of its securities other than the Holders, the Company agrees that it shall include in such registration statement such disclosures as may be required by Rule 430B under the Securities Act (referring to the unnamed selling security holders in a generic manner by identifying the initial offering of the securities to the Holders) in order to ensure that the Holders may be added to such shelf registration statement at a later time through the filing of a prospectus supplement rather than a post-effective amendment.

It shall be a condition precedent to the obligations of the Company to take any action pursuant to Sections 2.1, 2.2, or 2.4 that each Participating Holder shall furnish to the Company such information regarding themselves, the Registrable Securities held by them, and the intended method of disposition of such securities as the Company may from time to time reasonably request so long as such information is necessary for the Company to consummate such registration and shall be used only in connection with such registration.

If any such registration statement or comparable statement under state “blue sky” laws refers to any Holder by name or otherwise as the Holder of any securities of the Company, then such Holder shall have the right to require (i) the insertion therein of language, in form and substance satisfactory to such Holder and the Company, to the effect that the holding by such Holder of such securities is not to be construed as a recommendation by such Holder of the investment quality of the Company’s securities covered thereby and that such holding does not imply that such Holder will assist in meeting any future financial requirements of the Company, or (ii) in the event that such reference to such Holder by name or otherwise is not in the judgment of the Company, as advised by counsel, required by the Securities Act or any similar federal statute or any state “blue sky” or securities law then in force, the deletion of the reference to such Holder.

2.5 *Registration Expenses.* All Expenses incurred in connection with any registration, filing, qualification or compliance pursuant to Article 2 shall be borne by the Company, whether or not a registration statement becomes effective. All underwriting discounts and all selling commissions relating to securities registered by the Holders shall be borne by the holders of such securities pro rata in accordance with the number of shares sold in the offering by such Participating Holder.

2.6 *Certain Limitations on Registration Rights.* In the case of any registration under Section 2.1 pursuant to an underwritten offering, or, in the case of a registration under Section 2.2, all securities to be included in such registration shall be subject to the underwriting agreement and no Person may participate in such registration or offering unless such Person (i) agrees to sell such Person’s securities on the basis provided therein and completes and executes all reasonable questionnaires, and other documents (including custody agreements and powers of attorney) which must be executed in connection therewith; *provided, however*, that all such documents shall be consistent with the provisions hereof, and (ii) provides such other

information to the Company or the underwriter as may be necessary to register such Person's securities.

2.7 Limitations on Sale or Distribution of Other Securities.

(a) Each Holder agrees, (i) to the extent requested in writing by a managing underwriter, if any, of any registration effected pursuant to Section 2.1, not to sell, transfer or otherwise dispose of, including any sale pursuant to Rule 144 under the Securities Act, any Company Shares, or any other equity security of the Company or any security convertible into or exchangeable or exercisable for any equity security of the Company (other than as part of such underwritten public offering) during the time period reasonably requested by the managing underwriter, not to exceed 90 days and (ii) to the extent requested in writing by a managing underwriter of any underwritten public offering effected by the Company for its own account, not to sell any Company Shares (other than as part of such underwritten public offering) during the time period reasonably requested by the managing underwriter, which period shall not exceed 90 days subject to the same exceptions as provided in the lock-up provisions contained in the underwriting agreement for the IPO; and, if so requested, each Holder agrees to enter into a customary lock-up agreement with such managing underwriter.

(b) The Company hereby agrees that, if it shall previously have received a request for registration pursuant to Section 2.1 or 2.2, and if such previous registration shall not have been withdrawn or abandoned, the Company shall not sell, transfer, or otherwise dispose of, any Company Shares, or any other equity security of the Company or any security convertible into or exchangeable or exercisable for any equity security of the Company (other than as part of such underwritten public offering, a registration on Form S-4 or Form S-8 or any successor or similar form which is (i) then in effect or (ii) shall become effective upon the conversion, exchange or exercise of any then outstanding Company Shares Equivalent), until a period of 90 days shall have elapsed from the effective date of such previous registration.

2.8 No Required Sale. Nothing in this Agreement shall be deemed to create an independent obligation on the part of any Holder to sell any Registrable Securities pursuant to any effective registration statement.

2.9 Indemnification.

(a) In the event of any registration and/or offering of any securities of the Company under the Securities Act pursuant to this Article 2, the Company will, and hereby agrees to, and hereby does, indemnify and hold harmless, to the fullest extent permitted by law, each Holder, its directors, officers, fiduciaries, trustees, employees, shareholders, members or general and limited partners (and the directors, officers, fiduciaries, employees, shareholders, members, beneficiaries or general and limited partners thereof), any underwriter (as defined in the Securities Act) for such Holder and each Person, if any, who controls such Holder or underwriter within the meaning of the Securities Act or Exchange Act, from and against any and all losses, claims, damages or liabilities, joint or several, actions or proceedings (whether commenced or threatened) and expenses (other than underwriting discounts and spreads) (including reasonable fees of counsel and any amounts paid in any settlement effected with the

Company's consent, which consent shall not be unreasonably withheld or delayed) to which each such indemnified party may become subject under the Securities Act or otherwise in respect thereof (collectively, "Claims"), insofar as such Claims arise out of or are based upon (i) any untrue statement or alleged untrue statement of a material fact contained in any registration statement under which such securities were registered under the Securities Act or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) any untrue statement or alleged untrue statement of a material fact contained in any preliminary or final prospectus or any amendment or supplement thereto, together with the documents incorporated by reference therein, or any free writing prospectus utilized in connection therewith, or the omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, (iii) any untrue statement or alleged untrue statement of a material fact in the information conveyed by the Company to any purchaser at the time of the sale to such purchaser, or the omission or alleged omission to state therein a material fact required to be stated therein, or (iv) any violation by the Company of any federal, state or common law rule or regulation applicable to the Company and relating to action required of or inaction by the Company in connection with any such registration, and the Company will reimburse any such indemnified party for any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such Claim as such expenses are incurred; *provided, however*, that the Company shall not be liable to any such indemnified party in any such case to the extent such Claim arises out of or is based upon any untrue statement or alleged untrue statement of a material fact or omission or alleged omission of a material fact made in such registration statement or amendment thereof or supplement thereto or in any such prospectus or any preliminary or final prospectus or free writing prospectus in reliance upon and in conformity with written information furnished to the Company by or on behalf of such indemnified party specifically for use therein. Such indemnity and reimbursement of expenses shall remain in full force and effect regardless of any investigation made by or on behalf of such indemnified party and shall survive the transfer of such securities by such seller.

(b) Each Participating Holder shall, severally and not jointly, indemnify and hold harmless (in the same manner and to the same extent as set forth in paragraph (a) of this Section 2.9) to the extent permitted by law the Company, its officers and directors, each Person controlling the Company within the meaning of the Securities Act, each underwriter (within the meaning of the Securities Act) of the Company's securities covered by such a registration statement, any Person who controls such underwriter, and any other Holder selling securities in such registration statement and each of its directors, officers, partners or agents or any Person who controls such Holder with respect to any untrue statement or alleged untrue statement of any material fact in, or omission or alleged omission of any material fact from, such registration statement, any preliminary or final prospectus contained therein, or any amendment or supplement thereto, or any free writing prospectus utilized in connection therewith, if such statement or alleged statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company or its representatives by or on behalf of such Participating Holder, specifically for use therein and reimburse such indemnified party for any legal or other expenses reasonably incurred in connection with investigating or

defending any such Claim as such expenses are incurred; *provided, however*, that the aggregate amount which any such Participating Holder shall be required to pay pursuant to this Section 2.9(b), Sections 2.9(c) and 2.9(e) shall in no case be greater than the amount of the net proceeds actually received by such Participating Holder upon the sale of the Registrable Securities pursuant to the registration statement giving rise to such Claim. The Company and each Participating Holder hereby acknowledge and agree that, unless otherwise expressly agreed to in writing by such Participating Holders to the contrary, for all purposes of this Agreement, the only information furnished or to be furnished to the Company for use in any such registration statement, preliminary or final prospectus or amendment or supplement thereto or any free writing prospectus are statements specifically relating to (i) the beneficial ownership of Company Shares by such Participating Holder and its Affiliates and (ii) the name and address of such Participating Holder. Such indemnity and reimbursement of expenses shall remain in full force and effect regardless of any investigation made by or on behalf of such indemnified party and shall survive the transfer of such securities by such Holder.

(c) Indemnification similar to that specified in the preceding paragraphs (a) and (b) of this Section 2.9 (with appropriate modifications) shall be given by the Company and each Participating Holder with respect to any required registration or other qualification of securities under any applicable securities and state “blue sky” laws.

(d) Any Person entitled to indemnification under this Agreement shall notify promptly the indemnifying party in writing of the commencement of any action or proceeding with respect to which a claim for indemnification may be made pursuant to this Section 2.9, but the failure of any indemnified party to provide such notice shall not relieve the indemnifying party of its obligations under the preceding paragraphs of this Section 2.9, except to the extent the indemnifying party is materially and actually prejudiced thereby and shall not relieve the indemnifying party from any liability which it may have to any indemnified party otherwise than under this Article 2. In case any action or proceeding is brought against an indemnified party, the indemnifying party shall be entitled to (i) participate in such action or proceeding and (ii) unless, in the reasonable opinion of outside counsel to the indemnified party, a conflict of interest between such indemnified and indemnifying parties may exist in respect of such claim, assume the defense thereof jointly with any other indemnifying party similarly notified, with counsel reasonably satisfactory to such indemnified party. The indemnifying party shall promptly notify the indemnified party of its decision to assume the defense of such action or proceeding. If, and after, the indemnified party has received such notice from the indemnifying party, the indemnifying party shall not be liable to such indemnified party for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense of such action or proceeding other than reasonable costs of investigation; *provided, however*, that (A) if the indemnifying party fails to take reasonable steps necessary to defend diligently the action or proceeding within 20 days after receiving notice from such indemnified party that the indemnified party believes it has failed to do so; (B) if such indemnified party who is a defendant in any action or proceeding which is also brought against the indemnifying party reasonably shall have concluded that there may be one or more legal or equitable defenses available to such indemnified party which are not available to the indemnifying party or which may conflict with those available to another indemnified party with respect to such Claim; or (C) if representation

of both parties by the same counsel is otherwise inappropriate under applicable standards of professional conduct, then, in any such case, the indemnified party shall have the right to assume or continue its own defense as set forth above (but with no more than one firm of counsel for all indemnified parties in each jurisdiction, except to the extent any indemnified party or parties reasonably shall have made a conclusion described in clause (B) or (C) above) and the indemnifying party shall be liable for any expenses therefor. No indemnifying party shall, without the written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim), unless such settlement or compromise (1) includes an unconditional release of such indemnified party from all liability on any Claims that are the subject matter of such action or Claim and (2) does not include a statement as to, or an admission of, fault, culpability or a failure to act by or on behalf of an indemnified party. The indemnity obligations contained in Sections 2.9(a) and 2.9(b) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the indemnified party which consent shall not be unreasonably withheld.

(e) If for any reason the foregoing indemnity is held by a court of competent jurisdiction to be unavailable to an indemnified party under Section 2.9(a), (b) or (c), then each applicable indemnifying party shall contribute to the amount paid or payable to such indemnified party as a result of any Claim in such proportion as is appropriate to reflect the relative fault of the indemnifying party, on the one hand, and the indemnified party, on the other hand, with respect to such Claim as well as any other relevant equitable considerations. The relative fault shall be determined by a court of law by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the indemnifying party or the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. If, however, the allocation provided in the second preceding sentence is not permitted by applicable law, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative faults but also the relative benefits of the indemnifying party and the indemnified party as well as any other relevant equitable considerations. The parties hereto agree that it would not be just and equitable if any contribution pursuant to this Section 2.9(e) were to be determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the preceding sentences of this Section 2.9(e). The amount paid or payable in respect of any Claim shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such Claim. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. Notwithstanding anything in this Section 2.9(e) to the contrary, no indemnifying party (other than the Company) shall be required pursuant to this Section 2.9(e) to contribute any amount greater than the amount of the net proceeds actually received by such indemnifying party upon the sale of the Registrable

Securities pursuant to the registration statement giving rise to such Claim, less the amount of any indemnification payment made by such indemnifying party pursuant to Section 2.9(b) and (c).

(f) The indemnity and contribution agreements contained herein shall be in addition to any other rights to indemnification or contribution which any indemnified party may have pursuant to law or contract (except as set forth in subsection (h) below) and shall remain operative and in full force and effect regardless of any investigation made or omitted by or on behalf of any indemnified party and shall survive the transfer of the Registrable Securities by any such party and the completion of any offering of Registrable Securities in a registration statement.

(g) The indemnification and contribution required by this Section 2.9 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received or expense, loss, damage or liability is incurred; *provided, however*, that the recipient thereof hereby undertakes to repay such payments if and to the extent it shall be determined by a court of competent jurisdiction that such recipient is not entitled to such payment hereunder.

(h) If a customary underwriting agreement shall be entered into in connection with any registration pursuant to Section 2.1 or 2.2, the indemnity, contribution and related provisions set forth therein shall supersede the indemnification and contribution provisions set forth in this Section 2.9.

3. Underwritten Offerings.

3.1 *Requested Underwritten Offerings.* If the Initiating Holders request an underwritten offering pursuant to a registration under Section 2.1 (pursuant to a request for a registration statement to be filed in connection with a specific underwritten offering or a request for a shelf takedown in the form of an underwritten offering), the Company shall enter into a customary underwriting agreement with the underwriters. Such underwriting agreement shall (i) be satisfactory in form and substance to the Majority Participating Holders, (ii) contain terms not inconsistent with the provisions of this Agreement and (iii) contain such representations and warranties by, and such other agreements on the part of, the Company and such other terms as are generally prevailing in agreements of that type, including, without limitation, indemnities and contribution agreements on substantially the same terms as those contained herein (it being understood that an underwriting agreement in substantially the form of the underwriting agreement for the IPO shall be deemed to satisfy the foregoing requirements). Any Participating Holder shall be a party to such underwriting agreement and may, at its option, require that any or all of the representations and warranties by, and the other agreements on the part of, the Company to and for the benefit of such underwriters shall also be made to and for the benefit of such Participating Holder and that any or all of the conditions precedent to the obligations of such underwriters under such underwriting agreement be conditions precedent to the obligations of such Participating Holder; *provided, however*, that the Company shall not be required to make any representations or warranties with respect to written information specifically provided by a Participating Holder for inclusion in the registration statement. Each such Participating Holder shall not be required to make any representations or warranties to or agreements with the

Company or the underwriters other than representations, warranties or agreements regarding such Participating Holder, its ownership of and title to the Registrable Securities, any written information specifically provided by such Participating Holder for inclusion in the registration statement and its intended method of distribution; and any liability of such Participating Holder to any underwriter or other Person under such underwriting agreement shall be limited to the amount of the net proceeds received by such Holder upon the sale of the Registrable Securities pursuant to the registration statement and shall be limited to liability for written information specifically provided by such Participating Holder.

3.2 *Piggyback Underwritten Offerings.* In the case of a registration pursuant to Section 2.2 which involves an underwritten offering, the Company shall enter into an underwriting agreement in connection therewith and all of the Participating Holders' Registrable Securities to be included in such registration shall be subject to such underwriting agreement. Any Participating Holder may, at its option, require that any or all of the representations and warranties by, and the other agreements on the part of, the Company to and for the benefit of such underwriters shall also be made to and for the benefit of such Participating Holder and that any or all of the conditions precedent to the obligations of such underwriters under such underwriting agreement be conditions precedent to the obligations of such Participating Holder; *provided, however*, that the Company shall not be required to make any representations or warranties with respect to written information specifically provided by a Participating Holder for inclusion in the registration statement. Each such Participating Holder shall not be required to make any representations or warranties to or agreements with the Company or the underwriters other than representations, warranties or agreements regarding such Participating Holder, its ownership of and title to the Registrable Securities, any written information specifically provided by such Participating Holder for inclusion in the registration statement and its intended method of distribution; and any liability of such Participating Holder to any underwriter or other Person under such underwriting agreement shall be limited to the amount of the net proceeds received by such Participating Holder upon the sale of the Registrable Securities pursuant to the registration statement and shall be limited to liability for written information specifically provided by such Participating Holder.

4. General.

4.1 *Adjustments Affecting Registrable Securities.* The provisions of this Agreement shall apply, to the full extent set forth herein with respect to the Registrable Securities, to any and all shares of capital stock of the Company or any successor or assign of the Company (whether by merger, share exchange, consolidation, sale of assets or otherwise) which may be issued in respect of, in exchange for or in substitution of, Registrable Securities and shall be appropriately adjusted for any stock dividends, splits, reverse splits, combinations, recapitalizations and the like occurring after the date hereof.

4.2 *Rule 144 and Rule 144A.* The Company covenants that (i) so long as it remains subject to the reporting provisions of the Exchange Act, it will timely file the reports required to be filed by it under the Securities Act or the Exchange Act (including, but not limited to, the reports under Sections 13 and 15(d) of the Exchange Act referred to in subparagraph (c)(1) of

Rule 144 under the Securities Act, as such Rule may be amended (“**Rule 144**”) or, if the Company is not required to file such reports, it will, upon the request of any Holder, make publicly available other information so long as necessary to permit sales by such Holder under Rule 144, Rule 144A under the Securities Act, as such Rule may be amended (“**Rule 144A**”), or any similar rules or regulations hereafter adopted by the SEC, and (ii) it will take such further action as any Holder may reasonably request, all to the extent required from time to time to enable such Holder to sell Registrable Securities without registration under the Securities Act within the limitation of the exemptions provided by (A) Rule 144, (B) Rule 144A or (C) any similar rule or regulation hereafter adopted by the SEC. Upon the request of any Holder of Registrable Securities, the Company will deliver to such Holder a written statement by the Company that it has complied with the reporting requirements of Rule 144, the Securities Act and the Exchange Act (at any time after it has become subject to such reporting requirements), or that it qualifies as a registrant whose securities may be resold pursuant to Form S-3 (at any time after it so qualifies), a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company and such other information as may be reasonably requested in availing any Holder of any rule or regulation of the SEC which permits the selling of any such securities without registration or pursuant to such form.

4.3 *Amendments and Waivers; Termination.* Any provision of this Agreement may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively) only with the written consent of the Company and the Holders of a majority of the Registrable Securities. Any amendment or waiver effected in accordance with this Section 4.3 shall be binding upon each Holder and the Company. Any waiver of any breach or default by any other party of any of the terms of this Agreement effected in accordance with this Section 4.3 shall not operate as a waiver of any other breach or default, whether similar to or different from the breach or default waived. No waiver of any provision of this Agreement shall be implied from any course of dealing between the parties hereto or from any failure by any party to assert its or his or her rights hereunder on any occasion or series of occasions. This Agreement will terminate as to any Holder when it no longer holds any Registrable Securities.

4.4 *Notices.* Unless otherwise specified herein, all notices, consents, approvals, reports, designations, requests, waivers, elections and other communications authorized or required to be given pursuant to this Agreement shall be in writing and shall be given, made or delivered (and shall be deemed to have been duly given, made or delivered upon receipt) by personal hand-delivery, by facsimile transmission, by electronic mail, by mailing the same in a sealed envelope, registered first-class mail, postage prepaid, return receipt requested, or by air courier guaranteeing overnight delivery, addressed to the Company at the address set forth below or to the applicable Holder at the address indicated on Schedule A hereto (or at such other address for a Holder as shall be specified by like notice):

if to the Company, to it at:

TWFG, Inc.
1201 Lake Woodlands Dr., Ste. 4020

The Woodlands, Texas 77380
Attention: Julie Benes
Facsimile: 281-298-8626
Email: jbenes@twfg.com

with copies (which shall not constitute actual notice) to:

Akin Gump Strauss Hauer & Feld LLP
1111 Louisiana Street, 44th Floor
Houston, Texas 77002
Attention: W. Robert Shearer
Facsimile: (713) 236-0822
Email: rshearer@akingump.com

4.5 *Successors and Assigns.*

(a) This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, successors, legal representatives and permitted assigns.

(b) A Holder may Assign his, her or its rights under this Agreement without the Company's consent to an Assignee of Registrable Securities which (i) is with respect to any Holder, the spouse, parent, sibling, child, step-child or grandchild of such Holder, or the spouse thereof and any trust, limited liability company, limited partnership, private foundation or other estate planning vehicle for such Holder or for the benefit of any of the foregoing or other persons pursuant to the laws of descent and distribution, or (ii) is a legatee, executor or other fiduciary pursuant to a last will and testament of the Holder or pursuant to the terms of any trust which take effect upon the death of the Holder. In addition, any Holder may Assign his, her or its rights under this Agreement without the Company's prior written consent so long as such Assignment (i) occurs in connection with the transfer of all, but not less than all, of such Holder's Registrable Securities in a single transaction in the case of such an Assignment by a Holder and (ii) results in the Assignee holding not less than 5% of the outstanding shares of Company Shares at the time of such transfer. Subject to subsection (c) below, any Assignment shall be conditioned upon prior written notice to the Company identifying the name and address of such Assignee and any other material information as to the identity of such Assignee as may be reasonably requested, and Schedule A hereto shall be updated to reflect such Assignment.

(c) Notwithstanding anything to the contrary contained in this Section 4.5, any Holder may elect to transfer all or a portion of its Registrable Securities to any third party without Assigning its rights hereunder with respect thereto, *provided* that in any such event all rights under this Agreement with respect to the Registrable Securities so transferred shall cease and terminate.

4.6 *Limitations on Subsequent Registration Rights.* From and after the effective date of the first registration statement filed by the Company for the offering of its securities to the general public, the Company may, without the prior written consent of the Holders, enter into any agreement with any holder or prospective holder of any securities of the Company which

provides such holder or prospective holder of securities of the Company comparable, but not conflicting, registration rights granted to the Holders hereby.

4.7 *Entire Agreement.* This Agreement and the other agreements referenced herein and therein constitute the entire agreement among the parties hereto with respect to the subject matter hereof, and supersede any prior agreement or understanding among them with respect to the matters referred to herein.

4.8 *Governing Law; Waiver of Jury Trial; Jurisdiction.*

(a) *Governing Law.* This Agreement is governed by and will be construed in accordance with the laws of the State of Texas, excluding any conflict-of-laws rule or principle (whether of Texas or any other jurisdiction) that might refer the governance or the construction of this Agreement to the law of another jurisdiction.

(b) *Waiver of Jury Trial.* EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE ACTIONS OF THE PARTIES HERETO IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT THEREOF. The Company or any Holder may file an original counterpart or a copy of this Section 4.8(b) with any court as written evidence of the consent of any of the parties hereto to the waiver of their rights to trial by jury.

(c) *Jurisdiction.* Each of the parties hereto (i) consents to submit itself to the personal jurisdiction of the United States federal courts located in Harris County, Texas, in the event any dispute arises out of this Agreement or any of the transactions contemplated by this Agreement, (ii) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from such court, (iii) agrees that it will not bring any action relating to this Agreement or any of the transactions contemplated by this Agreement in any court other than the United States federal courts located in Harris County, Texas and (iv) to the fullest extent permitted by law, consents to service being made through the notice procedures set forth in Section 4.4. Each party hereto hereby agrees that, to the fullest extent permitted by law, service of any process, summons, notice or document by U.S. registered mail to the respective addresses set forth in Section 4.4 shall be effective service of process for any suit or proceeding in connection with this Agreement or the transactions contemplated hereby.

4.9 *Interpretation; Construction.*

(a) The headings herein are for convenience of reference only, do not constitute part of this Agreement and shall not be deemed to limit or otherwise affect any of the provisions hereof. Where a reference in this Agreement is made to a Section, such reference shall be to a Section of this Agreement unless otherwise indicated. Whenever the words “include,” “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation.”

(b) The parties have participated jointly in negotiating and drafting this Agreement. In the event that an ambiguity or a question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement.

4.10 *Counterparts*. This Agreement may be executed (including by facsimile transmission or other electronic signature of this Agreement signed by such party (via PDF, TIFF, JPEG or the like)) with counterpart pages or in one or more counterparts, each of which shall be deemed an original and all of which shall, taken together, be considered one and the same agreement, it being understood that all parties need not sign the same counterpart.

4.11 *Severability*. In the event that any provision of this Agreement shall be invalid, illegal or unenforceable, such provision shall be construed by limiting it so as to be valid, legal and enforceable to the maximum extent provided by law and the validity, legality and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby.

4.12 *Specific Performance*. It is hereby agreed and acknowledged that it will be impossible to measure the money damages that would be suffered if the parties fail to comply with any of the obligations imposed on them by this Agreement and that, in the event of any such failure, an aggrieved party will be irreparably damaged and will not have an adequate remedy at law. Each party hereto shall, therefore, be entitled (in addition to any other remedy to which such party may be entitled at law or in equity) to injunctive relief, including specific performance, to enforce such obligations, without the posting of any bond, and if any action should be brought in equity to enforce any of the provisions of this Agreement, none of the parties hereto shall raise the defense that there is an adequate remedy at law.

4.13 *Further Assurances*. Each party hereto shall do and perform or cause to be done and performed all such further acts and things and shall execute and deliver all such other agreements, certificates, instruments, and documents as any other party hereto reasonably may request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

COMPANY:

TWFG, INC.

By: _____
Name: _____
Title: _____

HOLDERS:

BUNCH FAMILY HOLDINGS, LLC

By: _____
Name: _____
Title: _____

RENAISSANCERE VENTURES U.S. LLC

By: _____
Name: _____
Title: _____

GHC WOODLANDS HOLDINGS LLC

By: _____
Name: _____
Title: _____

SCHEDULE A

Holder	Address
Bunch Family Holdings, LLC	1201 Lake Woodlands Dr., Ste. 4020 The Woodlands, Texas 77380 Attn.: Richard F. Bunch III Facsimile No.: 281-466-1123 Email: gordy@twfg.com With a concurrent copy to: Akin, Gump, Strauss, Hauer & Feld LLP 1111 Louisiana St., Suite 4400 Houston, Texas 77002 Attn.: W. Robert Shearer Facsimile No.: (713) 236-0822 Email: rshearer@akingump.com
RenaissanceRe Ventures U.S. LLC	12 Crow Lane Pembroke HM19 Bermuda Attn.: President Facsimile No.: 441-296-0062 Email: ventures@renre.com With a concurrent copy to: Willkie Farr & Gallagher LLP 787 Seventh Avenue New York, New York 10019 Attn: Sean M. Ewen Telecopier No.: (212) 728-8111 Email: sewen@willkie.com

[Schedule A]

GHC Woodlands Holdings LLC

4514 Cole Avenue, Suite 1650
Dallas, Texas 75205
Attn: Michael Doak
Lauren Roberge
Email: md@griffinhighline.com; lr@griffinhighline.com

With a concurrent copy to:

Garrett Johnston
McGuireWoods LLP
JP Morgan Chase Tower
600 Travis Street, Suite 7500
Houston, TX 77002-2906
Facsimile No.: 832-214-9920
Email: gjohnston@mcguirewoods.com

[Schedule A]

SECOND AMENDED AND RESTATED CREDIT AGREEMENT

between

RFB INTERESTS, INC.

as Borrower

and

COMPASS BANK

as Lender

dated effective as of June 5, 2017

TABLE OF CONTENTS

		Page
SECTION 1	DEFINITIONS AND TERMS	1
1.1	Definitions	1
1.2	Interpretive Provisions	10
1.3	Accounting Terms	11
1.4	References to Documents	11
1.5	Time	11
SECTION 2	LOAN COMMITMENTS	11
2.1	Term Loan	11
2.2	Revolving Credit Facility	11
2.3	Loan Procedure	12
2.4	Voluntary Prepayment	12
2.5	Mandatory Prepayment	13
SECTION 3	TERMS OF PAYMENT	14
3.1	Notes and General Payment Terms	14
3.2	Payments	14
3.3	Order of Application	15
3.4	Interest	15
3.5	Default Rate	15
3.6	Interest Calculations	15
3.7	Maximum Rate	15
3.8	Set off	16
3.9	Debit Account	16
SECTION 4	INTENTIONALLY OMITTED	16
SECTION 5	CONDITIONS PRECEDENT	16
5.1	Conditions to Term Loan	16
5.2	No Waiver	17
SECTION 6	SECURITY AND GUARANTIES	17
6.1	Collateral	17
6.2	Financing Statements	17
6.3	Guaranties	17
6.4	Collateral Release and Termination of Guaranty	17
SECTION 7	REPRESENTATIONS AND WARRANTIES	18
7.1	Existence, Good Standing, and Authority to do Business	18

7.2	Subsidiaries	18
7.3	Authorization, Compliance, and No Default	18
7.4	Enforceability	18
7.5	Litigation	18
7.6	Taxes	18
7.7	Environmental Matters	19
7.8	Ownership of Assets; Intellectual Property	19
7.9	Liens	19
7.10	Debt	19
7.11	Insurance	19
7.12	Place of Business; Real Property	19
7.13	Purpose of Credit Facilities	19
7.14	Trade Names	19
7.15	Transactions with Affiliates	20
7.16	Financial Information	20
7.17	Material Agreements and Funded Debt	20
7.18	ERISA	20
7.19	Disclosure	21
SECTION 8	AFFIRMATIVE COVENANTS	21
8.1	Items to be Furnished	21
8.2	Books, Records and Inspections	22
8.3	Taxes	23
8.4	Compliance with Laws	23
8.5	Maintenance of Existence, Assets, and Business	23
8.6	Insurance	23
8.7	Environmental Laws	23
8.8	ERISA	24
8.9	Use of Proceeds	24
8.10	Application of Insurance Proceeds	24
8.11	New Subsidiaries	24
8.12	Expenses	24
8.13	Further Assurances	25
SECTION 9	NEGATIVE COVENANTS	25
9.1	Debt	25
9.2	Liens	25
9.3	Compliance	25
9.4	Dividends	25
9.5	Assignment	25
9.6	Fiscal Year and Accounting Methods	25

9.7	Sale of Assets	26
9.8	New Businesses	26
9.9	Transactions with Affiliates	26
9.10	Prepayment of Debt	26
9.11	Acquisition, Mergers, and Dissolutions	26
9.12	Loans and Investments	26
9.13	Hedge Transactions	26
SECTION 10	FINANCIAL COVENANTS	26
10.1	Maximum Funded Debt to EBITDA	26
10.2	Minimum Debt Service Coverage Ratio	27
SECTION 11	DEFAULT	27
11.1	Payment of Obligation	27
11.2	Covenants	27
11.3	Debtor Relief	27
11.4	Judgments	27
11.5	False Information; Misrepresentation	27
11.6	Default Under Other Agreements	27
11.7	Validity and Enforceability of Loan Documents	28
11.8	Change of Management or Control	28
11.9	Material Adverse Event	28
SECTION 12	RIGHTS AND REMEDIES	28
12.1	Remedies Upon Default	28
12.2	Waivers	28
12.3	No Waiver	29
12.4	Performance by Lender	29
12.5	Cumulative Rights	29
SECTION 13	MISCELLANEOUS	29
13.1	Governing Law	29
13.2	Invalid Provisions	29
13.3	Multiple Counterparts and Facsimile Signatures	29
13.4	Notice	29
13.5	Binding Effect; Survival	30
13.6	Amendments	30
13.7	Participants	30
13.8	Discharge Only Upon Payment in Full; Reinstatement in Certain Circumstances	30
13.9	Governing Law, Forum, and Venue	31
13.10	Waiver of Jury Trial	31

13.11	Indemnity	31
13.12	Entirety	32

SCHEDULES AND EXHIBITS

SCHEDULE 1 Parties, Addresses, and Wiring Information

SCHEDULE 2 Existing Debt and Liens

SCHEDULE 5 Conditions Precedent

SCHEDULE 7.2 Subsidiaries

SCHEDULE 7.5 Litigation

SCHEDULE 7.12 Place of Business

SCHEDULE 7.14 Trade Names

SCHEDULE 7.15 Transactions with Affiliates

SCHEDULE 7.17 Material Agreements

EXHIBIT A-1 Term Note

EXHIBIT A-2 Revolving Note

EXHIBIT B-1 Guaranty - Richard F. Bunch, III

EXHIBIT B-2 Guaranty

EXHIBIT C Loan Request

EXHIBIT D Compliance Certificate

EXHIBIT E Security Agreement

SECOND AMENDED AND RESTATED CREDIT AGREEMENT

THIS SECOND AMENDED AND RESTATED CREDIT AGREEMENT is entered into on June 30, 2017, and is dated effective for all purposes as of June 5, 2017, among RFB INTERESTS, INC., a Texas corporation, doing business as The Woodlands Financial Group (the “*Borrower*” and the “*Parent*”), and COMPASS BANK, an Alabama banking corporation, (the “*Lender*”).

RECITALS

A. Borrower and Lender previously entered into that certain Amended and Restated Credit Agreement dated as of June 5, 2014 (the “*Existing Credit Agreement*”).

B. Borrower has requested that Lender (a) extend credit in the form of a revolving credit facility, and (b) make a loan in the form of a single advance term loan, a portion of which will be used to refinance existing debt which remains outstanding to Lender under the Existing Credit Agreement.

C. Borrower and Lender are willing to amend and restate the Existing Credit Agreement on the terms and conditions of this Agreement.

Accordingly, Borrower and Lender both agree as follows:

SECTION 1 DEFINITIONS AND TERMS.

1.1 Definitions. As used in the Loan Documents:

Affiliate means as to any Person, any other Person that directly or indirectly controls, or is controlled by, or is under common control with, that Person. For purposes of this definition (a) “*control*,” “*controlled by*,” and “*under common control with*” mean possession, directly or indirectly, of power to direct (or cause the direction of) management or policies of a Person, whether through ownership of Voting Interests or other ownership interests, by contract, or otherwise, and (b) the term “*Affiliate*” includes each officer and shareholder of Borrower, and each of the following as “*Affiliates*” of the others (i) each Guarantor, (ii) Borrower, (iii) any corporation, partnership or limited liability company whose primary shareholders, partners or members are the spouse, children or other family member of Richard F. Bunch, III and (iv) any trust whose primary beneficiaries are the spouse, children or other family member of Richard F. Bunch, III.

Agreement means this Amended and Restated Credit Agreement, and all exhibits and schedules to this Agreement, in each case as amended, supplemented or restated from time to time.

Applicable Margin means 3.00%.

Average Principal means the simple average of (i) the principal loan balance on the Prepayment Date, and (ii) the principal loan balance scheduled, as of the Prepayment Date

(taking into account any prior prepayments), but for the prepayment, to be due at the Maturity Date (plus any accrued and unpaid fees or other sums owed under the loan documents).

AYD means the difference (but not less than zero) between: (i) the U.S. Treasury constant maturity yield, as reported in the H.15 Report for the date on which the loan was originated, for a maturity that is the same as the term of the loan at origination (rounded to the nearest whole number of months) or, if no such maturity is reported, an interpolated yield based on the reported maturity that is next shorter than, and the maturity reported that is next longer than, the term of the loan at origination, and (ii) the U.S. Treasury constant maturity yield, as reported in the H.15 Report for the Prepayment Date for a maturity that is the same as the remaining term of the loan at the Prepayment Date (rounded to the nearest whole number of months) or, if no such maturity is reported, then the interpolated yield using the method described in (i) above, but based on the remaining term of the loan on the Prepayment Date. If the H.15 Report is not available for any day, then the H.15 Report for the immediately preceding day on which yields were last reported will be used.

Business Day means any day *other than* a Saturday, Sunday or other day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, Houston, Texas.

Cash Management Agreement means agreements or other arrangements under which Cash Management Products and Services are provided.

Cash Management Liabilities means the indebtedness, obligations and liabilities of any Company to any Cash Management Provider which provides any Cash Management Products and Services to such Company (including all obligations and liabilities owing in respect of any returned items deposited with such Cash Management Provider).

Cash Management Products and Services means the following products or services, (a) credit cards, (b) credit card processing services, (c) debit cards and stored value cards, (d) commercial cards, (e) ACH transactions, and (f) cash management and treasury management services and products, including controlled disbursement accounts or services, lockboxes, automated clearinghouse transactions, return items, overdrafts, and interstate depository network services.

Cash Management Provider means Lender, or any Affiliate of Lender, which provides Cash Management Products and Services to a Company under any Cash Management Agreement with a Company.

Change of Control means the occurrence of any of the following: (a) any change in capital ownership of Borrower such that Richard F. Bunch, III ceases to own and Control, directly and indirectly, at all times at least a majority of the Voting Interests and capital stock of Borrower, and (b) any change in capital ownership of General Agency, TWFG Insurance, or PFC such that Borrower ceases to own and Control, directly and indirectly, at all times at least 100% of the Voting Interests and capital stock of General Agency, TWFG Insurance, and PFC.

Change of Management means Richard F. Bunch, III, ceases to be actively involved in the day-to-day management or operation of Borrower or any of its Subsidiaries.

Closing Date means June 5, 2017.

Collateral is defined in **Section 6.1**.

Commitment means Lender's obligation and commitment to (a) Loans under the Revolving Credit Facility up to the Revolving Committed Amount, and (b) the Term Loan in a single advance in the Term Loan Committed Amount.

Company or **Companies** means, at any time, Borrower and its Subsidiaries, but excluding Newco.

Compliance Certificate means a certificate substantially in the form of **Exhibit D** signed by a Responsible Officer whose primary duties involve financial and accounting matters for the Borrower.

Control means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise.

Current Financials means, when determined, the consolidated financial statements of Borrower and its Subsidiaries most recently delivered to Lender under **Section 8.1**.

Days Remaining means the number of days from the Prepayment Date through the Maturity Date.

Debt means (without duplication), for any Person, (a) all obligations required by GAAP to be classified upon such Person's balance sheet as liabilities, (b) liabilities to the extent secured (or for which and to the extent the holder of the Debt has an existing right, contingent or otherwise, to be so secured) by any Lien existing on property owned or acquired by that Person, (c) capital leases and other obligations that have been (or under GAAP should be) capitalized for financial reporting purposes, (d) all guaranties, endorsements, letters of credit, and other contingent liabilities with respect to Debt or obligations of others, and (e) the net obligation of such Person under any Hedge Transaction (determined by calculating the termination value on the date thereof). For purposes hereof, the Debt of any Person shall include the Debt of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or a joint venturer, unless such Debt is expressly made non-recourse to such Person.

Debt Service Coverage Ratio means the ratio of (a) EBITDA minus dividends and distributions, minus cash Taxes, and *minus* Unfinanced Capital Expenditures, in each case for the immediately preceding 12 month period, to (b) the *sum* of Borrower and its Subsidiaries consolidated (i) interest expense in respect of Funded Debt, *plus* (ii) current maturities of long-

term Debt of Borrower and its Subsidiaries, in each case for the immediately following twelve (12) month period.

Debtor Relief Laws means *Title 11 of the United States Code* and all other applicable liquidation, conservatorship, bankruptcy, fraudulent transfer, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, suspension of payments, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

Default is defined in *Section 11*.

Default Rate means, from day to day, an annual rate of interest equal to the applicable rate of interest for the Term Loan or the Revolving Credit Facility, as the case may be, *plus 2.0%*, but in no event to exceed the Maximum Rate.

Dollar, Dollars or \$ mean lawful money of the U. S.

EBITDA means consolidated net income of Borrower and its Subsidiaries less income (or plus loss) from discontinued operations and extraordinary items, *plus* income taxes, *plus* interest expense, plus depreciation, depletion, and amortization, in each case to the extent added or subtracted in calculating net income.

Employee Plan means a pension, profit-sharing, or stock bonus plan intended to qualify under Section 401(a) of the Tax Code, maintained or contributed to by any Company or any ERISA Affiliate, including any multiemployer plan within the meaning of Section 4001(a)(3) of ERISA.

Environmental Law means any Law that relates to the pollution or protection of the environment, the release of any materials into the environment, including those related to Hazardous Substances, air emissions and discharges to waste or public systems, or to health and safety.

ERISA means the *Employee Retirement Income Security Act of 1974*, as amended, and its related rules, regulations, and published interpretations.

ERISA Affiliate means any trade or business (whether or not incorporated) under common control with any Company within the meaning of Section 414(b) or (c) of the Tax Code (including any multiemployer plan within the meaning of Section 4001(a)(3) of ERISA).

Funded Debt means, when determined, (a) all Debt for borrowed money (whether as a direct obligor on a promissory note, a reimbursement obligor on a letter of credit, a guarantor, or otherwise), and (b) all capital lease obligations.

GAAP means generally accepted accounting principles in the U.S. set out in the opinions and pronouncements of the of the Accounting Principles Board of the American Institute of Certified Public Accountants and the Financial Accounting Standards Board as in effect from time to time.

General Agency means TWFG General Agency, Inc., a Texas corporation and a wholly-owned subsidiary of Borrower.

Governmental Authority means any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, administrative tribunal, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of, or pertaining to, government.

Guarantor means Richard F. Bunch, III, General Agency, TWFG Insurance, PFC, any other Subsidiary of Borrower (excluding Newco), and any other Person executing a Guaranty.

Guaranty means (a) with respect to Richard F. Bunch, III, a guaranty substantially in the form of **Exhibit B-1**, and (b) with respect to all Guarantors (other than Richard F. Bunch, III), a guaranty substantially in the form of **Exhibit B-2**.

H.15 Report means the Federal Reserve Board's Statistical Release H.15, "Selected Interest Rates". Weekly releases of, and daily updates to, H.15 Reports generally are available at the Federal Reserve Board's website, www.federalreserve.gov. If the H.15 Report is replaced or otherwise unavailable, Lender may designate the replacement report or another report reasonably comparable to the H.15 Report, which shall be used in place of the H.15 Report

Hazardous Substance means (a) any explosive or radioactive substance or waste, all hazardous or toxic substances, waste, or other pollutants, and any other substance the presence of which requires removal, remediation or investigation under any applicable Environmental Law, (b) any substance that is defined or classified as a hazardous waste, hazardous material, pollutant, contaminant, or toxic or hazardous substance under any applicable Environmental Law, or (c) petroleum, petroleum distillates, petroleum products, oil, polychlorinated biphenyls, radon gas, infectious medical wastes, and asbestos or asbestos-containing materials.

Hedge Transaction means any (and all) rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing).

Insurance Proceeds means all cash and non-cash proceeds in respect of any insurance policy maintained by any Company under the terms of this Agreement excluding (a) any key man life insurance, and (b) provided no Potential Default or Default then exists or would result therefrom, any business interruption insurance proceeds.

Laws means, collectively, all international, foreign, Federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental

Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority (whether or not such orders, requests, licenses, authorizations, permits or agreements have the force of law).

Lender's Office means Lender's address, and, as appropriate, account as set out on **Schedule 1**, or such other address or account as Lender may from time to time notify Borrower.

LIBOR Rate means, when determined, the rate per annum equal to the London Interbank Offered Rate for a period of one (1) month (the "**Reference Period**") as determined by ICE Benchmark Administration Limited (ICE) (or any successor or substitute therefor) for Dollar deposits for a one-month period as obtained by Lender from Reuters, Bloomberg or another commercially available source as may be designated by Lender from time to time, two (2) Business Days before the first day of such interest period (or if no such rate is stated on that date, the rate stated on the day most immediately preceding the date of determination on which a rate was stated), as adjusted from time to time in Lender's sole discretion for then-applicable reserve requirements, deposit insurance assessment rates and other regulatory costs. Notwithstanding the foregoing, the LIBOR Rate shall not in any event be less than zero percent (0.00%).

Lien means any lien (statutory or other), mortgage, security interest, financing statement, collateral assignment, pledge, assignment, charge, hypothecation, deposit arrangement, or preference, priority or other security interest or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement, and any financing lease having substantially the same economic effect as any of the foregoing), or encumbrance of any kind, and any other right of or arrangement with any creditor (whether based on common law, constitutional provision, statute or contract) to have its claim satisfied out of any property or assets, or their proceeds, before the claims of the general creditors of the owner of the property or assets.

Litigation means any action by or before any Governmental Authority, arbitrator, or arbitration panel.

Loan means any amount disbursed by Lender (a) to, or on behalf of, any Company under the Loan Documents, whether such amount constitutes an original disbursement of funds, or (b) in accordance with, and to satisfy the obligations of any Company under, any Loan Document.

Loan Documents means (a) this Agreement, certificates and requests delivered under this Agreement, and exhibits and schedules to this Agreement, (b) the Term Note, (c) the Revolving Note, (d) all Guaranties, (e) the Security Documents, (f) all other agreements, documents, and instruments in favor of Lender ever delivered in connection with or under this Agreement, and (g) all renewals, extensions, amendments, modifications, supplements, restatements, and replacements of, or substitutions for, any of the foregoing.

Loan Request means a request substantially in the form of **Exhibit C**.

Material Adverse Event means any circumstance or event that, individually or collectively with other circumstances or events, could reasonably be expected to result in (a) impairment of the ability of any Company or Guarantor to perform any of its payment or other material obligations under any Loan Document, (b) impairment of the ability of Lender to enforce any Company or Guarantor's material obligations, or Lender's rights, under any Loan Document or in respect of the Obligation, (c) a material adverse effect upon the legality, validity, binding effect or enforceability against any Company or Guarantor of any Loan Document to which it is a party, and (d) a material and adverse change in, or a material adverse effect upon, the operations, business, properties, liabilities (actual or contingent), condition (financial or otherwise), or prospects of Borrower and its Subsidiaries as represented in the financial statements delivered to Lender on or about the Closing Date in respect of Borrower and its Subsidiaries.

Material Agreement means, for any Person, any agreement to which that Person is a party by which that Person is bound, or to which any assets of that Person may be subject, and that is not cancelable by that Person upon 30 or fewer days' notice without liability for further payment *other than* nominal penalty, and that requires that Person to pay more than \$100,000 in the aggregate during the term of such agreement.

Maturity Date means June 5, 2021.

Maximum Amount and **Maximum Rate** respectively mean the maximum non-usurious amount and the maximum non-usurious rate of interest that, under applicable Law, Lender is permitted to contract for, charge, take, reserve or receive on the Obligation.

Moody's means Moody's Investors Service, Inc. and any successor thereto.

Newco means The Woodlands Insurance Company, a Texas insurance corporation.

Notes means all of, and Note means any of, the Revolving Note and the Term Note.

Obligation means all present and future Debt, liabilities and obligations (including the Loans and the obligations under any Swap Contract), whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, and all renewals, increases and extensions thereof, or any part thereof, now or in the future owed to Lender by any Company, whether under any Loan Document or under any other financing, promissory note, or other extension of credit by Lender to any Company, whether now or hereafter entered into between Lender and any other Company (and as may be renewed, extended, increased or modified from time to time), *together with* all interest accruing thereon, reasonable fees, costs and expenses payable under the Loan Documents or otherwise, or in connection with the enforcement of rights under the Loan Documents or otherwise, including (a) fees and expenses under **Section 8.12**, and (b) interest and fees that accrue after the commencement by or against any Company or any Affiliate thereof of any proceeding under any Debtor Relief Law naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding.

Percent Prepaid means the percentage determined by dividing the principal amount of the loan being prepaid by the principal loan balance outstanding on the Prepayment Date.

Permitted Debt means (a) the Obligation, (b) Debt arising from endorsing negotiable instruments for collection in the ordinary course of business, (c) indemnities arising under agreements entered into by any Company in the ordinary course of business, (d) trade payables, Tax liabilities and other current liabilities incurred in the ordinary course of business, (e) Debt listed on **Schedule 2**, and (f) any other Debt not to exceed \$250,000 in aggregate principal amount outstanding at any time.

Permitted Liens means (a) Liens securing the Obligation, (b) easements, rights -of-way, encumbrances and other restrictions on the use of real property which do not materially impair the use thereof, (c) inchoate Liens for Taxes; *provided that*, no amounts are due and payable and no Lien has been filed or agreed to, (d) purchase money Liens to the extent securing Debt listed on **Schedule 2** or Liens securing Debt permitted to be incurred under *clause (f)* of the definition Permitted Debt, and (e) pledges or deposits made to secure payment of workers' compensation, unemployment insurance or other forms of governmental insurance or benefits or to participate in any fund in connection with workers' compensation, unemployment insurance, pensions or other social security programs.

Person means any individual, partnership, limited partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, syndicate, Governmental Authority or other entity or organization of whatever nature.

PFC means TWFG PREMIUM FINANCE COMPANY, a Texas corporation and a wholly owned Subsidiary of Borrower.

PGBC means Pension Benefit Guaranty Corporation, or any successor thereof, established under ERISA.

Potential Default means the occurrence of any event or the existence of any circumstance that would, with the giving of notice or lapse of time or both, become a Default.

Prepayment Date means the date on which Lender received the prepayment.

Principal Amount means, when determined, the outstanding principal balance of the Term Note.

Proper Form means in form and substance satisfactory to Lender and its legal counsel.

Representatives means representatives, officers, directors, employees, consultants, contractors, attorneys and Lender.

Responsible Officer means the president, chief executive officer, chief financial officer, treasurer, controller, chief accounting officer, or chief operating officer of the Borrower.

Revolving Committed Amount means \$10,000,000.

Revolving Credit Facility is defined in **Section 2.2**.

Revolving Credit Termination Date means the earlier of (a) June 4, 2018, or (b) the effective date that Lender's Commitment to make Loans under the Revolving Credit Facility under this Agreement is otherwise canceled or terminated in accordance with **Section 12** of this Agreement or otherwise.

Revolving Note means a promissory note substantially in the form of **Exhibit A-2**, executed by Borrower and made payable to Lender and all renewals, extensions, modifications, amendments, supplements, restatements, and replacements of, or substitutions for, that promissory note.

Revolving Principal Amount means, when determined, the outstanding principal balance of the Revolving Note.

S&P means Standard & Poor's Ratings Group (a division of The McGraw-Hill Companies, Inc.).

Security Agreement means each Security Agreement in substantially the form of **Exhibit E**, and executed by any Company, as debtor, and by Lender, as secured party, granting Lender a Lien on, and security interest in, among other things, such Company's accounts receivable, inventory, equipment, goods, general intangibles, intellectual property, chattel paper, instruments, life insurance policies and documents.

Security Documents means all Security Agreements and all documents executed in connection therewith to create or perfect a Lien on the Collateral (including any assignment of life insurance policy as collateral).

Subsidiary of a Person means a corporation, partnership, joint venture, limited liability company, or other business entity of which a majority of the Voting Interests are at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person.

Tax Code means the *Internal Revenue Code of 1986*, as amended, and related rules, regulations and published interpretations.

Taxes means, for any Person, taxes, assessments or other governmental charges or levies imposed upon that Person, its income, or any of its properties, franchises or assets.

Term Loan is defined in **Section 2.1(a)**.

Term Loan Committed Amount means \$6,042,775.31.

Term Note means a promissory note substantially in the form of **Exhibit A-1**, executed by Borrower and made payable to Lender in the original principal amount of the Term Loan Committed Amount, together with all renewals, extensions, modifications, amendments, supplements, restatements and replacements of, or substitutions for, each such promissory note.

Total Commitment means the *sum* of (a) the Term Loan Committed Amount, *plus* (b) the Revolving Committed Amount.

Total Credit Exposure means, when determined, the Principal Amount plus the Revolving Principal Amount.

TWFG Insurance means TWFG Insurance Services, Inc., a Texas corporation and a wholly owned subsidiary of Borrower.

UCC means the Uniform Commercial Code, as adopted in Texas and as amended from time to time.

Unfinanced Capital Expenditures means capital expenditures by any Company which are not made using Debt.

U.S. means United States of America.

Voting Interests of any Person means the capital stock (or other equity interest) of such Person having ordinary voting power for the election of directors (or other governing body).

1.2 **Interpretive Provisions.** Terms used but not defined in this Agreement, but which are defined in the UCC, have the meaning given them in the UCC.

(a) The meanings of words and defined terms are equally applicable to the singular and plural forms of the defined terms and words. Defined terms in respect of one gender include each other gender where appropriate. Derivatives of defined terms have corresponding meanings.

(b) Any conflict or ambiguity between this Agreement and any other Loan Document is controlled by the terms and provisions of this Agreement.

(c) The headings and captions used in this Agreement and the other Loan Documents are for convenience only and will not be deemed to limit, amplify or modify the terms of this Agreement or the Loan Documents.

(d) Article, Section, Exhibit and Schedule references are to the Loan Document in which such reference appears, unless otherwise indicated.

(e) In the computation of periods of time from a specified date to a later specified date, the word "**from**" means "**from and including**," the words "**to**" and "**until**" each mean "**to but excluding**," and the word "**through**" means "**to and including**."

(f) The words "**herein**," "**hereto**," "**hereof**" and "**hereunder**" and words of similar import when used in any Loan Document shall refer to such Loan Document as a whole and not to any particular provision of such Loan Document.

(g) The term "**including**" is by way of example and not limitation.

1.3 Accounting Terms. All accounting terms not specifically or completely defined in this Agreement shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP, with all accounting principles being consistently applied from period to period and on a basis consistent with the most recent reviewed or audited financial statements of either Borrower. While Borrower has any Subsidiaries, all accounting and financial terms and financial calculations (including the calculation of all financial covenants, ratios, and related definitions) in respect of Borrower or any Company are on a consolidated and consolidating basis for all Companies, unless otherwise indicated.

(a) If at any time any change in GAAP would affect the computation of any financial ratio or requirement set out in any Loan Document, and either Borrower or Lender shall so request, Lender and Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of Lender); *provided that*, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP as in effect prior to such change and (ii) the Borrower shall provide to Lender financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP.

1.4 References to Documents. Unless otherwise expressly provided in this Agreement, (a) references to corporate formation or governance documents, contractual agreements (including this Agreement and the Loan Documents) and other contractual instruments shall be deemed to include all subsequent amendments, restatements, extensions, supplements and other modifications thereto, but only to the extent that such amendments, restatements, extensions, supplements and other modifications are not prohibited by any Loan Document; and (b) references to any Law shall include all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting such Law.

1.5 Time. Unless otherwise indicated, all time references (*e.g.*, 11:00 a.m.) are to Central time (daylight or standard, as applicable).

SECTION 2 LOAN COMMITMENTS

2.1 Term Loan. Subject to the terms and conditions of this Agreement, Lender agrees to make a term loan to Borrower in an amount equal to the Term Loan Committed Amount in a single Loan which, when paid or prepaid, may not be reborrowed (the “***Term Loan***”).

2.2 Revolving Credit Facility. Subject to the terms and conditions of this Agreement, Lender agrees to loan to Borrower an amount not to exceed the Revolving Committed Amount in one or more Loans from time to time, which Borrower may borrow, repay, and reborrow under this Agreement (collectively, the “***Revolving Credit Facility***”).

2.3 Loan Procedure. Subject to compliance with **Section 5**, Borrower may request a Loan under the Revolving Credit Facility or the Term Loan by submitting a Loan Request to Lender. A Loan Request is irrevocable and binding on Borrower. Each Loan Request must be received by Lender no later than 11:00 a.m. on the proposed Loan Date. Each Loan Date must be a Business Day. Each Loan Date under the Revolving Credit Facility must occur before the Revolving Credit Termination Date. The Loan Date of the Term Loan is the Closing Date.

(a) Each Loan under the Revolving Credit Facility is subject to the following conditions:

(i) each Loan must occur on a Business Day and no later than the Business Day immediately preceding the Revolving Credit Termination Date;

(ii) each Loan (unless the remaining amount under *clause (ii)* below is less) must be in an amount not *less than* \$100,000 or a greater integral multiple of \$10,000;

(iii) no Loan may exceed an amount equal to the excess of the Revolving Committed Amount over the Revolving Principal Amount; and

(iv) after giving effect to any Loan, the Revolving Principal Amount may not exceed the Revolving Committed Amount.

(b) From time to time, Lender may provide certain treasury or cash management services to Borrower under which Borrower incur Loans under the Revolving Credit Facility. While a Cash Management Agreement is in effect, Borrower may repay the Revolving Principal Amount under the terms of the Cash Management Agreement. Borrower hereby authorizes Lender to honor all checks or other drafts received against the accounts subject to the Cash Management Agreement.

2.4 Voluntary Prepayment.

(a) Borrower may voluntarily prepay all or any part of the Principal Amount or Revolving Principal Amount at any time, subject to the following conditions:

(i) Lender must receive Borrower's written or telephonic prepayment notice by 10:00 a.m. on the prepayment date;

(ii) Borrower's prepayment notice shall (A) specify the prepayment date, (B) specify the amount of the Loan to be prepaid, (C) specify whether the Principal Amount or Revolving Principal Amount is being prepaid (and if not specified, such prepayment will be applied to the Principal Amount), and (D) constitute an irrevocable and binding obligation of Borrower to make a prepayment in such amount on the designated prepayment date;

(iii) each partial prepayment under this *clause (a)* must be in a minimum amount of not *less than* (A) \$100,000 or a greater integral multiple of

\$10,000 or (B) if less than the requested minimum amount, the outstanding balance of the Principal Amount or the Revolving Principal Amount, as the case may be;

(iv) if the Revolving Credit Facility is being prepaid, payments shall be applied to the Revolving Principal Amount with no corresponding reduction in the Revolving Committed Amount; and

(v) if the Principal Amount is being prepaid all accrued and unpaid interest on the portion of the Principal Amount prepaid, together with the prepayment fee described in *clause (c)* below, must also be paid in full on the prepayment date and each partial prepayment of the Term Loan shall be applied to the Term Loan's scheduled principal payments in the inverse order of their maturity.

(b) All prepayments of the Revolving Credit Facility under this **Section 2.4** of a LIBOR Rate Loan will be accompanied by (i) the amount of accrued interest on the principal amount prepaid and (ii) the amount of Lender's loss or expense actually incurred by it as a result of the prepayment (together with any related customary administrative fees charged by Lender in connection therewith).

(c) If Borrower makes any prepayment of the outstanding principal balance on the Term Note, Borrower shall pay to Lender a prepayment fee equal to the quotient of (i) the product of (a) AYD, *times* (b) Average Principal, *times* (c) Percent Prepaid, *times* (d) Days Remaining, *divided* by (ii) 360.

(d) Notwithstanding anything to the contrary contained in this Agreement, any notice of prepayment under **Section 2.4(a)** may state that it is conditioned upon the effectiveness of other credit facilities the proceeds of which will be used to prepay in full all outstanding Obligations hereunder (other than (A) contingent indemnification obligations and (B) Cash Management Liabilities as to which arrangements satisfactory to the applicable Cash Management Bank shall have been made), in which case such notice may be revoked or postponed by the Borrower (by written notice to Lender on or prior to the specified effective date) if the conditions to effectiveness of such other credit facility are not satisfied.

2.5 Mandatory Prepayment.

(a) If the Revolving Principal Amount at any time exceeds the Revolving Committed Amount, then the Borrower shall repay the Revolving Principal Amount, in at least the amount of that excess, together with all accrued and unpaid interest on the principal amount so repaid.

(b) All prepayments on the Revolving Credit Facility under this **Section 2.5** of a LIBOR Rate Loan will be accompanied by (i) the amount of accrued interest on the principal amount prepaid and (ii) the amount of Lender's loss or expense actually

incurred by it as a result of the prepayment (together with any related customary administrative fees charged by Lender in connection therewith).

SECTION 3 TERMS OF PAYMENT.

3.1 Notes and General Payment Terms.

(a) The Term Loan shall be evidenced by the Term Note. The Loans under the Revolving Credit Facility shall be evidenced by the Revolving Note.

(b) Borrower must make each payment on the Obligation, without offset, counterclaim or deduction to Lender's Office, in funds that will be available for immediate use by Lender by 4:00 pm on the day due. Payments received after such time (and payments received on a day which is not a Business Day) will be deemed received on the next Business Day but interest shall continue to accrue during such period.

(c) If any payment or prepayment to be made by Borrower shall come due on a day other than a Business Day, payment shall be made on the next following Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be.

3.2 Payments.

(a) **Term Loan.**

(i) Payments of principal and interest under the Term Loan are due and payable in the amount of \$125,891.00 plus accrued interest, beginning on July 5, 2017, and continuing on the 5th day of each month thereafter until the Maturity Date (or earlier upon the acceleration of maturity of the Term Loan in accordance with ***Section 12*** of this Agreement).

(ii) All outstanding principal and all accrued and unpaid interest in respect of the Term Loan is due and payable in full on the Maturity Date (or earlier upon the acceleration of maturity of the Term Loan in accordance with ***Section 12*** of this Agreement).

(b) **Revolving Credit Facility.**

(i) Accrued and unpaid interest on the Revolving Principal Amount is due and payable monthly in arrears on 5th day of each month beginning July 5, 2017, and continuing on the 5th day of each month thereafter until the Revolving Credit Termination Date.

(ii) The Revolving Principal Amount, and all accrued and unpaid interest thereon, is due and payable in full on the Revolving Credit Termination Date.

3.3 Order of Application.

(a) All payments and prepayments shall be applied as specified in this Agreement and, if not specified, shall be applied in the following order: (i) to all fees, expenses, late charges, collection costs, and other charges, costs and expenses for which Lender has not been paid or reimbursed under the Loan Documents, (ii) accrued and unpaid interest on the Principal Amount, (iii) to the accrued and unpaid interest on the Revolving Principal Amount, (iv) to the remaining Principal Amount in the order Lender elects, (v) to the Revolving Principal Amount and (vi) to the remaining Obligation in the order and manner Lender deems appropriate in its sole discretion.

(b) All proceeds from the exercise of any rights shall be applied at Lender's discretion among principal, interest, fees, expenses, late charges, collection costs, and other charges, costs and expenses, for which Lender has not been paid or reimbursed under the Loan Documents.

3.4 Interest. Except as otherwise provided in this Agreement, Loans under the Term Loan shall accrue interest at a rate per annum equal to the *lesser* of (a) 4.0%, and (b) the Maximum Rate. Except as otherwise provided in this Agreement, Loans under the Revolving Credit Facility shall accrue interest at a rate per annual equal to the *lesser* of (a) the *sum* of the LIBOR Rate plus the Applicable Margin, and (b) the Maximum Rate. Each change in the LIBOR Rate or the Maximum Rate is effective as of the date of such change without notice to Borrower or any other Person.

3.5 Default Rate. To the extent permitted by Law, while a Default exists, the Obligation shall accrue interest at the *lesser of* (a) the Default Rate and (b) the Maximum Rate, until all past due amounts are paid (whether payment is made before or after entry of a judgment or the Default is otherwise cured or waived). Subject to **Section 3.8**, if a Default exists, Lender may, in its sole discretion, to the extent permitted by Law, add accrued and unpaid interest to the Principal Amount and the Revolving Principal Amount and such amount will accrue interest until paid at the applicable interest rate. During the existence of a Default, interest payable at the Default Rate shall be payable from time to time on written demand from Lender to Borrower.

3.6 Interest Calculations. Interest on Loans and on the amount of all fees and other amounts due under the Loan Documents will be calculated on the basis of actual number of days elapsed (including the first day but excluding the last day), but computed as if each calendar year consisted of 360 days (unless computation would result in an interest rate in excess of the Maximum Rate, in which event the computation is made on the basis of a year of 365 or 366 days, as the case may be). All interest rate determinations and calculations by Lender are conclusive and binding, absent manifest error.

3.7 Maximum Rate. It is the intention of the parties to comply with applicable usury laws. The parties agree that the total amount of interest contracted for, charged, collected or received by Lender under this Agreement shall not exceed the Maximum Rate. To the extent, if any, that Chapter 303 of the Texas Finance Code (the "**Finance Code**") is relevant to Lender for purposes of determining the Maximum Rate, the parties elect to determine the Maximum Rate

under the Finance Code pursuant to the “weekly ceiling” from time to time in effect, as referred to and defined in § 303.001-303.016 of the Finance Code; subject, however, to any right Lender subsequently may have under applicable law to change the method of determining the Maximum Rate. Notwithstanding any contrary provisions contained herein, (a) the Maximum Rate shall be calculated on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be; (b) in determining whether the interest hereunder exceeds interest at the Maximum Rate, the total amount of interest shall be spread throughout the entire term of this Agreement until its payment in full; (c) if at any time the interest rate chargeable under this Agreement would exceed the Maximum Rate, thereby causing the interest payable under this Agreement to be limited to the Maximum Rate, then any subsequent reductions in the interest rate(s) shall not reduce the rate of interest charged under this Agreement below the Maximum Rate until the total amount of interest accrued from and after the date of this Agreement equals the amount of interest which would have accrued if the interest rate(s) had at all times been in effect; (d) if Lender ever charges or receives anything of value which is deemed to be interest under applicable Texas law, and if the occurrence of any event, including acceleration of maturity of obligations owing to Lender, should cause such interest to exceed the maximum lawful amount, any amount which exceeds interest at the Maximum Rate shall be applied to the reduction of the unpaid principal balance under this Agreement or any other indebtedness owed to Lender by the Borrower, and if this Agreement and such other indebtedness are paid in full, any remaining excess shall be paid to the Borrower; and (e) Chapter 346 of the Finance Code shall not be applicable to this Agreement or the indebtedness outstanding hereunder.

3.8 Set off. While a Default exists, Lender (and each of its Affiliates) is hereby authorized at any time and from time to time, to the fullest extent permitted by Law, to set off and apply (a) any and all deposits (general or special, time or demand, provisional or final) at any time held by Lender (or its Affiliates) and (b) any other Debt at any time owing by Lender (or any of its Affiliates) to or for the credit or the account of any Company, against the Obligation even if Lender has not made demand under this Agreement and the Obligation is unmatured. Lender agrees to promptly notify the applicable Company after any such set off and application is made; provided that, the failure to give such notice shall not affect the validity of such set off and application. The rights of Lender under this **Section 3.8** are in addition to other rights and remedies (including other rights of set off) that Lender may have.

3.9 Debit Account. Borrower agrees that the interest and principal payments and any fees will be deducted automatically on the due date from any of Borrower’s accounts with Lender as designated in writing by Borrower. This authorization shall not affect the obligation of Borrower to pay such sums when due, without notice, if there are insufficient funds in such account to make such payment in full on the due date thereof, or if Lender fails to debit such account.

SECTION 4 INTENTIONALLY OMITTED.

SECTION 5 CONDITIONS PRECEDENT.

5.1 Conditions to Term Loan. This Agreement will become effective once all parties have executed and delivered this Agreement. Lender will not be obligated to make the Term

Loan until (a) Lender has received all of the items described on **Schedule 5**, each in Proper Form, (b) all of the representations and warranties of the Companies in the Loan Documents are true and correct in all material respects (except to the extent that the representations and warranties speak to a specific date), (c) Lender has received and continues to maintain evidence of insurance as set out in **Section 8.6** (including certificates and endorsements), (d) no Material Adverse Event exists, and (e) no Default or Potential Default exists or will result from such funding, issuance, amendment or renewal. The Loan Request delivered to Lender constitutes the representation and warranty by the Companies that the statements in *clauses (b), (c), (d), and (e)* above are true and correct in all material respects.

5.2 **No Waiver.** Each condition precedent in this Agreement (including matters listed on **Schedule 5**) is material to the transactions contemplated by this Agreement, and time is of the essence with respect to each condition precedent. Lender may make any Loan without all conditions being satisfied, but such Loan shall not be deemed a waiver of any condition precedent for any subsequent Loan.

SECTION 6 SECURITY AND GUARANTIES.

6.1 **Collateral.** The complete payment and performance of the Obligation shall be secured by all of the items and types of property (collectively, the “**Collateral**”) described as collateral in the Security Agreement. Each Company shall execute all applicable Security Documents necessary to pledge all of the Collateral it owns.

6.2 **Financing Statements.** Each Company hereby authorizes Lender to file, and agrees to execute, in Proper Form, if requested, financing statements, continuation statements, or termination statements, or take other action reasonably requested by Lender relating to the Collateral, including any Lien search required by Lender.

6.3 **Guaranties.** Richard F. Bunch, III, and each Subsidiary of Borrower shall guaranty the complete payment and performance of the Obligation (including the Term Loan and the Revolving Credit Facility) by executing and delivering a Guaranty to Lender on the Closing Date or within ten (10) Business Days after such Company is created or acquired.

6.4 **Collateral Release and Termination of Guaranty.** The pledge of Borrower’s equity interests by Richard F. Bunch, III in favor of Lender made in connection with the Existing Credit Agreement is expressly released and terminated as of the Closing Date and Lender claims no further interest in such pledge of Borrower’s equity interests by Richard F. Bunch, III, excluding only those obligations which expressly survive termination and release. The pledge of equity interests by Borrower in favor of Lender made in connection with the Existing Credit Agreement is expressly released and terminated as of the Closing Date and Lender claims no further interest in such pledge of equity interests by Borrower, excluding only those obligations which expressly survive termination and release. The pledge of equity interests by TWFG Insurance in favor of Lender made in connection with the Existing Credit Agreement is expressly released and terminated as of the Closing Date and Lender claims no further interest in such pledge of equity interests by TWFG Insurance, excluding only those obligations which expressly survive termination and release. TWFG Insurance Services CA1, LLC, formerly a California

limited liability company, has been dissolved and cancelled, and Lender hereby releases TWFG Insurance Services CA1, LLC from its guaranty executed in connection with the Existing Credit Agreement, and Lender claims no further interest in such guaranty, excluding only those obligations which expressly survive termination and release.

SECTION 7 REPRESENTATIONS AND WARRANTIES. Borrower represents and warrants, to Lender as follows:

7.1 Existence, Good Standing, and Authority to do Business. Borrower is a Texas corporation duly organized, validly existing, and in good standing under the Laws of the jurisdiction in which it is organized. Each other Company is duly organized, validly existing, and in good standing under the Laws of the jurisdiction in which it is organized. In each state in which each Company does business, each Company has all necessary permits, licenses, franchises, patents, copyrights, trademarks and trade names, or rights to conduct its business, and (d) has the necessary corporate, company, or partnership authority to own its assets and conduct its business.

7.2 Subsidiaries. Other than those listed on ***Schedule 7.2***, Borrower has no Subsidiaries. ***Schedule 7.2*** lists the name, address, entity type and jurisdiction of organization of each Company, the number of issued and outstanding shares (or other equity interests) of such Company, and the percentage ownership of each other Company.

7.3 Authorization, Compliance, and No Default. The execution and delivery by each Company of the Loan Documents to which it is a party and each Company's performance of its obligations under the Loan Documents are within such Company's powers, have been duly authorized, do not conflict with any of its organizational documents, do not conflict with any Law, agreement, or obligation by which such Company is bound, do not require any consent or approval of any Person or Governmental Authority that has not been obtained and remains in full force and effect, and do not violate, result in a breach of or constitute a default under any Material Agreement to which any Company is a party or by which it or its property is bound.

7.4 Enforceability. Each Loan Document has been executed and delivered by each Company which is a party to it, and the Loan Documents constitute the legal, valid, and binding obligation of each Company, enforceable against each Company in accordance with their respective terms, except as enforceability may be limited by applicable Debtor Relief Laws and general principles of equity.

7.5 Litigation. Except as disclosed on ***Schedule 7.5***, no Company is subject to, or aware of the threat of, any Litigation involving any Company which, (a) purports to affect or pertain to this Agreement, any other Loan Document, or any of the transactions contemplated by the Loan Documents, or (b) if determined adversely to any Company could reasonably be expected to result in a Material Adverse Event.

7.6 Taxes. All Tax returns of each Company required to be filed have been timely filed (or extensions have been granted) and all Taxes imposed upon any Company that are due and payable have been paid before delinquency, *other than* Taxes which are being contested in

good faith by lawful proceedings diligently conducted, against which reserve or other provision required by GAAP has been made.

7.7 Environmental Matters. No facility of any Company is used for, or to the knowledge of any Company has been used for, storage, treatment, or disposal of any Hazardous Substance in violation of any applicable Environmental Law, other than violations that individually or collectively would not constitute a Material Adverse Event. No Company knows of any environmental condition or circumstance adversely affecting its assets, properties, or operations that could reasonably be expected to result in a Material Adverse Event.

7.8 Ownership of Assets; Intellectual Property. Each Company has (a) indefeasible title to its real property, (b) a vested leasehold interest in all of its leased property, and (c) good and marketable title to its personal property, all as reflected on the Current Financials (except for property that has been disposed of as permitted by **Section 9.7**). Each Company is conducting its business without infringement or claim of infringement of any license, patent, copyright, service mark, trademark, trade name, trade secret or other intellectual property right of others, *other than* any infringements or claims that, if successfully asserted against or determined adversely to any Company, could not, individually or collectively, reasonably be expected to result in a Material Adverse Event.

7.9 Liens. No Lien exists on any asset of any Company, *other than* Permitted Liens.

7.10 Debt. No Company is an obligor on any Debt, *other than* Permitted Debt.

7.11 Insurance. The Companies maintain the insurance required under Section 8.6.

7.12 Place of Business; Real Property. The location of each Company's place of business or chief executive office is set out on **Schedule 7.12**. The books and records of each Company are located at its place of business or chief executive office. All of each Company's assets (*other than* inventory on consignment, in transit, or in the possession of a Person under the terms of a contract with a Company) are at one or more of the locations set out on **Schedule 7.12**. Except as described on **Schedule 7.12**, no Borrower has no ownership, leasehold, or other interest in real estate.

7.13 Purpose of Credit Facilities. Borrower will use the proceeds of the Term Loan to refinance existing debt. Borrower will use the proceeds of the Revolving Credit Facility for general corporate purposes. No part of the proceeds of the Term Loan or any Loan under the Revolving Credit Facility will be used, directly or indirectly, for a purpose that violates any Law, including the provisions of *Regulation U*.

7.14 Trade Names. Except as disclosed on **Schedule 7.14**, no Company has used or transacted business under any other corporate or trade name in the five-year period preceding the Closing Date (including names of all Persons with which any Company has merged or consolidated, or from which any Company has acquired all or substantially all of such Person's assets).

7.15 Transactions with Affiliates. Except as disclosed on **Schedule 7.15**, no Company is a party to an agreement or transaction with any of its Affiliates (excluding other Companies), *other than* transactions in the ordinary course of business and upon fair and reasonable terms not materially less favorable than it could obtain or could become entitled to in an arm's-length transaction with a Person that was not its Affiliate.

7.16 Financial Information. Each material fact or condition relating to the Loan Documents or the Companies' financial condition, business, property, or prospects has been disclosed to Lender in writing. All financial and other information supplied to Lender is sufficiently complete to give Lender accurate knowledge of each Company's financial condition, including all material contingent liabilities. Since the date of the most recent financial statement provided to Lender, there has been no material adverse change in the business condition (financial or otherwise), operations, properties or prospects of the Companies. Each financial statement supplied to Lender (i) was prepared in accordance with GAAP consistently throughout the period covered thereby, except as otherwise expressly noted therein and (ii) fairly present the financial condition of Borrower and its Subsidiaries as of the date thereof and their results of operations for the period covered thereby in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein.

7.17 Material Agreements and Funded Debt. No Company is a party to any Material Agreement, *other than* the Loan Documents and the Material Agreements described on attached **Schedule 7.17**. No Company has breached or is in default under any Material Agreement or Funded Debt obligation.

7.18 ERISA.

(a) Each Employee Plan (i) (other than a multiemployer plan) is in compliance in all material respects with the applicable provisions of ERISA, the Tax Code and other federal or state law, (ii) has received a favorable determination letter from the IRS and to the best knowledge of the Borrower, nothing has occurred which would cause the loss of such qualification.

(b) Each Company has fulfilled its obligations, if any, under the minimum funding standards of ERISA and the Tax Code with respect to each Employee Plan, and has not incurred any liability with respect to any Employee Plan under Title IV of ERISA.

(c) There are no claims, actions, or Litigation (including by any Governmental Authority), and there has been no prohibited transaction or violation of the fiduciary responsibility rules, with respect to any Employee Plan which is or could reasonably be expected to be a Material Adverse Event.

(d) With respect to any Employee Plan subject to Title IV of ERISA: (i) no reportable event has occurred under Section 4043(c) of ERISA for which the PBGC requires 30 day notice, (ii) no action by Borrower or any ERISA Affiliate to terminate or withdraw from any Employee Plan has been taken and no notice of intent to terminate an

Employee Plan has been filed under Section 4041 of ERISA, (iii) no termination proceeding has been commenced with respect to an Employee Plan under Section 4042 of ERISA, and no event has occurred or condition exists which might constitute grounds for the commencement of such a proceeding.

7.19 Disclosure. Borrower has disclosed to the Lender all agreements, instruments, and corporate or other restrictions to which it or any of its Subsidiaries is subject, and all other matters known to it (other than general economic conditions), that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Event. No report, financial statement, certificate or other information furnished (whether in writing or orally) by or on behalf of Borrower or any of its Subsidiaries to the Lender in connection with the transactions contemplated hereby or delivered hereunder or under any other Loan Document contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not materially misleading; provided that, with respect to projected financial information, Borrower represents only that such information was prepared in good faith based on assumptions believed to be reasonable at the time.

SECTION 8 AFFIRMATIVE COVENANTS. So long as Lender is committed to make any Loan under this Agreement, and thereafter until the Obligation is paid in full, Borrower agrees as follows:

8.1 Items to be Furnished. Borrower shall cause the following to be furnished to Lender:

(a) Promptly after preparation, and no later than 120 days after the last day of each fiscal year of Borrower and its Subsidiaries, commencing with the fiscal year ending December 31, 2017, audited financial statements (including statements of income, statements of retained earnings and cash flows and a balance sheet) showing the consolidated financial condition and results of operations of Borrower and its Subsidiaries as of, and for the year ended on, that last day, setting out, in each case, in comparative form the figures for the previous fiscal year and accompanied by the unqualified opinion of a firm of independent certified public accountants satisfactory to Lender, based on an audit using generally accepted auditing standards, that the financial statements were prepared in accordance with GAAP and present fairly, in all material respects, the consolidated financial condition and results of operations of Companies, and accompanied by a Compliance Certificate with respect to such financial statements calculating and certifying as to the Borrower's and its Subsidiaries compliance with the financial covenants under the Agreement.

(b) Promptly after preparation, and no later than 45 days after the last day of each fiscal quarter, unaudited financial statements (including statements of income, statements of retained earnings and cash flows and a balance sheet) showing the consolidated and consolidating financial condition and results of operations of Borrower and its Subsidiaries for the prior fiscal quarter and for the period from the beginning of

the current fiscal year to the last day of that fiscal quarter, accompanied by a Compliance Certificate with respect to such financial statements.

(c) Promptly after preparation, and no later than 60 days after the beginning of each fiscal year of Borrower, commencing with the 2015 fiscal year, internally-prepared projections (including statement of income, statement of cash flows and a balance sheet) showing the projected quarterly financial condition and results of operations of Borrower and its Subsidiaries for the upcoming fiscal year, which projections shall be certified by a Responsible Officer of Borrower and prepared in a manner consistent with the Companies' financial statements and in good faith based on assumptions believed to be reasonable at the time.

(d) Notice, promptly after any Company receives notice of, or otherwise becomes aware of, (i) the institution of any Litigation involving any Company for which the monetary amount at issue is greater than \$100,000, individually, or \$200,000 in the aggregate, (ii) any liability or alleged liability under any Environmental Law arising out of, or directly affecting, the properties or operations of such Company, (iii) any substantial dispute with any Governmental Authority, and (iv) a Default or Potential Default, specifying the nature thereof and what action each Company has taken, is taking, or proposes to take.

(e) Concurrently with the occurrence of (i) such change, notify Lender of any change in the name, legal structure, place of business, or chief executive office of any Company, or (ii) any acquisition or creation of a Subsidiary by any Company, notify Lender that any Person has become a Subsidiary of such Company.

(f) On an annual basis, and by not later than 30 days after the anniversary of the previously delivered annual financial statements, personal financial statements of Richard F. Bunch, III, including but not limited to a balance sheet and income statement, in form and detail acceptable to Lender.

(g) Promptly upon reasonable request by Lender, information and documents not otherwise required to be furnished under the Loan Documents respecting the business affairs, assets and liabilities of the Companies.

8.2 Books, Records and Inspections. Each Company shall maintain books, records, and accounts necessary to prepare the financial statements required by **Section 8.1**. Upon reasonable notice, each Company shall allow Lender (or its Representatives) during business hours or at other reasonable times to inspect each Company's properties, any and all Collateral and examine, audit, and make copies of books and records. If any of the Collateral, Companies' properties, books or records are in the possession of a third party, the applicable Company shall authorize that third party to permit Lender or its Representatives to have access to perform inspections or audits and to respond to Lender's requests for information concerning such properties, books and records. Lender may discuss, from time to time, any of the Companies' affairs, conditions and finances with its directors, officers, and certified public accountants.

8.3 Taxes. Each Company will promptly pay when due any and all Taxes, *other than* Taxes which are being contested in good faith by lawful proceedings diligently conducted, against which reserve or other provision required by GAAP has been made, and in respect of which levy and execution of any Lien are stayed.

8.4 Compliance with Laws. Each Company shall comply in all material respects of the requirements of all Laws (including fictitious or trade name statutes) and all orders, writs, injunctions and decrees applicable to it or its business or property, except in such instances in which (a) such requirement is deemed contested in good faith by lawful proceedings diligently conducted, against which reserve or other provision required by GAAP has been made, and (b) the failure to comply would not result in a Material Adverse Event.

8.5 Maintenance of Existence, Assets, and Business. Each Company will (a) maintain its existence and good standing in its state of organization and its authority to transact business and good standing in all other jurisdictions where the nature and extent of its business and properties require due qualification and good standing, (b) maintain all licenses, permits and franchises necessary for its business where failure to do so is a Material Adverse Event, and (c) keep all of its assets that are useful in and necessary to its business in good working order and condition (ordinary wear and tear excepted) and make all necessary repairs and replacements. So long as the Term Loan is outstanding or the Lender has any commitment in respect of the Revolving Credit Facility, each Company shall establish and maintain its primary deposit accounts with Lender.

8.6 Insurance. Each Company shall maintain (a) insurance satisfactory to Lender as to amount, nature and carrier covering property damage (including loss of use and occupancy) to any of the Companies' properties, public liability insurance including coverage for contractual liability, product liability and workers' compensation, and any other insurance which is usual for the Companies' business. Each policy shall provide for at least thirty (30) days prior notice to Lender of any cancellation thereof, and (b) insurance policies covering the tangible property comprising the Collateral. Each insurance policy must be for the full replacement cost of the Collateral and include a replacement cost endorsement in an amount acceptable to Lender. The insurance must be issued by an insurance company acceptable to Lender and must include a lender's loss payable endorsement in favor of Lender in a form acceptable to Lender. Upon Lender's request, Borrower shall deliver to Lender a copy of each insurance policy, or, if permitted by Lender, a certificate of insurance listing all insurance in force. Borrower shall maintain at all times for the benefit of Borrower, a key man life insurance policy on Richard F. Bunch, III providing for coverage in an amount not less than \$10,000,000.

8.7 Environmental Laws. Each Company shall conduct its business so as to comply with all applicable Environmental Laws, shall promptly take corrective action to remedy any violation of any Environmental Law, and shall immediately notify Lender of any claims or demands by any Governmental Authority or Person with respect to any Environmental Law or Hazardous Substance. All environmental costs, including but not limited to, costs for testing as required by any Governmental Authority or the Lender shall be paid by the Borrower.

8.8 ERISA. Promptly during each year (a) pay contributions adequate to meet at least the minimum funding standards under ERISA with respect to each and every Employee Plan, (b) file each annual report required to be filed pursuant to ERISA in connection with each Employee Plan for each year, and (c) notify Lender within ten (10) days of the occurrence of any reportable event under Section 4043(c) of ERISA that might constitute grounds for termination of any capital Employee Plan by the Pension Benefit Guaranty Corporation or for the appointment by the appropriate United States District Court of a trustee to administer any Employee Plan.

8.9 Use of Proceeds. Borrower shall use the proceeds of the Term Loan and the Revolving Credit Facility only for the purposes represented in this Agreement.

8.10 Application of Insurance Proceeds. Lender and each Company agree that all Insurance Proceeds shall be paid by the insurers directly to Lender (as loss payee or additional insured),

(a) If any Insurance Proceeds are paid to any Company, such Insurance Proceeds shall be received only in trust for Lender, shall be segregated from other funds of the Companies and shall promptly be paid over to Lender in the same form as received (with any necessary endorsement).

(b) Notwithstanding anything to the contrary in this **Section 8.10**, reimbursement under any liability insurance maintained by any Company may be paid directly to the Person who incurred the liability, cost, or expense covered by such insurance.

(c) Any Insurance Proceeds shall be applied to the repayment of the Principal Amount in accordance with **Section 2.4**, with the excess, if any, payable to Borrower.

8.11 New Subsidiaries. Each Company shall promptly cause each newly created or acquired Subsidiary, other than Newco, to comply with **Section 6**.

8.12 Expenses. Borrower shall promptly pay upon demand (a) all reasonable costs, fees and expenses paid or incurred by Lender (including those incurred under **Section 6**) in connection with the with the negotiation, preparation, delivery and execution of any Loan Document, and any related or subsequent amendment, waiver, or consent (including in each case, the reasonable fees and expenses of Lender's counsel), (b) all due diligence, closing, and post-closing costs including filing fees, recording costs, lien searches, corporate due diligence, third-party expenses, appraisals (if required), title insurance (if required), environmental surveys, annual field audits, and other related due diligence, closing and post-closing costs and expenses, and (c) all costs, fees and expenses of Lender incurred in connection with the enforcement of the Loan Documents or the exercise of any rights arising under the Loan Documents or the negotiation, workout, or restructure and any action taken in connection with any Debtor Relief Laws (including in each case, the reasonable fees and expenses of Lender's counsel), all of which shall be a part of the Obligation and shall accrue interest, if not paid upon demand, at the Default Rate until repaid.

8.13 Further Assurances. Each Company shall take such action as Lender may reasonably request to carry out the intent of this Agreement and the terms of the Loan Documents (including to perfect and protect its security interests and Liens), including executing, acknowledging, authorizing, delivering or recording or filing additional instruments or documents. Because Borrower agrees that Lender's remedies at Law for failure of Borrower to comply with the provisions of this Section 8.13 would be inadequate and that failure would not be adequately compensable in damages, Borrower agrees that the covenants of this **Section 8.13** may be specifically enforced.

SECTION 9 NEGATIVE COVENANTS. So long as Lender is committed to make any Loan under this Agreement, and thereafter until the Obligation is paid in full, Borrower agrees as follows:

9.1 Debt. No Company may create, incur, or permit any Debt *except* Permitted Debt.

9.2 Liens. No Company shall create, incur, or permit any Lien upon any of its assets, except Permitted Liens. No Company shall enter into any agreement (*other than* the Loan Documents) prohibiting the creation or assumption of any Lien upon its assets or revenues or prohibiting or restricting the ability of Borrower or any Company to amend or otherwise modify this Agreement or any other Loan Document.

9.3 Compliance. No Company may violate the provisions of any Laws applicable to it, any agreement to which it is a party, or the provisions of its organizational documents, if such violations individually or collectively would constitute a Material Adverse Event. No Company will modify, repeal, replace or amend any provision of its organizational or governing documents in any manner which would be adverse to the interests of Lender.

9.4 Dividends. No Company may (a) declare or make any dividend or other distribution (*other than* (i) dividends or distributions declared or made by such Company wholly in the form of its capital stock, (ii) dividends or distributions by a Company to another Company or to Borrower, (b) retire, redeem, purchase, withdraw, or otherwise acquire any equity interests in such Company (including the purchase of warrants or other options to acquire such interests), or (c) declare or make any distribution of assets to the holders of its equity interests (in that capacity), whether in cash, assets, or in its obligations; provided that, Borrower may declare dividends or distributions to its shareholders so long as, both before and immediately after giving effect to such dividend of distribution, no Potential Default or Default exists or would occur. No Company may enter into or permit to exist any arrangement or agreement (*other than* this Agreement) that prohibits it from paying dividends or making other distributions.

9.5 Assignment. No Company nor any Guarantor may assign or transfer any of its rights, duties or obligations under any of the Loan Documents, whether by contract, operation of law, merger or otherwise.

9.6 Fiscal Year and Accounting Methods. No Company may change its fiscal year or its method of accounting (*other than* immaterial changes in methods or as required by GAAP).

9.7 Sale of Assets. No Company may make any Disposition or enter into any agreement to make any Disposition, except (a) Dispositions of obsolete or worn out assets in the ordinary course of business, (b) Dispositions of inventory in the ordinary course of business, and (c) the Disposition of delinquent accounts receivable in the ordinary course of business for purposes of collection.

9.8 New Businesses. No Company may engage in any business except the business in which it is engaged as of the Closing Date.

9.9 Transactions with Affiliates. Except as disclosed on *Schedule 7.15*, no Company may enter into any Material Agreement or any material transaction with any of its Affiliates other than transactions in the ordinary course of business which are upon fair and reasonable terms not materially less favorable to such Company than such Company could obtain in an arms' length transaction with a Person that was not an Affiliate.

9.10 Prepayment of Debt. No Company may voluntarily prepay principal of, or interest on, any Debt, other than the Obligation, if a Default or Potential Default exists or would result after giving effect to such payment.

9.11 Acquisition, Mergers, and Dissolutions. No Company may (whether in one transaction or a series of transactions) (a) acquire all or any substantial portion of the equity interests issued by any other Person, (b) acquire all or any substantial portion of the assets of any other Person, (c) merge, combine, or consolidate with any other Person, (d) liquidate, wind up or dissolve (or suffer any liquidation or dissolution), or (e) cease or suspend operations.

9.12 Loans and Investments. No Company may extend credit to, or make any investment in, or purchase or commit to purchase any equity interests in, any other Person, other than (a) extensions of credit among the Companies which have recourse liability for the Obligation, (b) extensions of credit in the nature of accounts receivable or notes receivable arising from the sale or lease of goods or services in the ordinary course of business to Persons which are not Affiliates, (c) demand deposit accounts maintained in the ordinary course of business, and (d) expense accounts for employees in the ordinary course of business which do not, in the aggregate, at any time exceed \$25,000.

9.13 Hedge Transactions. No Company may enter into any Hedge Transactions.

SECTION 10 FINANCIAL COVENANTS. So long as Lender is committed to make any Loan under this Agreement, and thereafter until the Obligation is paid in full, the Companies agree as follows:

10.1 Maximum Funded Debt to EBITDA. The ratio of (a) Funded Debt as of the last day of each fiscal quarter to (b) EBITDA for the immediately preceding 12 month period ended on the last day of such fiscal quarter, may not at any time be greater than 2.00 to 1.00. The foregoing covenant shall be calculated and tested quarterly as of the last day of each fiscal quarter, commencing with the fiscal quarter ending June 30, 2017, for Borrower and its Subsidiaries on a consolidated basis.

10.2 Minimum Debt Service Coverage Ratio. The Debt Service Coverage Ratio may not at any time be less than 1.50 to 1.00. The foregoing covenant shall be calculated and tested quarterly for the four fiscal quarter period ending on the last day of each fiscal quarter, commencing with the fiscal quarter ending June 30, 2017, for Borrower and its Subsidiaries, on a consolidated basis.

SECTION 11 DEFAULT. The term “Default” means the occurrence of any one or more of the following events:

11.1 Payment of Obligation. The failure of Borrower, any Company or any Guarantor to pay any part of the Obligation when and as required to be paid under the Loan Documents or under any other written agreement with Lender.

11.2 Covenants. The failure of any Company or any Guarantor to punctually and properly perform, observe and comply with:

(a) Any covenant, agreement, or condition contained in (i) **Sections 6.1, 6.3, 8.2, 8.6, 8.8, or 8.9**, and such failure continues for 10 days or (ii) **Sections 9 and 10**, or

(b) Any other covenant, agreement, or condition contained in any Loan Document, (other than the covenants to pay the Obligation as set out in **Section 11.1** above, the covenants in clause (a) preceding and as set out below in this **Section 11**), and such failure continues for 30 days.

11.3 Debtor Relief. Any Company or any Guarantor (a) voluntarily seeks, consents to, or acquiesces in the benefit of any Debtor Relief Law, (b) becomes a party to or is made the subject of any proceeding provided for by any Debtor Relief Law (other than as a creditor or claimant), and (i) the petition is not controverted within 10 days and is not dismissed within 60 days, or (ii) an order for relief is entered under *Title 11 of the United States Code*, (c) makes an assignment for the benefit of creditors, or (d) fails (or admits in writing its inability) to pay its debts generally as they become due.

11.4 Judgments. There is entered against any Company or any Guarantor (a) a final non-appealable judgment or arbitration award for the payment of money or (b) one or more non-monetary final non-appealable judgments that could be, or could reasonably be expected to be, individually or in the aggregate, a Material Adverse Event, and, in either case enforcement of such judgment or award is not stayed.

11.5 False Information; Misrepresentation. Any information given to Lender by any Company or any Guarantor is false or any representation or warranty made to Lender by any Company or any Guarantor, or contained in any Loan Document, at any time proves to have been incorrect in any material respect when made.

11.6 Default Under Other Agreements. Any Company fails to pay when due (after any applicable grace period) any Debt which (individually or in the aggregate) exceeds \$100,000, or any default exists under any agreement which permits any Person to cause any Debt which

(individually or in the aggregate) exceeds \$200,000 to become due and payable by any Company before its stated maturity.

(a) Any Company breaches or defaults under any term, condition, provision, representation or warranty contained in any Material Agreement, including any agreement with Lender (other than the Loan Documents), and such Company fails for 5 Business Days to commence and thereafter diligently pursue a cure.

11.7 Validity and Enforceability of Loan Documents. Any Lien granted under any Security Documents ceases to be a first priority Lien on the Companies' assets. Any Loan Document at any time after its execution and delivery (a) ceases to be in effect in any material respect or is declared by a Governmental Authority to be null and void, or (b) its validity or enforceability is contested by a Company or a Company denies that it has any further liability or obligations under any Loan Document.

11.8 Change of Management or Control. (a) A Change of Management occurs, (b) a Change of Control occurs, or (c) an agreement, letter of intent, or agreement in principle is executed with respect to any proposed transaction or event or series of transactions or events which, individually or in the aggregate could reasonably be expected to result in a Change of Control or a Change of Management.

11.9 Material Adverse Event. A Material Adverse Event exists.

SECTION 12 RIGHTS AND REMEDIES.

12.1 Remedies Upon Default.

(a) If a Default exists under **Section 11.3**, the Commitment to extend credit under this Agreement automatically terminates and the unpaid balance of the Obligation automatically becomes due and payable without any action of any kind.

(b) If a Default exists, Lender may do any one or more of the following: (i) if the maturity of the Obligation has not already been accelerated under **Section 12.1(a)**, declare the unpaid balance of the Obligation immediately due and payable and to the extent permitted by applicable Law, the Obligation shall accrue interest at the Default Rate; (ii) terminate the commitment to extend credit under this Agreement; (iii) reduce any claim to judgment; (iv) exercise the rights of set-off or banker's Lien under **Section 3.9** to the extent of the full amount of the Obligation; and (v) exercise any and all other legal or equitable rights afforded by the Loan Documents, the Laws of the State of Texas, or any other applicable jurisdiction.

12.2 Waivers. To the extent permitted by Law, each Company waives presentment and demand for payment, protest, notice of intention to accelerate, notice of acceleration and notice of protest and nonpayment, and agrees that its liability with respect to all or any part of the Obligation is not affected by any renewal or extension in the time of payment of all or any part of

the Obligation, by any indulgence, or by any release or change in any security for the payment of all or any part of the Obligation.

12.3 No Waiver. No waiver of any Default shall be deemed to be a waiver of any other then-existing or subsequent Default. No delay or omission by Lender in exercising any right under the Loan Documents will impair that right or be construed as a waiver thereof or any acquiescence therein, nor will any single or partial exercise of any right preclude other or further exercise thereof or the exercise of any other right. The acceptance by Lender of any partial payment shall not be deemed to be a waiver of any Default then existing.

12.4 Performance by Lender. If any covenant, duty or agreement of any Company is not performed in accordance with the terms of the Loan Documents, Lender may, but is not obligated to, perform or attempt to perform that covenant, duty or agreement on behalf of that Company (and any amount expended by Lender in its performance or attempted performance is payable on demand, becomes part of the Obligation, and bears interest at the Default Rate from the date of Lender's expenditure until paid).

12.5 Cumulative Rights. All rights available to Lender under the Loan Documents are cumulative of, and in addition to, all other rights granted at law or in equity, whether or not the Obligation is due and payable and whether or not Lender has instituted any suit for collection, foreclosure, or other action in connection with the Loan Documents.

SECTION 13 MISCELLANEOUS.

13.1 Governing Law. Each Loan Document must be construed, and its performance enforced, under Texas law.

13.2 Invalid Provisions. If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall engage in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

13.3 Multiple Counterparts and Facsimile Signatures. Each Loan Document may be executed in any number of counterparts with the same effect as if all signatories had signed the same document. All counterparts must be construed together to constitute one and the same instrument. Loan Documents may be transmitted and signed by facsimile or portable documents format (PDF) and shall have the same effect as manually-signed originals and shall be binding on all Companies and Lender.

13.4 Notice. Unless otherwise provided in this Agreement, all notices or consents required under this Agreement shall be personally delivered or sent by first class mail, postage prepaid, or by overnight courier, or sent by facsimile. Notices and other communications shall

be effective (a) if mailed, upon the earlier of receipt or five (5) days after deposit in the U.S. mail, first class, postage prepaid, (b) if faxed, when transmitted, or (c) if hand-delivered, by courier or otherwise (including telegram, lettergram or mailgram), when delivered. Until changed by notice pursuant to this Agreement, the addresses and facsimile numbers for each party is set out on ***Schedule 1***. Lender shall be entitled to rely and act upon any notices (including telephonic Loan Requests) purportedly given by or on behalf of Borrower even if (i) such notices were not made in a manner specified in this Section, were incomplete or were not preceded or followed by any other form of notice specified in this Section, or (ii) the terms of the notice, as understood by the recipient, varied from any confirmation of the notice. Borrower shall indemnify Lender and its Affiliates and representatives from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of Borrower. All telephonic notices to and other communications with Lender may be recorded by Lender, and each of the parties to this Agreement hereby consents to such recording.

13.5 **Binding Effect; Survival**. This Agreement is binding upon, and inures to the benefit of, the parties hereto and their respective successors and permitted assigns. Unless otherwise provided, all covenants, agreements, indemnities, representations and warranties made in any of the Loan Documents survive and continue in effect as long as the Commitment is in effect or the Obligation is outstanding.

13.6 **Amendments**. The Loan Documents may be amended, modified, supplemented or be the subject of a waiver only by a writing executed by Lender and the Borrower or Guarantor party thereto. This Agreement amends and restates the Existing Credit Agreement in its entirety.

13.7 **Participants**. Lender may, at any time, sell to one or more Persons (each a “***Participant***”) participating interests in the Obligation; *provided that*, (a) Lender remains the holder of the Principal Amount, (b) Lender’s obligations under this Agreement remain unchanged and Lender remains solely responsible for the performance of those obligations, and (c) each Company continues to deal solely and directly with Lender regarding the Loan Documents. Lender may furnish any information concerning the Companies in its possession from time to time to assignees and Participants (including prospective assignees and Participants).

13.8 **Discharge Only Upon Payment in Full; Reinstatement in Certain Circumstances**. Each Company’s obligations under the Loan Documents remain in full force and effect until the Total Commitment is terminated and the Obligation is paid in full (except for provisions under the Loan Documents which by their terms expressly survive payment of the Obligation and termination of the Loan Documents). If at any time any payment of the principal of or interest on any Note or any other amount payable by any Company or any other obligor on the Obligation under any Loan Document is rescinded or must be restored or returned upon the insolvency, bankruptcy or reorganization of Borrower or otherwise, the obligations of each Company under the Loan Documents with respect to that payment shall be reinstated as though the payment had been due but not made at that time.

13.9 Governing Law, Forum, and Venue.

(a) Each Loan Document must be construed, and its performance enforced, under Texas law.

(b) Any suits, claims or causes of action arising directly or indirectly from this agreement or the other loan documents may be brought in a court of appropriate jurisdiction in Harris County, Texas and objections to venue and personal jurisdiction in such forum are hereby expressly waived.

(c) Each Company hereby acknowledges that (i) the negotiation, execution, and delivery of the loan documents constitute the transaction of business within the state of Texas, (ii) any cause of action arising under any of said Loan Documents will be a cause of action arising from such transaction of business, and (iii) each Company understands, anticipates, and foresees that any action for enforcement of payment of the obligation or the Loan Documents may be brought against it in the state of Texas. To the extent allowed by law, each Company hereby submits to jurisdiction in the state of Texas for any action or cause of action arising out of or in connection with the obligation or the Loan Documents and waives any and all rights under the laws of any state or jurisdiction to object to jurisdiction or venue within Harris County, Texas; notwithstanding the foregoing, nothing contained in this section 13.9 shall prevent Lender from bringing any action or exercising any rights against Borrower, any Guarantor, any collateral, or Borrower's or any Guarantor's properties in any other county, state, or jurisdiction. Initiating such action or proceeding or taking any such action in any other state or jurisdiction shall in no event constitute a waiver by Lender of any of the foregoing.

13.10 Waiver of Jury Trial. **EACH PARTY TO THIS AGREEMENT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING UNDER ANY LOAN DOCUMENT OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO ANY LOAN DOCUMENT, OR THE TRANSACTIONS RELATED THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER FOUNDED IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION 13.10 WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.**

13.11 Indemnity. **WHETHER OR NOT THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT ARE CONSUMMATED, BORROWER SHALL INDEMNIFY AND HOLD HARMLESS LENDER AND ITS AFFILIATES AND REPRESENTATIVES (COLLECTIVELY THE "INDEMNITEES") FROM AND AGAINST ANY AND ALL LIABILITIES, OBLIGATIONS, LOSSES, DAMAGES,**

PENALTIES, CLAIMS, DEMANDS, ACTIONS, JUDGMENTS, SUITS, COSTS, EXPENSES AND DISBURSEMENTS (INCLUDING FEES AND EXPENSES OF COUNSEL) OF ANY KIND OR NATURE WHATSOEVER WHICH MAY AT ANY TIME BE IMPOSED ON, INCURRED BY OR ASSERTED AGAINST ANY SUCH INDEMNITEE IN ANY WAY RELATING TO OR ARISING OUT OF OR IN CONNECTION WITH (A) THE EXECUTION, DELIVERY, ENFORCEMENT, PERFORMANCE OR ADMINISTRATION OF ANY LOAN DOCUMENT OR ANY OTHER AGREEMENT, LETTER OR INSTRUMENT DELIVERED IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED THEREBY OR THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED THEREBY, (B) ANY COMMITMENT, LOAN OR THE USE OR PROPOSED USE OF THE PROCEEDS THEREFROM, (C) ANY ACTUAL OR ALLEGED PRESENCE OR RELEASE OF HAZARDOUS SUBSTANCE ON OR FROM ANY PROPERTY CURRENTLY OR FORMERLY OWNED OR OPERATED BY BORROWER, ANY SUBSIDIARY OR ANY OTHER COMPANY, OR ANY LIABILITY IN RESPECT OF ANY ENVIRONMENTAL LAW RELATED IN ANY WAY TO BORROWER, ANY SUBSIDIARY OR ANY OTHER COMPANY, OR (D) ANY ACTUAL OR PROSPECTIVE LITIGATION, CLAIM, OR INVESTIGATION RELATING TO ANY OF THE FOREGOING, WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY (INCLUDING ANY INVESTIGATION OF, PREPARATION FOR, OR DEFENSE OF ANY PENDING OR THREATENED CLAIM, INVESTIGATION, LITIGATION OR PROCEEDING) AND REGARDLESS OF WHETHER ANY INDEMNITEE IS A PARTY THERETO (ALL THE FOREGOING, COLLECTIVELY, THE “**INDEMNIFIED LIABILITIES**”), **IN ALL CASES, WHETHER OR NOT CAUSED BY OR ARISING, IN WHOLE OR IN PART, OUT OF THE NEGLIGENCE OF THE INDEMNITEE; PROVIDED THAT**, SUCH INDEMNITY SHALL NOT, AS TO ANY INDEMNITEE, BE AVAILABLE TO THE EXTENT THAT SUCH LIABILITIES, OBLIGATIONS, LOSSES, DAMAGES, PENALTIES, CLAIMS, DEMANDS, ACTIONS, JUDGMENTS, SUITS, COSTS, EXPENSES OR DISBURSEMENTS ARE DETERMINED BY A COURT OF COMPETENT JURISDICTION BY FINAL AND NONAPPEALABLE JUDGMENT TO HAVE RESULTED FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SUCH INDEMNITEE. ALL AMOUNTS DUE UNDER THIS SECTION SHALL BE PAYABLE WITHIN 10 BUSINESS DAYS AFTER DEMAND. THE AGREEMENTS IN THIS SECTION SHALL SURVIVE THE RESIGNATION OF LENDER, THE REPLACEMENT OF LENDER, THE TERMINATION OF THE COMMITMENT AND THE REPAYMENT, SATISFACTION OR DISCHARGE OF THE OBLIGATION.

13.12 Entirety. **THE LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS BY THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.**

[Signatures appear on following page.]

EXECUTED as of the day and year set out in the Preamble.

RFB INTERESTS, INC., as Borrower

By: /s/ Richard F. Bunch, III
Richard F. Bunch, III
President

Signature Page to Second Amended and Restated Credit Agreement

COMPASS BANK, as Lender

By: /s/ Cindy Young
Cindy Young
Senior Vice President

Signature Page to Second Amended and Restated Credit Agreement

FIRST AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT

THIS FIRST AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT (this "**Amendment**") is entered into as of March 22, 2018 (the "**First Amendment Effective Date**"), between TWFG HOLDING COMPANY, LLC, a Texas limited liability company (the "**Borrower**") and successor by conversion to RFB Interests, Inc., a Texas corporation, and COMPASS BANK, an Alabama banking corporation ("**Lender**"). Capitalized terms used but not defined in this Amendment have the meaning given them in the Credit Agreement (defined below).

RECITALS

A. Borrower and Lender are party to that certain Second Amended and Restated Credit Agreement dated as of June 5, 2017 (as amended, restated, supplemented or modified from time to time, the "**Credit Agreement**").

B. Borrower, Richard F. Bunch, Bunch Family Holdings, LLC ("**Parent**") and RenaissanceRe Ventures U.S. LLC ("**Buyer**") are parties to that certain Amended and Restated Membership Interest Purchase Agreement dated as of February 7, 2018 (the "**MIPA**"), and under the terms of the MIPA (i) prior to closing, Borrower made a pre-closing cash dividend to Parent, RFB Interests, Inc. made an subchapter S election and converted into TWFG Holding Company, LLC, a Texas limited liability company, and each of General Agency, TWFG Insurance and PFC converted into a Texas limited liability company, and (ii) upon closing the Borrower shall issue to Buyer, and Buyer shall subscribe for and purchase from the Borrower 110,750 membership units, under the terms and conditions set forth in the MIPA (the "**MIPA Transactions**").

C. Borrower has requested that Lender consent to the consummation of the MIPA Transactions in accordance with the terms of the MIPA, whereby following such consummation Parent shall own and control at least 80% of the membership units of TWFG Holding Company, LLC, a Texas limited liability company.

D. Borrower and Lender have agreed to amend certain provisions in the Credit Agreement, subject to the terms and conditions of this Amendment.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are acknowledged, the undersigned hereby agree as follows:

1. Amendments to Credit Agreement.

(a) **Section 1** (Definitions and Terms) of the Credit Agreement is amended to add the following new defined terms in their appropriate alphabetical order:

MIPA means that certain Amended and Restated Membership Interest Purchase Agreement dated as of February 7, 2018, among Borrower, Richard F. Bunch, Bunch Family Holdings, LLC, and RenaissanceRe Ventures U.S. LLC.

MIPA Dividend means the cash distribution to Bunch Family Holdings, LLC of the “Pre-Closing Dividend Amount” as defined in the MIPA.

(b) **Section 1** (Definitions and Terms) of the Credit Agreement is further amended by replacing the existing definitions of the defined terms below with the following:

Change of Control means the occurrence of any of the following: (a) any change in the ownership of Borrower’s equity interests (on a fully diluted basis) such that Bunch Family Holdings, LLC ceases to directly and indirectly own and Control at all times at least a majority of the Voting Interests and equity interests of Borrower, (b) any change in the ownership of Bunch Family Holdings, LLC’s equity interests (on a fully diluted basis) such that Richard F. Bunch, III ceases to Control by contract, ownership or otherwise, the percentage of outstanding Voting Interests of Bunch Family Holdings, LLC necessary at all times to elect a majority of its board of managers or to appoint and elect its managing member, and (c) any change in the ownership of General Agency, TWFG Insurance, or PFC such that Borrower ceases to own and Control, directly and indirectly, at all times at least 100% of the Voting Interests and equity interests of General Agency, TWFG Insurance, PFC, or any Subsidiary.

Debt Service Coverage Ratio means the ratio of (a) EBITDA minus dividends and distributions (excluding the MIPA Dividend), minus cash Taxes, and minus Unfinanced Capital Expenditures, in each case for the immediately preceding 12 month period, to (b) the sum of Borrower and its Subsidiaries consolidated (i) interest expense in respect of Funded Debt, plus (ii) current maturities of long-term Debt of Borrower and its Subsidiaries, in each case for the immediately following twelve (12) month period.

General Agency means TWFG General Agency, LLC, a Texas limited liability company, and successor by conversion to TWFG General Agency, Inc., and a wholly-owned Subsidiary of Borrower.

PFC means TWFG Premium Finance, LLC, a Texas limited liability company, and successor by conversion to TWFG Premium Finance Company, a Texas corporation, and a wholly owned Subsidiary of Borrower.

TWFG Insurance means TWFG Insurance Services, LLC, a Texas limited liability company, and successor by conversion to TWFG Insurance Services, Inc., and a wholly owned Subsidiary of Borrower.

2. **Waiver and Consent.** Subject to the satisfaction of the conditions set out in Section 3 below, Lender hereby (a) waives any Default arising out the execution and delivery of the MIPA by Borrower or Bunch Family Holdings, LLC arising on or prior to the First Amendment Effective Date, (b) consents to the conversion of each of Borrower, General Agency, TWFG Insurance, and PFC into a Texas limited liability company, and consents to the modifications to their respective organizational documents in connection with such conversion, (c) consents to the MIPA Dividend, and (d) agrees not to exercise any of the rights or remedies available to them under the Loan Documents solely as a result of the violation or noncompliance described in the immediately preceding *clause (a)*. Except as set out in the preceding sentence, Borrower and each

Guarantor hereby agree that such waiver and consent does not constitute a waiver or consent of any present or future violation of, or noncompliance with, any provision of any Loan Document or a waiver of Lender's right to insist upon strict compliance with each term, covenant, condition, and provision of the Loan Documents.

3. Conditions. This Amendment shall be effective on the First Amendment Effective Date once each of the following have been executed and delivered to Lender, in form and substance satisfactory to Lender:

(a) this Amendment executed by Borrower and Lender, together with the Guarantors' Consent and Agreement executed by the Guarantors;

(b) a Secretary's Certificate or Manager's Certificate from each of Borrower, General Agency, TWFG Insurance and PFC, certifying as to their respective articles of conversion/formation, operating agreement, incumbency of officers, and resolutions of the managers or members, as the case may be, and accompanied by a Certificate of Fact regarding the existence of each entity with the Texas Secretary of State; and

(c) such other documents as Lender may reasonably request.

4. Representations and Warranties. Borrower represents and warrants to Lender that (a) it possesses all requisite power and authority to execute, deliver and comply with the terms of this Amendment, (b) this Amendment has been duly authorized and approved by all requisite limited liability company action on the part of Borrower, (c) no other consent of any Person (other than Lender) is required for this Amendment to be effective, (d) the execution and delivery of this Amendment does not violate its organizational documents, (e) the representations and warranties in each Loan Document to which it is a party are true and correct in all material respects on and as of the date of this Amendment as though made on the date of this Amendment (*except* to the extent that such representations and warranties speak to a specific date), (f) after giving effect to this Amendment, it is in full compliance with all covenants and agreements contained in each Loan Document to which it is a party, and (g) after giving effect to this Amendment, no Default or Potential Default has occurred and is continuing. The representations and warranties made in this Amendment shall survive the execution and delivery of this Amendment. No investigation by Lender is required for Lender to rely on the representations and warranties in this Amendment.

5. Scope of Amendment; Reaffirmation; RELEASE. All references to the Credit Agreement shall refer to the Credit Agreement as amended by this Amendment. Except as affected by this Amendment, the Loan Documents are unchanged and continue in full force and effect. However, in the event of any inconsistency between the terms of the Credit Agreement (as amended by this Amendment) and any other Loan Document, the terms of the Credit Agreement shall control and such other document shall be deemed to be amended to conform to the terms of the Credit Agreement. Borrower hereby reaffirms its obligations under the Loan Documents to which it is a party and agrees that all Loan Documents to which it is a party remain in full force and effect and continue to be legal, valid, and binding obligations enforceable in accordance with their terms (as the same are affected by this Amendment). **AS A MATERIAL PART OF THE CONSIDERATION FOR LENDER ENTERING INTO THIS AMENDMENT, BORROWER HEREBY**

RELEASES AND FOREVER DISCHARGES LENDER (AND ITS SUCCESSORS, ASSIGNS, AFFILIATES, OFFICERS, MANAGERS, DIRECTORS, EMPLOYEES, AND AGENTS) FROM ANY AND ALL CLAIMS, DEMANDS, DAMAGES, CAUSES OF ACTION, OR LIABILITIES FOR ACTIONS OR OMISSIONS (WHETHER ARISING AT LAW OR IN EQUITY, AND WHETHER DIRECT OR INDIRECT) IN CONNECTION WITH THE CREDIT AGREEMENT AND THE OTHER LOAN DOCUMENTS PRIOR TO THE DATE OF THIS AMENDMENT, WHETHER OR NOT HERETOFORE ASSERTED, AND WHICH BORROWER MAY HAVE OR CLAIM TO HAVE AGAINST LENDER.

6. Miscellaneous.

(a) No Waiver of Defaults. Except as expressly set out above, this Amendment does not constitute (i) a waiver of, or a consent to, (A) any provision of the Credit Agreement or any other Loan Document not expressly referred to in this Amendment, or (B) any present or future violation of, or default under, any provision of the Loan Documents, or (ii) a waiver of Lender's right to insist upon future compliance with each term, covenant, condition and provision of the Loan Documents.

(b) Form. Each agreement, document, instrument or other writing to be furnished Lender under any provision of this Amendment must be in form and substance satisfactory to Lender and its counsel.

(c) Headings. The headings and captions used in this Amendment are for convenience only and will not be deemed to limit, amplify or modify the terms of this Amendment, the Credit Agreement, or the other Loan Documents.

(d) Costs, Expenses and Attorneys' Fees. Borrower agrees to pay or reimburse Lender on demand for all its reasonable out-of-pocket costs and expenses incurred in connection with the preparation, negotiation, and execution of this Amendment, including, without limitation, the reasonable fees and disbursements of Lender's counsel.

(e) Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of each of the undersigned and their respective successors and permitted assigns.

(f) Multiple Counterparts. This Amendment may be executed in any number of counterparts with the same effect as if all signatories had signed the same document. All counterparts must be construed together to constitute one and the same instrument. This Amendment may be transmitted and signed by facsimile or by portable document format (PDF). The effectiveness of any such documents and signatures shall, subject to applicable law, have the same force and effect as manually-signed originals and shall be binding on Borrower and Lender. Lender may also require that any such documents and signatures be confirmed by a manually-signed original; provided that the failure to request or deliver the same shall not limit the effectiveness of any facsimile or PDF document or signature.

(g) Governing Law. THIS AMENDMENT AND THE OTHER LOAN DOCUMENTS MUST BE CONSTRUED, AND THEIR PERFORMANCE ENFORCED, UNDER TEXAS LAW.

(h) Entirety. THE LOAN DOCUMENTS (AS AMENDED HEREBY) REPRESENT THE FINAL AGREEMENT BETWEEN BORROWER, AND LENDER AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS BY THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

[Signatures appear on the following pages.]

The Amendment is executed as of the date set out in the preamble to this Amendment.

BORROWER:

TWFG HOLDING COMPANY, LLC, a Texas limited liability company and successor by conversion to RFB Interests, Inc.

By: /s/ Richard F. Bunch, III
Richard F. Bunch, III
President

Signature Page to First Amendment to Second Amended and Restated Credit Agreement

LENDER:

COMPASS BANK

By: /s/ Cindy Young
Cindy Young
Senior Vice President

Signature Page to First Amendment to Second Amended and Restated Credit Agreement

SECOND AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT

THIS SECOND AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT (this "*Amendment*") is entered into as of July 18, 2018, but effective for all purposes as of June 4, 2018 (the "*Second Amendment Effective Date*"), between TWFG HOLDING COMPANY, LLC, a Texas limited liability company (the "*Borrower*") and successor by conversion to RFB Interests, Inc., a Texas corporation, and COMPASS BANK, an Alabama banking corporation ("*Lender*"). Capitalized terms used but not defined in this Amendment have the meaning given them in the Credit Agreement (defined below).

RECITALS

A. Borrower and Lender are party to that certain Second Amended and Restated Credit Agreement dated as of June 5, 2017 (as amended, restated, supplemented or modified from time to time, the "*Credit Agreement*").

B. Borrower and Lender have agreed to amend certain provisions in the Credit Agreement, subject to the terms and conditions of this Amendment.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are acknowledged, the undersigned hereby agree as follows:

1. Amendment to Credit Agreement.

(a) Section 1 (Definitions and Terms) of the Credit Agreement is amended by replacing the existing definition of Revolving Credit Termination Date with the following:

Revolving Credit Termination Date means the earlier of (a) June 30, 2019, or (b) the effective date that Lender's Commitment to make Loans under the Revolving Credit Facility under this Agreement is otherwise canceled or terminated in accordance with Section 12 of this Agreement or otherwise.

2. Conditions. This Amendment shall be effective on the Second Amendment Effective Date once each of the following have been executed and delivered to Lender, in form and substance satisfactory to Lender:

(a) this Amendment executed by Borrower and Lender, together with the Guarantors' Consent and Agreement executed by the Guarantors; and

(b) such other documents as Lender may reasonably request.

3. Representations and Warranties. Borrower represents and warrants to Lender that (a) it possesses all requisite power and authority to execute, deliver and comply with the terms of this Amendment, (b) this Amendment has been duly authorized and approved by all requisite limited liability company action on the part of Borrower, (c) no other consent of any Person (other than Lender) is required for this Amendment to be effective, (d) the execution and

delivery of this Amendment does not violate its organizational documents, (e) the representations and warranties in each Loan Document to which it is a party are true and correct in all material respects on and as of the date of this Amendment as though made on the date of this Amendment (*except* to the extent that such representations and warranties speak to a specific date), (f) after giving effect to this Amendment, it is in full compliance with all covenants and agreements contained in each Loan Document to which it is a party, and (g) after giving 6715057v1 effect to this Amendment, no Default or Potential Default has occurred and is continuing. The representations and warranties made in this Amendment shall survive the execution and delivery of this Amendment. No investigation by Lender is required for Lender to rely on the representations and warranties in this Amendment.

4. Scope of Amendment; Reaffirmation; **RELEASE**. All references to the Credit Agreement shall refer to the Credit Agreement as amended by this Amendment. Except as affected by this Amendment, the Loan Documents are unchanged and continue in full force and effect. However, in the event of any inconsistency between the terms of the Credit Agreement (as amended by this Amendment) and any other Loan Document, the terms of the Credit Agreement shall control and such other document shall be deemed to be amended to conform to the terms of the Credit Agreement. Borrower hereby reaffirms its obligations under the Loan Documents to which it is a party and agrees that all Loan Documents to which it is a party remain in full force and effect and continue to be legal, valid, and binding obligations enforceable in accordance with their terms (as the same are affected by this Amendment). **AS A MATERIAL PART OF THE CONSIDERATION FOR LENDER ENTERING INTO THIS AMENDMENT, BORROWER HEREBY RELEASES AND FOREVER DISCHARGES LENDER (AND ITS SUCCESSORS, ASSIGNS, AFFILIATES, OFFICERS, MANAGERS, DIRECTORS, EMPLOYEES, AND AGENTS) FROM ANY AND ALL CLAIMS, DEMANDS, DAMAGES, CAUSES OF ACTION, OR LIABILITIES FOR ACTIONS OR OMISSIONS (WHETHER ARISING AT LAW OR IN EQUITY, AND WHETHER DIRECT OR INDIRECT) IN CONNECTION WITH THE CREDIT AGREEMENT AND THE OTHER LOAN DOCUMENTS PRIOR TO THE SATE OF THIS AMENDMENT, WHETHER OR NOT HERETOFORE ASSERTED, AND WHICH BORROWER MAY HAVE OR CLAIM TO HAVE AGAINST LENDER.**

5. Miscellaneous.

(a) No Waiver of Defaults. Except as expressly set out above, this Amendment does not constitute (i) a waiver of, or a consent to, (A) any provision of the Credit Agreement or any other Loan Document not expressly referred to in this Amendment, or (B) any present or future violation of, or default under, any provision of the Loan Documents, or (ii) a waiver of Lender's right to insist upon future compliance with each term, covenant, condition and provision of the Loan Documents.

(b) Form. Each agreement, document, instrument or other writing to be furnished Lender under any provision of this Amendment must be in form and substance satisfactory to Lender and its counsel.

(c) Headings. The headings and captions used in this Amendment are for convenience only and will not be deemed to limit, amplify or modify the terms of this Amendment, the Credit Agreement, or the other Loan Documents.

(d) Costs, Expenses and Attorneys' Fees. Borrower agrees to pay or reimburse Lender on demand for all its reasonable out-of-pocket costs and expenses incurred in connection with the preparation, negotiation, and execution of this Amendment, including, without limitation, the reasonable fees and disbursements of Lender's counsel.

(e) Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of each of the undersigned and their respective successors and permitted assigns.

(f) Multiple Counterparts. This Amendment may be executed in any number of counterparts with the same effect as if all signatories had signed the same document. All counterparts must be construed together to constitute one and the same instrument. This Amendment may be transmitted and signed by facsimile or by portable document format (PDF). The effectiveness of any such documents and signatures shall, subject to applicable law, have the same force and effect as manually-signed originals and shall be binding on Borrower and Lender. Lender may also require that any such documents and signatures be confirmed by a manually-signed original; provided that the failure to request or deliver the same shall not limit the effectiveness of any facsimile or PDF document or signature.

(g) Governing Law. THIS AMENDMENT AND THE OTHER LOAN DOCUMENTS MUST BE CONSTRUED, AND THEIR PERFORMANCE ENFORCED, UNDER TEXAS LAW.

(h) Entirety. THE LOAN DOCUMENTS (AS AMENDED HEREBY) REPRESENT THE FINAL AGREEMENT BETWEEN BORROWER, AND LENDER AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS BY THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

[Signatures appear on the following pages.]

The Amendment is executed as of the date set out in the preamble to this Amendment.

BORROWER:

TWFG HOLDING COMPANY, LLC, a Texas limited liability company and successor by conversion to RFB Interests, Inc.

By: /s/ Richard F. Bunch, III

Richard F. Bunch, III
President

Signature Page to Second Amendment to Second Amended and Restated Credit Agreement

LENDER:

COMPASS BANK

By: /s/ Cindy Young

Cindy Young
Senior Vice President

Signature Page to Second Amendment to Second Amended and Restated Credit Agreement

THIRD AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT

THIS THIRD AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT (this “*Amendment*”) is entered into as of July 30, 2019, but effective for all purposes as of June 30, 2019 (the “*Effective Date*”), between TWFG HOLDING COMPANY, LLC, a Texas limited liability company (the “*Borrower*”) and successor by conversion to RFB Interests, Inc., a Texas corporation, and BBVA USA, an Alabama banking corporation f/k/a Compass Bank (“*Lender*”). Capitalized terms used but not defined in this Amendment have the meaning given them in the Credit Agreement (defined below).

RECITALS

A. Borrower and Lender are party to that certain Second Amended and Restated Credit Agreement dated as of June 5, 2017 (as amended by that certain First Amendment to Second Amended and Restated Credit Agreement dated as of March 22, 2018, that certain Second Amendment to Second Amended and Restated Credit Agreement dated as of July 18, 2018, and as further amended, restated, supplemented or modified from time to time, the “*Credit Agreement*”).

B. Borrower and Lender have agreed to amend the Credit Agreement in order to, among other things, (i) decrease the Revolving Committed Amount to \$2,000,000, (ii) extend the Revolving Credit Termination Date, (iii) modify the interest rate for the Revolving Credit Facility, and (iv) provide for a single advance term loan to Borrower in the original principal amount of \$4,000,000, in each case, subject to the terms and conditions of this Amendment.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are acknowledged, the undersigned hereby agree as follows:

1. General Amendment.

(a) All references to “Compass Bank” in each case where it appears in the Credit Agreement and all other Loan Documents, shall hereinafter refer to “BBVA USA”.

2. Amendments to Credit Agreement.

(a) Credit Agreement. The Credit Agreement (excluding the Annexes, Exhibits and Schedules thereto) is amended to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the double-underline text (indicated textually in the same manner as the following example: double-underlined text) as set forth in the Credit Agreement attached as *Annex A* hereto.

(b) The Credit Agreement is hereby amended to add a new *Schedule 3.2(b)* (Term Loan B Amortization Schedule) in the form of *Schedule 3.2(b)* attached to this Amendment.

(c) The Credit Agreement is hereby amended to add a new *Exhibit A-3* (Term Note B) in the form of *Exhibit A-3* attached to this Amendment.

(d) *Exhibit C* (Loan Request) to the Credit Agreement is deleted in its entirety and replaced with the *Exhibit C* attached to this Amendment.

3. Conditions. This Amendment shall be effective on the Effective Date once each of the following have been executed and delivered to Lender, in form and substance satisfactory to Lender:

(a) this Amendment executed by Borrower and Lender, together with the Guarantors' Consent and Agreement executed by the Guarantors;

(b) a Term Note B made by Borrower and payable to Lender in the original principal amount of \$4,000,000;

(c) an officer's certificate of Borrower certifying as to (i) no changes to its Organizational Documents (except as attached thereto) since the date of the Secretary's Certificate delivered by Borrower to Lender on March 22, 2018, (ii) incumbency of authorized officers, (iii) specimen signatures, and (iv) a true and correct copy of the resolutions adopted by Borrower's Board of Managers (or other applicable governing body) authorizing and approving the execution and delivery of this Amendment and any related Loan Documents by Borrower and the performance by Borrower of its obligations hereunder, thereunder, and under the other Loan Documents to which it is a party;

(d) an officer's certificate of General Agency certifying as to (i) no changes to its Organizational Documents (except as attached thereto) since the date of the Secretary's Certificate delivered by General Agency to Lender on March 22, 2018, (ii) incumbency of authorized officers, (iii) specimen signatures, and (iv) a true and correct copy of the resolutions adopted by General Agency's sole manager (or other applicable governing body) authorizing and approving the execution and delivery of this Amendment and any related Loan Documents by General Agency and the performance by General Agency of its obligations hereunder, thereunder, and under the other Loan Documents to which it is a party;

(e) an officer's certificate of TWFG Insurance certifying as to (i) no changes to its Organizational Documents (except as attached thereto) since the date of the Secretary's Certificate delivered by TWFG Insurance to Lender on March 22, 2018, (ii) incumbency of authorized officers, (iii) specimen signatures, and (iv) a true and correct copy of the resolutions adopted by TWFG Insurance's sole manager (or other applicable governing body) authorizing and approving the execution and delivery of this Amendment and any related Loan Documents by TWFG Insurance and the performance by TWFG Insurance of its obligations hereunder, thereunder, and under the other Loan Documents to which it is a party;

(f) an officer's certificate of PFC certifying as to (i) no changes to its Organizational Documents (except as attached thereto) since the date of the Secretary's Certificate delivered by PFC to Lender on March 22, 2018, (ii) incumbency of authorized officers, (iii) specimen signatures, and (iv) a true and correct copy of the resolutions adopted by PFC's sole manager (or other applicable governing body) authorizing and approving the execution and delivery of this Amendment and any related Loan Documents by PFC and the performance by PFC of its obligations hereunder, thereunder, and under the other Loan Documents to which it is a party;

(g) copies of certificates of good standing, existence, or their equivalent with respect to Borrower and Guarantors, certified as of a recent date by the appropriate Governmental Authority of the state of its organization;

(h) satisfactory UCC lien searches for each Company;

(i) all documentation and other information (including a Beneficial Ownership Certification) in respect of Borrower and each Guarantor required under applicable “know your customer” and anti-money laundering rules and regulations, including the PATRIOT Act and the Beneficial Ownership Regulation, that has been reasonably requested in writing by Lender prior to the Effective Date; and

(j) such other documents as Lender may reasonably request.

4. Representations and Warranties. Borrower represents and warrants to Lender that (a) it possesses all requisite power and authority to execute, deliver and comply with the terms of this Amendment, (b) this Amendment has been duly authorized and approved by all requisite limited liability company action on the part of Borrower, (c) no other consent of any Person (other than Lender) is required for this Amendment to be effective, (d) the execution and delivery of this Amendment does not violate its organizational documents, (e) the representations and warranties in each Loan Document to which it is a party are true and correct in all material respects on and as of the date of this Amendment as though made on the date of this Amendment (*except* to the extent that such representations and warranties speak to a specific date), (f) after giving effect to this Amendment, it is in full compliance with all covenants and agreements contained in each Loan Document to which it is a party, and (g) after giving effect to this Amendment, no Default or Potential Default has occurred and is continuing. The representations and warranties made in this Amendment shall survive the execution and delivery of this Amendment. No investigation by Lender is required for Lender to rely on the representations and warranties in this Amendment.

5. Scope of Amendment; Reaffirmation; RELEASE. All references to the Credit Agreement shall refer to the Credit Agreement as amended by this Amendment. Except as affected by this Amendment, the Loan Documents are unchanged and continue in full force and effect. However, in the event of any inconsistency between the terms of the Credit Agreement (as amended by this Amendment) and any other Loan Document, the terms of the Credit Agreement shall control and such other document shall be deemed to be amended to conform to the terms of the Credit Agreement. Borrower hereby reaffirms its obligations under the Loan Documents to which it is a party and agrees that all Loan Documents to which it is a party remain in full force and effect and continue to be legal, valid, and binding obligations enforceable in accordance with their terms (as the same are affected by this Amendment). **AS A MATERIAL PART OF THE CONSIDERATION FOR LENDER ENTERING INTO THIS AMENDMENT, BORROWER HEREBY RELEASES AND FOREVER DISCHARGES LENDER (AND ITS SUCCESSORS, ASSIGNS, AFFILIATES, OFFICERS, MANAGERS, DIRECTORS, EMPLOYEES, AND AGENTS) FROM ANY AND ALL CLAIMS, DEMANDS, DAMAGES, CAUSES OF ACTION, OR LIABILITIES FOR ACTIONS OR OMISSIONS (WHETHER ARISING AT LAW OR IN EQUITY, AND WHETHER DIRECT OR INDIRECT) IN CONNECTION WITH THE CREDIT AGREEMENT AND THE OTHER LOAN DOCUMENTS PRIOR TO THE DATE OF THIS AMENDMENT, WHETHER OR NOT HERETOFORE ASSERTED, AND WHICH BORROWER MAY HAVE OR CLAIM TO HAVE AGAINST LENDER.**

6. Miscellaneous.

(a) No Waiver of Defaults. Except as expressly set out above, this Amendment does not constitute (i) a waiver of, or a consent to, (A) any provision of the Credit Agreement or any other Loan Document not expressly referred to in this Amendment, or (B) any present or future violation of, or default under, any provision of the Loan Documents, or (ii) a waiver of Lender’s

right to insist upon future compliance with each term, covenant, condition and provision of the Loan Documents.

(b) Form. Each agreement, document, instrument or other writing to be furnished Lender under any provision of this Amendment must be in form and substance satisfactory to Lender and its counsel.

(c) Headings. The headings and captions used in this Amendment are for convenience only and will not be deemed to limit, amplify or modify the terms of this Amendment, the Credit Agreement, or the other Loan Documents.

(d) Costs, Expenses and Attorneys' Fees. Borrower agrees to pay or reimburse Lender on demand for all its reasonable out-of-pocket costs and expenses incurred in connection with the preparation, negotiation, and execution of this Amendment, including, without limitation, the reasonable fees and disbursements of Lender's counsel.

(e) Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of each of the undersigned and their respective successors and permitted assigns.

(f) Multiple Counterparts. This Amendment may be executed in any number of counterparts with the same effect as if all signatories had signed the same document. All counterparts must be construed together to constitute one and the same instrument. This Amendment may be transmitted and signed by facsimile or by portable document format (PDF). The effectiveness of any such documents and signatures shall, subject to applicable law, have the same force and effect as manually-signed originals and shall be binding on Borrower and Lender. Lender may also require that any such documents and signatures be confirmed by a manually-signed original; *provided that* the failure to request or deliver the same shall not limit the effectiveness of any facsimile or PDF document or signature.

(g) Governing Law. THIS AMENDMENT AND THE OTHER LOAN DOCUMENTS MUST BE CONSTRUED, AND THEIR PERFORMANCE ENFORCED, UNDER TEXAS LAW.

(h) Entirety. THE LOAN DOCUMENTS (AS AMENDED HEREBY) REPRESENT THE FINAL AGREEMENT BETWEEN BORROWER, AND LENDER AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS BY THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

[Signatures appear on the following pages.]

The Amendment is executed as of the date set out in the preamble to this Amendment.

BORROWER:

TWFG HOLDING COMPANY, LLC,
a Texas limited liability company and successor by conversion to RFB
Interest, Inc.

By: /s/ Richard F. Bunch, III

Richard F. Bunch, III

President

Signature Page to Third Amendment to Second Amended and Restated Credit Agreement

LENDER:

BBVA USA

By: /s/ Cindy Young

Cindy Young

Senior Vice President

Signature Page to Third Amendment to Second Amended and Restated Credit Agreement

SECOND AMENDED AND RESTATED CREDIT AGREEMENT

between

~~**RFB INTERESTS, INC.**~~
TWFG HOLDING COMPANY, LLC

as Borrower

and

~~**COMPASS BANK**~~

BBVA USA

as Lender

dated effective as of June 5, 2017

TABLE OF CONTENTS

		Page
SECTION 1	DEFINITIONS AND TERMS	1
1.1	Definitions	1
1.2	Interpretive Provisions	11
1.3	Accounting Terms	12
1.4	References to Documents	12
1.5	Time	12
SECTION 2	LOAN COMMITMENTS	12
2.1	Term Loans	12
2.2	Revolving Credit Facility	13
2.3	Loan Procedure	13
2.4	Voluntary Prepayment	13
2.5	Mandatory Prepayment	15
SECTION 3	TERMS OF PAYMENT	15
3.1	Notes and General Payment Terms	15
3.2	Payments	15
3.3	Order of Application	16
3.4	Interest	16
3.5	Default Rate	16
3.6	Interest Calculations	17
3.7	Maximum Rate	17
3.8	Set off	17
3.9	Debit Account	18
SECTION 4	INTENTIONALLY OMITTED	18
SECTION 5	CONDITIONS PRECEDENT	18
5.1	Conditions to Term Loan	18
5.2	No Waiver	18
SECTION 6	SECURITY AND GUARANTIES	18
6.1	Collateral	18
6.2	Financing Statements	18
6.3	Guaranties	18
6.4	Collateral Release and Termination of Guaranty	18
SECTION 7	REPRESENTATIONS AND WARRANTIES	19
7.1	Existence, Good Standing, and Authority to do Business	19
7.2	Subsidiaries	19
7.3	Authorization, Compliance, and No Default	19
7.4	Enforceability	19

7.5	Litigation	19
7.6	Taxes	19
7.7	Environmental Matters	20
7.8	Ownership of Assets; Intellectual Property	20
7.9	Liens	20
7.10	Debt	20
7.11	Insurance	20
7.12	Place of Business; Real Property	20
7.13	Purpose of Credit Facilities	20
7.14	Trade Names	20
7.15	Transactions with Affiliates	20
7.16	Financial Information	21
7.17	Material Agreements and Funded Debt	21
7.18	ERISA	21
7.19	Disclosure	21
7.20	Sanctions; Anti-Corruption	22
SECTION 8	AFFIRMATIVE COVENANTS	22
8.1	Items to be Furnished	22
8.2	Books, Records and Inspections	23
8.3	Taxes	24
8.4	Compliance with Laws; Sanctions; Anticorruption	24
8.5	Maintenance of Existence, Assets, and Business	24
8.6	Insurance	24
8.7	Environmental Laws	25
8.8	ERISA	25
8.9	Use of Proceeds	25
8.10	Application of Insurance Proceeds	25
8.11	New Subsidiaries	25
8.12	Expenses	25
8.13	Further Assurances	26
SECTION 9	NEGATIVE COVENANTS	26
9.1	Debt	26
9.2	Liens	26
9.3	Compliance	26
9.4	Dividends	26
9.5	Assignment	26
9.6	Fiscal Year and Accounting Methods	26
9.7	Sale of Assets	26
9.8	New Businesses	26
9.9	Transactions with Affiliates	27
9.10	Prepayment of Debt	27
9.11	Acquisition, Mergers, and Dissolutions	27
9.12	Loans and Investments	27

9.13	Swap Agreements	27
SECTION 10	FINANCIAL COVENANTS	27
10.1	Maximum Funded Debt to EBITDA	27
10.2	Minimum Debt Service Coverage Ratio	27
SECTION 11	DEFAULT	28
11.1	Payment of Obligation	28
11.2	Covenants	28
11.3	Debtor Relief	28
11.4	Judgments	28
11.5	False Information; Misrepresentation	28
11.6	Default Under Other Agreements	28
11.7	Validity and Enforceability of Loan Documents	28
11.8	Change of Management or Control	29
11.9	Material Adverse Event	29
SECTION 12	RIGHTS AND REMEDIES	29
12.1	Remedies Upon Default	29
12.2	Waivers	29
12.3	No Waiver	29
12.4	Performance by Lender	29
12.5	Cumulative Rights	29
SECTION 13	MISCELLANEOUS	30
13.1	Governing Law	30
13.2	Invalid Provisions	30
13.3	Multiple Counterparts and Facsimile Signatures	30
13.4	Notice	30
13.5	Binding Effect; Survival	30
13.6	Amendments	30
13.7	Participants	30
13.8	Discharge Only Upon Payment in Full; Reinstatement in Certain Circumstances	31
13.9	Governing Law, Forum, and Venue	31
13.10	Waiver of Jury Trial	31
13.11	Indemnity	32
13.12	PATRIOT Act; KYC Information	32
13.13	Treatment of Certain Information, Confidentiality	33
13.14	Keepwell	33
13.15	Entirety	34

SCHEDULES AND EXHIBITS

SCHEDULE 1	Parties, Addresses, and Wiring Information
SCHEDULE 2	Existing Debt and Liens
SCHEDULE 3.2(b)	Term Loan B Amortization Schedule
SCHEDULE 5	Conditions Precedent
SCHEDULE 7.2	Subsidiaries
SCHEDULE 7.5	Litigation
SCHEDULE 7.12	Place of Business
SCHEDULE 7.14	Trade Names
SCHEDULE 7.15	Transactions with Affiliates
SCHEDULE 7.17	Material Agreements
EXHIBIT A-1	Term Note
EXHIBIT A-2	Revolving Note
EXHIBIT A-3	Term Note B
EXHIBIT B-1	Guaranty - Richard F. Bunch, III
EXHIBIT B-2	Guaranty
EXHIBIT C	Loan Request
EXHIBIT D	Compliance Certificate
EXHIBIT E	Security Agreement

SECOND AMENDED AND RESTATED CREDIT AGREEMENT

THIS SECOND AMENDED AND RESTATED CREDIT AGREEMENT is entered into on June 30, 2017, and is dated effective for all purposes as of June 5, 2017, among ~~RFB INTERESTS, INC., a Texas corporation, doing business as The Woodlands Financial Group~~ TWFG HOLDING COMPANY, LLC, a Texas limited liability company (the "**Borrower**" and the "**Parent**"), and ~~COMPASS BANK~~ successor by conversion to RFB Interests, Inc., a Texas corporation, and BBVA USA, an Alabama banking corporation, f/k/a Compass Bank (the "**Lender**").

RECITALS

A. Borrower and Lender previously entered into that certain Amended and Restated Credit Agreement dated as of June 5, 2014 (the "**Existing Credit Agreement**").

B. Borrower has requested that Lender (a) extend credit in the form of a revolving credit facility, and (b) make a loan in the form of a single advance term loan, a portion of which will be used to refinance existing debt which remains outstanding to Lender under the Existing Credit Agreement.

C. Borrower and Lender are willing to amend and restate the Existing Credit Agreement on the terms and conditions of this Agreement.

Accordingly, Borrower and Lender both agree as follows:

SECTION 1 DEFINITIONS AND TERMS.

1.1 Definitions. As used in the Loan Documents:

Affiliate means as to any Person, any other Person that directly or indirectly controls, or is controlled by, or is under common control with, that Person. For purposes of this definition (a) "**control**," "**controlled by**," and "**under common control with**" mean possession, directly or indirectly, of power to direct (or cause the direction of) management or policies of a Person, whether through ownership of Voting Interests or other ownership interests, by contract, or otherwise, and (b) the term "**Affiliate**" includes each officer and shareholder of Borrower, and each of the following as "**Affiliates**" of the others (i) each Guarantor, (ii) Borrower, (iii) any corporation, partnership or limited liability company whose primary shareholders, partners or members are the spouse, children or other family member of Richard F. Bunch, III and (iv) any trust whose primary beneficiaries are the spouse, children or other family member of Richard F. Bunch, III.

Agreement means this Amended and Restated Credit Agreement, and all exhibits and schedules to this Agreement, in each case as amended, supplemented or restated from time to time.

Applicable Margin means ~~3.00~~2.00%.

Average Principal means the simple average of (i) the principal loan balance on the Prepayment Date, and (ii) the principal loan balance scheduled, as of the Prepayment Date (taking into account any prior prepayments), but for the prepayment, to be due at the Maturity Date (plus any accrued and unpaid fees or other sums owed under the ~~loan documents~~ Loan Documents).

AYD means the difference (but not less than zero) between: (i) the U.S. Treasury constant maturity yield, as reported in the H.15 Report for the date on which the loan was originated, for a maturity

that is the same as the term of the loan at origination (rounded to the nearest whole number of months) or, if no such maturity is reported, an interpolated yield based on the reported maturity that is next shorter than, and the maturity reported that is next longer than, the term of the loan at origination, and (ii) the U.S. Treasury constant maturity yield, as reported in the H.15 Report for the Prepayment Date for a maturity that is the same as the remaining term of the loan at the Prepayment Date (rounded to the nearest whole number of months) or, if no such maturity is reported, then the interpolated yield using the method described in (i) above, but based on the remaining term of the loan on the Prepayment Date. If the H.15 Report is not available for any day, then the H.15 Report for the immediately preceding day on which yields were last reported will be used.

Beneficial Ownership Regulation means 31 C.F.R. § 1010.230.

Beneficial Ownership Certificate means a certification in Proper Form regarding beneficial ownership as required by the Beneficial Ownership Regulation.

Business Day means ~~any~~ a day other than a Saturday, Sunday or ~~other~~ a day on which Lender is closed for business; provided that, for the purposes of determining the LIBOR Rate, the term "Business Day" shall also exclude any day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, Houston, Texas not open for dealings in U.S. dollar deposits in the London interbank market.

Cash Management Agreement means agreements or other arrangements under which Cash Management Products and Services are provided.

Cash Management Liabilities means the indebtedness, obligations and liabilities of any Company to any Cash Management Provider which provides any Cash Management Products and Services to such Company (including all obligations and liabilities owing in respect of any returned items deposited with such Cash Management Provider).

Cash Management Products and Services means the following products or services, (a) credit cards, (b) credit card processing services, (c) debit cards and stored value cards, (d) commercial cards, (e) ACH transactions, and (f) cash management and treasury management services and products, including controlled disbursement accounts or services, lockboxes, automated clearinghouse transactions, return items, overdrafts, and interstate depository network services.

Cash Management Provider means Lender, or any Affiliate of Lender, which provides Cash Management Products and Services to a Company under any Cash Management Agreement with a Company.

Change of Control means the occurrence of any of the following: (a) any change in the ownership of Borrower's equity interests (on a fully diluted basis) such that Bunch Family Holdings, LLC ceases to directly and indirectly own and Control at all times at least a majority of the Voting Interests and equity interests of Borrower, (b) any change in the ownership of Bunch Family Holdings, LLC's equity interests (on a fully diluted basis) such that Richard F. Bunch, III ceases to Control by contract, ownership or otherwise, the percentage of outstanding Voting Interests of Bunch Family Holdings, LLC necessary at all times to elect a majority of its board of managers or to appoint and elect its managing member, and (c) any change in the ownership of General Agency, TWFG Insurance, or PFC such that Borrower ceases to own and Control, directly and indirectly, at all times at least 100% of the Voting Interests and equity interests of General Agency, TWFG Insurance, PFC, or any Subsidiary.

Change of Management means Richard F. Bunch, III, ceases to be actively involved in the day-to-day management or operation of Borrower or any of its Subsidiaries.

Closing Date means June 5, 2017.

Collateral is defined in *Section 6.1*.

Commitment means Lender's obligation and commitment to (a) Loans under the Revolving Credit Facility up to the Revolving Committed Amount, ~~and~~ (b) the Term Loan in a single advance in the Term Loan Committed Amount, and (c) the Term Loan B in a single advance in the Term Loan B Committed Amount.

Commodity Exchange Act means the Commodity Exchange Act (7 U.S.C. § 1 *et seq.*).

Company or **Companies** means, at any time, Borrower and its Subsidiaries, but excluding Newco.

Compliance Certificate means a certificate substantially in the form of *Exhibit D* signed by a Responsible Officer whose primary duties involve financial and accounting matters for the Borrower.

Control means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise.

Current Financials means, when determined, the consolidated financial statements of Borrower and its Subsidiaries most recently delivered to Lender under *Section 8.1*.

Days Remaining means the number of days from the Prepayment Date through the Maturity Date.

Debt means (without duplication), for any Person, (a) all obligations required by GAAP to be classified upon such Person's balance sheet as liabilities, (b) liabilities to the extent secured (or for which and to the extent the holder of the Debt has an existing right, contingent or otherwise, to be so secured) by any Lien existing on property owned or acquired by that Person, (c) capital leases and other obligations that have been (or under GAAP should be) capitalized for financial reporting purposes, (d) all guaranties, endorsements, letters of credit, and other contingent liabilities with respect to Debt or obligations of others, and (e) ~~the net obligation~~ all obligations of such Person under any ~~Hedge Transaction~~ Swap Agreements (the amount of which shall be determined by calculating the termination value reference to the Swap Termination Value on the date ~~thereof~~ of determination). For purposes hereof, the Debt of any Person shall include the Debt of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or a joint venturer, unless such Debt is expressly made non-recourse to such Person.

Debt Service Coverage Ratio means the ratio of (a) EBITDA minus dividends and distributions (excluding the MIPA Dividend), minus cash Taxes, and minus Unfinanced Capital Expenditures, in each case for the immediately preceding 12 month period, to (b) the sum of Borrower and its Subsidiaries consolidated (i) interest expense in respect of Funded Debt, plus (ii) current maturities of long-term Debt of Borrower and its Subsidiaries, in each case for the immediately following twelve (12) month period.

Debtor Relief Laws means *Title 11 of the United States Code* and all other applicable liquidation, conservatorship, bankruptcy, fraudulent transfer, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, suspension of payments, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

Default is defined in *Section 11*.

Default Rate means, from day to day, an annual rate of interest equal to the applicable rate of interest for the Term Loan, [the Term Loan B](#) or the Revolving Credit Facility, as the case may be, *plus 2.0%*, but in no event to exceed the Maximum Rate.

Dollar, Dollars or **\$** mean lawful money of the U.S.

EBITDA means consolidated net income of Borrower and its Subsidiaries less income (or *plus* loss) from discontinued operations and extraordinary items, *plus* income taxes, *plus* interest expense, *plus* depreciation, depletion, and amortization, in each case to the extent added or subtracted in calculating net income.

Employee Plan means a pension, profit-sharing, or stock bonus plan intended to qualify under Section 401(a) of the Tax Code, maintained or contributed to by any Company or any ERISA Affiliate, including any multiemployer plan within the meaning of Section 4001(a)(3) of ERISA.

Environmental Law means any Law that relates to the pollution or protection of the environment, the release of any materials into the environment, including those related to Hazardous Substances, air emissions and discharges to waste or public systems, or to health and safety.

ERISA means the *Employee Retirement Income Security Act of 1974*, as amended, and its related rules, regulations, and published interpretations.

ERISA Affiliate means any trade or business (whether or not incorporated) under common control with any Company within the meaning of Section 414(b) or (c) of the Tax Code (including any multiemployer plan within the meaning of Section 4001(a)(3) of ERISA).

Excluded Swap Obligation means, with respect to Borrower and each Guarantor, any Swap Obligation if, and to the extent that, all or a portion of such Borrower or Guarantor's guaranty of, or grant of a security interest to secure, such Swap Obligation (or any guaranty thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Borrower or Guarantor's failure for any reason to constitute an "eligible contract participant" as defined in the Commodity Exchange Act (determined after giving effect to **Section 13.12** and any other "keepwell, support or other agreement" for the benefit of such Borrower or Guarantor and any and all guarantees of such Borrower or Guarantor's Swap Obligations by other Loan Parties) at the time such Borrower or Guarantor's guaranty of, or grant of a security interest to secure, such Swap Obligation (or any guaranty thereof), becomes effective with respect to such Swap Obligation. If a Swap Obligation arises under a master agreement governing more than one transaction, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to transactions for which such guaranty or security interest is or becomes illegal for the reasons identified in the first sentence of this definition.

[FCPA means the Foreign Corrupt Practices Act of 1977, as amended from time to time, and the rules and regulations promulgated thereunder.](#)

Funded Debt means, when determined, (a) all Debt for borrowed money (whether as a direct obligor on a promissory note, a reimbursement obligor on a letter of credit, a guarantor, or otherwise), and (b) all capital lease obligations.

GAAP means generally accepted accounting principles in the U.S. set out in the opinions and pronouncements of the of the Accounting Principles Board of the American Institute of Certified Public Accountants and the Financial Accounting Standards Board as in effect from time to time.

General Agency means TWFG General Agency, LLC, a Texas limited liability company, and successor by conversion to TWFG General Agency, Inc., and a wholly-owned Subsidiary of Borrower.

Governmental Authority means any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, administrative tribunal, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of, or pertaining to, government.

Guarantor means Richard F. Bunch, III, General Agency, TWFG Insurance, PFC, any other Subsidiary of Borrower (excluding Newco), and any other Person executing a Guaranty.

Guaranty means (a) with respect to Richard F. Bunch, III, a guaranty substantially in the form of **Exhibit B-1**, and (b) with respect to all Guarantors (other than Richard F. Bunch, III), a guaranty substantially in the form of **Exhibit B-2**.

H.15 Report means the Federal Reserve Board's Statistical Release H.15, "Selected Interest Rates". Weekly releases of, and daily updates to, H.15 Reports generally are available at the Federal Reserve Board's website, www.federalreserve.gov. If the H.15 Report is replaced or otherwise unavailable, Lender may designate the replacement report or another report reasonably comparable to the H.15 Report, which shall be used in place of the H.15 Report.

Hazardous Substance means (a) any explosive or radioactive substance or waste, all hazardous or toxic substances, waste, or other pollutants, and any other substance the presence of which requires removal, remediation or investigation under any applicable Environmental Law, (b) any substance that is defined or classified as a hazardous waste, hazardous material, pollutant, contaminant, or toxic or hazardous substance under any applicable Environmental Law, or (c) petroleum, petroleum distillates, petroleum products, oil, polychlorinated biphenyls, radon gas, infectious medical wastes, and asbestos or asbestos-containing materials.

~~**Hedge Transaction** means any (and all) rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing).~~

Insurance Proceeds means all cash and non-cash proceeds in respect of any insurance policy maintained by any Company under the terms of this Agreement excluding (a) any key man life insurance, and (b) provided no Potential Default or Default then exists or would result therefrom, any business interruption insurance proceeds.

Laws means, collectively, all international, foreign, Federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority (whether or not such orders, requests, licenses, authorizations, permits or agreements have the force of law).

Lender Swap Obligations means any and all Swap Obligations of the Loan Parties and their Subsidiaries under any and all Swap Agreements with Lender or an Affiliate of Lender.

Lender's Office means Lender's address, and, as appropriate, account as set out on **Schedule I**, or such other address or account as Lender may from time to time notify Borrower.

LIBOR Rate means, ~~when determined, the rate per annum equal to as of any date of determination,~~ the London Interbank Offered Rate ~~for a period of one (1) month (the "Reference Period"),~~ as determined by ICE Benchmark Administration Limited (ICE) (or any successor or substitute therefor) for ~~Dollar~~U.S. dollar deposits for a one-month period as obtained by Lender from ~~Reuters~~Reuter's, Bloomberg or another commercially available source as may be designated by Lender from time to time; ~~(the "Screen Rate"), as of the date that is two (2) Business Days before the first day of such interest period (or if no such rate is stated on that date, the rate stated on the day most immediately preceding the date of determination on which a rate was stated)~~each Payment Date, as adjusted from time to time in Lender's sole discretion for then-applicable reserve requirements, deposit insurance assessment rates and other regulatory costs. ~~Notwithstanding the foregoing, the LIBOR Rate shall not in any event be less than zero percent (0.00%). If the Screen Rate is less than zero, the Screen Rate shall be deemed to be zero. The Screen Rate shall be adjusted on each Payment Date; provided, however, that the initial Screen Rate for Term Loan B shall be determined as if the Third Amendment Effective Date were a Payment Date. Any change in the LIBOR Rate shall be effective from and including the effective date of such change as set forth herein. Notwithstanding anything to the contrary contained herein, if for any reason adequate and reasonable means do not exist for ascertaining the LIBOR Rate as described above, it becomes illegal for Lender to maintain the applicable Loan based on the LIBOR Rate or Lender determines that the LIBOR Rate will not adequately and fairly reflect its cost of making or maintaining the applicable Loan, then upon notice to Borrower and until Lender gives notice that such conditions no longer exist, Lender shall have the right to substitute for the LIBOR Rate an alternative index rate (including any applicable upward or downward adjustment to an underlying published rate and the imposition of a zero floor).~~

Lien means any lien (statutory or other), mortgage, security interest, financing statement, collateral assignment, pledge, assignment, charge, hypothecation, deposit arrangement, or preference, priority or other security interest or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement, and any financing lease having substantially the same economic effect as any of the foregoing), or encumbrance of any kind, and any other right of or arrangement with any creditor (whether based on common law, constitutional provision, statute or contract) to have its claim satisfied out of any property or assets, or their proceeds, before the claims of the general creditors of the owner of the property or assets.

Litigation means any action by or before any Governmental Authority, arbitrator, or arbitration panel.

Loan means any amount disbursed by Lender (a) to, or on behalf of, any Company under the Loan Documents, whether such amount constitutes an original disbursement of funds, or (b) in accordance with, and to satisfy the obligations of any Company under, any Loan Document.

Loan Date means the date on which funds are made available to Borrower in respect of a Loan.

Loan Documents means (a) this Agreement, certificates and requests delivered under this Agreement, and exhibits and schedules to this Agreement, (b) the Term Note, (c) the [Term Note B, \(d\) the](#) Revolving Note, (e) all Guaranties, (f) the Security Documents, (g) all other agreements, documents, and instruments in favor of Lender ever delivered in connection with or under this Agreement (excluding [Swap Agreements](#)), and (h) all renewals, extensions, amendments, modifications, supplements, restatements, and replacements of, or substitutions for, any of the foregoing.

Loan Request means a request substantially in the form of *Exhibit C*.

Material Adverse Event means any circumstance or event that, individually or collectively with other circumstances or events, could reasonably be expected to result in (a) impairment of the ability of any Company or Guarantor to perform any of its payment or other material obligations under any Loan Document, (b) impairment of the ability of Lender to enforce any Company or Guarantor's material obligations, or Lender's rights, under any Loan Document or in respect of the Obligation, (c) a material adverse effect upon the legality, validity, binding effect or enforceability against any Company or Guarantor of any Loan Document to which it is a party, and (d) a material and adverse change in, or a material adverse effect upon, the operations, business, properties, liabilities (actual or contingent), condition (financial or otherwise), or prospects of Borrower and its Subsidiaries as represented in the financial statements delivered to Lender on or about the Closing Date in respect of Borrower and its Subsidiaries.

Material Agreement means, for any Person, any agreement to which that Person is a party by which that Person is bound, or to which any assets of that Person may be subject, and that is not cancelable by that Person upon 30 or fewer days' notice without liability for further payment other than nominal penalty, and that requires that Person to pay more than \$100,000 in the aggregate during the term of such agreement.

Maturity Date means June 5, 2021.

Maximum Amount and **Maximum Rate** respectively mean the maximum non-usurious amount and the maximum non-usurious rate of interest that, under applicable Law, Lender is permitted to contract for, charge, take, reserve or receive on the Obligation.

MIPA means that certain Amended and Restated Membership Interest Purchase Agreement dated as of February 7, 2018, among Borrower, Richard F. Bunch, Bunch Family Holdings, LLC, and RenaissanceRe Ventures U.S. LLC.

MIPA Dividend means the cash distribution to Bunch Family Holdings, LLC of the "Pre-Closing Dividend Amount" as defined in the MIPA.

Moody's means Moody's Investors Service, Inc. and any successor thereto.

Newco means The Woodlands Insurance Company, a Texas insurance corporation.

Notes means all of, and Note means any of, the Revolving Note, [the Term Note](#) and the Term Note [B](#).

Obligation means all present and future Debt, liabilities and obligations (including the Loans and [the obligations under any Swap Contract](#) [all Lender Swap Obligations \(other than Excluded Swap Obligations\)](#)), whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, and all renewals, increases and extensions thereof, or any part thereof, now or in the future owed to Lender by any Company, whether under any Loan Document or under any other financing, promissory note, or other extension of credit by Lender to any Company, whether now or hereafter entered into between Lender and any other Company (and as may be renewed, extended, increased or modified from time to time), *together with* all interest accruing thereon, reasonable fees, costs and expenses payable under the Loan Documents or otherwise, or in connection with the enforcement of rights under the Loan Documents or otherwise, including (a) fees and expenses under **Section 8.12**, and (b) interest and fees that accrue after the commencement by or against any Company or any Affiliate thereof of any proceeding under any Debtor Relief Law naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding.

[OFAC](#) means the U.S. Department of the Treasury's Office of Foreign Assets Control.

[Patriot Act](#) means the USA PATRIOT Act, Title III of Pub. L. 107-56, signed into law October 26, 2001.

Payment Date means the 5th day of each month; *provided*, that if in any month such date is not a [Business Day](#), the Payment Date for such month shall be the next succeeding [Business Day](#).

Percent Prepaid means the percentage determined by dividing the principal amount of the loan being prepaid by the principal loan balance outstanding on the Prepayment Date.

Permitted Debt means (a) the Obligation, (b) Debt arising from endorsing negotiable instruments for collection in the ordinary course of business, (c) indemnities arising under agreements entered into by any Company in the ordinary course of business, (d) trade payables, Tax liabilities and other current liabilities incurred in the ordinary course of business, (e) Debt listed on **Schedule 2**, ~~and (f)~~ [Swap Agreements permitted under this Agreement](#), and (g) any other Debt not to exceed \$250,000 in aggregate principal amount outstanding at any time.

Permitted Liens means (a) Liens securing the Obligation, (b) easements, rights -of-way, encumbrances and other restrictions on the use of real property which do not materially impair the use thereof, (c) inchoate Liens for Taxes; *provided that*, no amounts are due and payable and no Lien has been filed or agreed to, (d) purchase money Liens to the extent securing Debt listed on **Schedule 2** or Liens securing Debt permitted to be incurred under *clause (f)* of the definition Permitted Debt, and (e) pledges or deposits made to secure payment of workers' compensation, unemployment insurance or other forms of governmental insurance or benefits or to participate in any fund in connection with workers' compensation, unemployment insurance, pensions or other social security programs.

Person means any individual, partnership, limited partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, syndicate, Governmental Authority or other entity or organization of whatever nature.

PFC means TWFG Premium Finance, LLC, a Texas limited liability company, and successor by conversion to TWFG Premium Finance Company, a Texas corporation, and a wholly owned Subsidiary of Borrower.

PGBC means Pension Benefit Guaranty Corporation, or any successor thereof, established under ERISA.

Potential Default means the occurrence of any event or the existence of any circumstance that would, with the giving of notice or lapse of time or both, become a Default.

Prepayment Date means the date on which Lender received the prepayment.

Principal Amount means, when determined, the outstanding principal balance of the Term Note.

Proper Form means in form and substance satisfactory to Lender and its legal counsel.

Qualified ECP means, in respect of any Swap Obligations, each Borrower or Guarantor that has total assets exceeding \$10,000,000.00 at the time the relevant guaranty or grant of the relevant security interest becomes effective with respect to such Swap Obligation or that otherwise constitutes an “eligible contract participant” under the Commodity Exchange Act or any regulations promulgated thereunder and can cause another Person to qualify as an “eligible contract participant” at such time by entering into a keepwell under Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

Representatives means representatives, officers, directors, employees, consultants, contractors, attorneys and Lender.

Responsible Officer means the president, chief executive officer, chief financial officer, treasurer, controller, chief accounting officer, or chief operating officer of the Borrower.

Revolving Committed Amount means ~~\$10,000,000~~ 2,000,000.

Revolving Credit Facility is defined in **Section 2.2**.

Revolving Credit Termination Date means the earlier of (a) June ~~30, 2019~~ 29, 2020, or (b) the effective date that Lender’s Commitment to make Loans under the Revolving Credit Facility under this Agreement is otherwise canceled or terminated in accordance with **Section 12** of this Agreement or otherwise.

Revolving Note means a promissory note substantially in the form of **Exhibit A-2**, executed by Borrower and made payable to Lender and all renewals, extensions, modifications, amendments, supplements, restatements, and replacements of, or substitutions for, that promissory note.

Revolving Principal Amount means, when determined, the outstanding principal balance of the Revolving Note.

S&P means Standard & Poor’s Ratings Group (a division of The McGraw-Hill Companies, Inc.).

Sanctions is defined in **Section 7.20**.

Security Agreement means each Security Agreement in substantially the form of *Exhibit E*, and executed by any Company, as debtor, and by Lender, as secured party, granting Lender a Lien on, and security interest in, among other things, such Company's accounts receivable, inventory, equipment, goods, general intangibles, intellectual property, chattel paper, instruments, life insurance policies and documents.

Security Documents means all Security Agreements and all documents executed in connection therewith to create or perfect a Lien on the Collateral (including any assignment of life insurance policy as collateral).

Subsidiary of a Person means a corporation, partnership, joint venture, limited liability company, or other business entity of which a majority of the Voting Interests are at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person.

Swap Agreement means any master agreement or other agreement, including confirmations, governing or evidencing (a) any derivative transaction (including any swap, cap, floor, collar, forward or option), with respect to one or more interest rates or other rates or financial indices, currencies, equity interests or returns, credit or other obligations, commodities, volatility or other phenomena, or otherwise, (b) any spot, forward or other foreign exchange transaction, (c) any option or other derivative transaction with respect to, and any combination of, one or more transactions referenced in this definition, and (d) any transaction similar to any such transactions, in each case whether or not entered into under or subject to any master agreement.

Swap Obligations means all obligations and other liabilities under any Swap Agreement, whether absolute or contingent and without regard to when or how they are created, arise, are evidenced or are acquired.

Swap Termination Value means, as to one or more Swap Agreements and after taking into account the effect of any legally enforceable netting agreement relating to such Swap Agreements, the close out or termination value(s) determined pursuant to the terms of the Swap Agreements.

Tax Code means the *Internal Revenue Code of 1986*, as amended, and related rules, regulations and published interpretations.

Taxes means, for any Person, taxes, assessments or other governmental charges or levies imposed upon that Person, its income, or any of its properties, franchises or assets.

Term B Principal Amount means, when determined, the outstanding principal balance of the Term Note B.

Term Loan is defined in *Section 2.1(a)*.

Term Loan B is defined in *Section 2.1(b)*.

Term Loan B Committed Amount means \$4,000,000.00.

Term Loan B Maturity Date means July 30, 2024.

Term Loan Committed Amount means \$6,042,775.31.

Term Note means a promissory note substantially in the form of *Exhibit A-1*, executed by Borrower and made payable to Lender in the original principal amount of the Term Loan Committed Amount, together with all renewals, extensions, modifications, amendments, supplements, restatements and replacements of, or substitutions for, each such promissory note.

Term Note B means a promissory note substantially in the form of *Exhibit A-3*, executed by Borrower and made payable to Lender in the original principal amount of the Term Loan B Committed Amount, together with all renewals, extensions, modifications, amendments, supplements, restatements and replacements of, or substitutions for, each such promissory note.

Third Amendment Effective Date means July 30, 2019.

Total Commitment means the sum of (a) the Term Loan Committed Amount, plus (b) the Revolving Committed Amount, plus (c) the Term Loan B Committed Amount.

Total Credit Exposure means, when determined, the sum of (a) the Principal Amount, plus (b) the Term B Principal Amount, plus (c) the Revolving Principal Amount.

TWFG Insurance means TWFG Insurance Services, LLC, a Texas limited liability company, and successor by conversion to TWFG Insurance Services, Inc., and a wholly owned Subsidiary of Borrower.

UCC means the Uniform Commercial Code, as adopted in Texas and as amended from time to time.

Unfinanced Capital Expenditures means capital expenditures by any Company which are not made using Debt.

U.S. means United States of America.

Voting Interests of any Person means the capital stock (or other equity interest) of such Person having ordinary voting power for the election of directors (or other governing body).

1.2 **Interpretive Provisions.** Terms used but not defined in this Agreement, but which are defined in the UCC, have the meaning given them in the UCC.

(a) The meanings of words and defined terms are equally applicable to the singular and plural forms of the defined terms and words. Defined terms in respect of one gender include each other gender where appropriate. Derivatives of defined terms have corresponding meanings.

(b) Any conflict or ambiguity between this Agreement and any other Loan Document is controlled by the terms and provisions of this Agreement.

(c) The headings and captions used in this Agreement and the other Loan Documents are for convenience only and will not be deemed to limit, amplify or modify the terms of this Agreement or the Loan Documents.

(d) Article, Section, Exhibit and Schedule references are to the Loan Document in which such reference appears, unless otherwise indicated.

(e) In the computation of periods of time from a specified date to a later specified date, the word “*from*” means “*from and including*,” the words “*to*” and “*until*” each mean “*to but excluding*,” and the word “*through*” means “*to and including*.”

(f) The words “*herein*,” “*hereto*,” “*hereof*” and “*hereunder*” and words of similar import when used in any Loan Document shall refer to such Loan Document as a whole and not to any particular provision of such Loan Document.

(g) The term “*including*” is by way of example and not limitation.

1.3 Accounting Terms. All accounting terms not specifically or completely defined in this Agreement shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP, with all accounting principles being consistently applied from period to period and on a basis consistent with the most recent reviewed or audited financial statements of either Borrower. While Borrower has any Subsidiaries, all accounting and financial terms and financial calculations (including the calculation of all financial covenants, ratios, and related definitions) in respect of Borrower or any Company are on a consolidated and consolidating basis for all Companies, unless otherwise indicated.

(a) If at any time any change in GAAP would affect the computation of any financial ratio or requirement set out in any Loan Document, and either Borrower or Lender shall so request, Lender and Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of Lender); *provided that*, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP as in effect prior to such change and (ii) the Borrower shall provide to Lender financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP.

1.4 References to Documents. Unless otherwise expressly provided in this Agreement, (a) references to corporate formation or governance documents, contractual agreements (including this Agreement and the Loan Documents) and other contractual instruments shall be deemed to include all subsequent amendments, restatements, extensions, supplements and other modifications thereto, but only to the extent that such amendments, restatements, extensions, supplements and other modifications are not prohibited by any Loan Document; and (b) references to any Law shall include all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting such Law.

1.5 Time. Unless otherwise indicated, all time references (*e.g.*, 11:00 a.m.) are to Central time (daylight or standard, as applicable).

SECTION 2 LOAN COMMITMENTS

2.1 Term Loans

(a) Subject to the terms and conditions of this Agreement, Lender agrees to make a term loan to Borrower in an amount equal to the Term Loan Committed Amount in a single Loan which, when paid or prepaid, may not be reborrowed (the “*Term Loan*”).

(b) Subject to the terms and conditions of this Agreement, Lender agrees to make a term loan to Borrower on the Third Amendment Effective Date in an amount equal to the Term Loan B Committed Amount in a single Loan which, when paid or prepaid, may not be reborrowed (the “Term Loan B”).

2.2 Revolving Credit Facility. Subject to the terms and conditions of this Agreement, Lender agrees to loan to Borrower an amount not to exceed the Revolving Committed Amount in one or more Loans from time to time, which Borrower may borrow, repay, and reborrow under this Agreement (collectively, the “*Revolving Credit Facility*”).

2.3 Loan Procedure. Subject to compliance with *Section 5*, Borrower may request a Loan under the Revolving Credit Facility, the Term Loan or the Term Loan B by submitting a Loan Request to Lender. A Loan Request is irrevocable and binding on Borrower. Each Loan Request must be received by Lender no later than 11:00 a.m. on the proposed Loan Date. Each Loan Date must be a Business Day. Each Loan Date under the Revolving Credit Facility must occur before the Revolving Credit Termination Date. The Loan Date of the Term Loan is the Closing Date.

(a) Each Loan under the Revolving Credit Facility is subject to the following conditions:

(i) each Loan must occur on a Business Day and no later than the Business Day immediately preceding the Revolving Credit Termination Date;

(ii) each Loan (unless the remaining amount under *clause (ii)* below is less) must be in an amount not *less than* \$100,000 or a greater integral multiple of \$10,000;

(iii) no Loan may exceed an amount equal to the excess of the Revolving Committed Amount over the Revolving Principal Amount; and

(iv) after giving effect to any Loan, the Revolving Principal Amount may not exceed the Revolving Committed Amount.

(b) From time to time, Lender may provide certain treasury or cash management services to Borrower under which Borrower incur Loans under the Revolving Credit Facility. While a Cash Management Agreement is in effect, Borrower may repay the Revolving Principal Amount under the terms of the Cash Management Agreement. Borrower hereby authorizes Lender to honor all checks or other drafts received against the accounts subject to the Cash Management Agreement.

2.4 Voluntary Prepayment.

(a) Borrower may voluntarily prepay all or any part of the Principal Amount, Term B Principal Amount or Revolving Principal Amount at any time, subject to the following conditions:

(i) Lender must receive Borrower’s written or telephonic prepayment notice by 10:00 a.m. on the prepayment date;

(ii) Borrower’s prepayment notice shall (A) specify the prepayment date, (B) specify the amount of the Loan to be prepaid, (C) specify whether the Principal Amount,

the Term B Principal Amount or Revolving Principal Amount is being prepaid (and if not specified, such prepayment will be applied to the Principal Amount), and (D) constitute an irrevocable and binding obligation of Borrower to make a prepayment in such amount on the designated prepayment date;

(iii) each partial prepayment under this *clause (a)* must be in a minimum amount of not less than (A) \$100,000 or a greater integral multiple of \$10,000 or (B) if less than the requested minimum amount, the outstanding balance of the Principal Amount, the Term B Principal Amount or the Revolving Principal Amount, as the case may be;

(iv) if the Revolving Credit Facility is being prepaid, payments shall be applied to the Revolving Principal Amount with no corresponding reduction in the Revolving Committed Amount; ~~and~~

(v) if the Principal Amount is being prepaid all accrued and unpaid interest on the portion of the Principal Amount prepaid, together with the prepayment fee described in clause (c) below, must also be paid in full on the prepayment date and each partial prepayment of the Term Loan shall be applied to the Term Loan's scheduled principal payments in the inverse order of their maturity; and

(vi) if the Term B Principal Amount is being prepaid all accrued and unpaid interest on the portion of the Term B Principal Amount prepaid, together with the prepayment fee described in clause (c) below, must also be paid in full on the prepayment date and each partial prepayment of the Term Loan B shall be applied to the Term Loan B's scheduled principal payments in the inverse order of their maturity.

(b) All prepayments of the Revolving Credit Facility under this **Section 2.4** of a LIBOR Rate Loan will be accompanied by (i) the amount of accrued interest on the principal amount prepaid and (ii) the amount of Lender's loss or expense actually incurred by it as a result of the prepayment (together with any related customary administrative fees charged by Lender in connection therewith).

(c) If Borrower makes any prepayment of the outstanding principal balance on the Term Note, Borrower shall pay to Lender a prepayment fee equal to the quotient of (i) the product of (a) AYD, *times* (b) Average Principal, *times* (c) Percent Prepaid, *times* (d) Days Remaining, *divided* by (ii) 360.

(d) Notwithstanding anything to the contrary contained in this Agreement, any notice of prepayment under **Section 2.4(a)** may state that it is conditioned upon the effectiveness of other credit facilities the proceeds of which will be used to prepay in full all outstanding Obligations hereunder (other than (A) contingent indemnification obligations and (B) Cash Management Liabilities as to which arrangements satisfactory to the applicable Cash Management Bank shall have been made), in which case such notice may be revoked or postponed by the Borrower (by written notice to Lender on or prior to the specified effective date) if the conditions to effectiveness of such other credit facility are not satisfied.

2.5 Mandatory Prepayment.

(a) If the Revolving Principal Amount at any time exceeds the Revolving Committed Amount, then the Borrower shall repay the Revolving Principal Amount, in at least the amount of that excess, together with all accrued and unpaid interest on the principal amount so repaid.

(b) All prepayments on the Revolving Credit Facility under this **Section 2.5** of a LIBOR Rate Loan will be accompanied by (i) the amount of accrued interest on the principal amount prepaid and (ii) the amount of Lender's loss or expense actually incurred by it as a result of the prepayment (together with any related customary administrative fees charged by Lender in connection therewith).

SECTION 3 **TERMS OF PAYMENT**

3.1 Notes and General Payment Terms.

(a) The Term Loan shall be evidenced by the Term Note. [The Term Loan B shall be evidenced by the Term Note B.](#) The Loans under the Revolving Credit Facility shall be evidenced by the Revolving Note.

(b) Borrower must make each payment on the Obligation, without offset, counterclaim or deduction to Lender's Office, in funds that will be available for immediate use by Lender by 4:00 pm on the day due. Payments received after such time (and payments received on a day which is not a Business Day) will be deemed received on the next Business Day but interest shall continue to accrue during such period.

(c) If any payment or prepayment to be made by Borrower shall come due on a day other than a Business Day, payment shall be made on the next following Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be.

3.2 Payments.

(a) Term Loan.

(i) Payments of principal and interest under the Term Loan are due and payable in the amount of \$125,891.00 plus accrued interest, beginning on July 5, 2017, and continuing on ~~the 5th day of~~ each ~~month~~[Payment Date](#) thereafter until the Maturity Date (or earlier upon the acceleration of maturity of the Term Loan in accordance with **Section 12** of this Agreement).

(ii) All outstanding principal and all accrued and unpaid interest in respect of the Term Loan is due and payable in full on the Maturity Date (or earlier upon the acceleration of maturity of the Term Loan in accordance with **Section 12** of this Agreement).

(b) Term Loan B.

(i) [Accrued and unpaid interest on the Term B Principal Amount shall be due and payable beginning on September 5, 2019, and continuing on each Payment Date](#)

thereafter until the Term Loan B Maturity Date (or earlier upon the acceleration of maturity of the Term Loan B in accordance with [Section 12](#) of this Agreement).

(ii) Principal payments on the Term B Principal Amount shall be due and payable beginning on September 5, 2019, and continuing on each Payment Date thereafter, in the applicable amount set forth on [Schedule 3.2\(b\)](#) until the Term Loan B Maturity Date (or earlier upon the acceleration of maturity of the Term Loan B in accordance with [Section 12](#) of this Agreement).

(iii) All outstanding principal and all accrued and unpaid interest in respect of the Term Loan B is due and payable in full on the Term Loan B Maturity Date (or earlier upon the acceleration of maturity of the Term Loan B in accordance with [Section 12](#) of this Agreement).

(c) ~~(b)~~ Revolving Credit Facility.

(i) Accrued and unpaid interest on the Revolving Principal Amount is due and payable monthly in arrears ~~on 5th day of each month~~ beginning on July 5, 2017, and continuing on the 5th day of each month Payment Date thereafter until the Revolving Credit Termination Date.

(ii) The Revolving Principal Amount, and all accrued and unpaid interest thereon, is due and payable in full on the Revolving Credit Termination Date.

3.3 Order of Application.

(a) All payments and prepayments shall be applied as specified in this Agreement and, if not specified, shall be applied in the following order: (i) to all fees, expenses, late charges, collection costs, and other charges, costs and expenses for which Lender has not been paid or reimbursed under the Loan Documents, (ii) accrued and unpaid interest on the Principal Amount, (iii) to the accrued and unpaid interest on the ~~Revolving~~ Term B Principal Amount, (iv) to the ~~remaining accrued and unpaid interest on the Revolving~~ Principal Amount ~~in the order Lender elects~~, (v) to the ~~Revolving~~ Principal Amount ~~and (vi, (vi) to the Term B Principal Amount, (vii) to the~~ Revolving Principal Amount and (viii) to the remaining Obligation in the order and manner Lender deems appropriate in its sole discretion.

(b) All proceeds from the exercise of any rights shall be applied at Lender's discretion among principal, interest, fees, expenses, late charges, collection costs, and other charges, costs and expenses, for which Lender has not been paid or reimbursed under the Loan Documents.

3.4 Interest. Except as otherwise provided in this Agreement, Loans under the Term Loan shall accrue interest at a rate per annum equal to the *lesser* of (a) 4.0%, and (b) the Maximum Rate. Except as otherwise provided in this Agreement, Loans under the Term Loan B and Revolving Credit Facility shall accrue interest at a rate per annum equal to the *lesser* of (a) the *sum* of the LIBOR Rate *plus* the Applicable Margin, and (b) the Maximum Rate. Each change in the LIBOR Rate or the Maximum Rate is effective as of the date of such change without notice to Borrower or any other Person.

3.5 Default Rate. To the extent permitted by Law, while a Default exists, the Obligation shall accrue interest at the *lesser of* (a) the Default Rate and (b) the Maximum Rate, until all past due

amounts are paid (whether payment is made before or after entry of a judgment or the Default is otherwise cured or waived). Subject to **Section 3.8**, if a Default exists, Lender may, in its sole discretion, to the extent permitted by Law, add accrued and unpaid interest to the Principal Amount, [the Term B Principal Amount](#) and the Revolving Principal Amount and such amount will accrue interest until paid at the applicable interest rate. During the existence of a Default, interest payable at the Default Rate shall be payable from time to time on written demand from Lender to Borrower.

3.6 **Interest Calculations.** Interest on Loans and on the amount of all fees and other amounts due under the Loan Documents will be calculated on the basis of actual number of days elapsed (including the first day but excluding the last day), but computed as if each calendar year consisted of 360 days (unless computation would result in an interest rate in excess of the Maximum Rate, in which event the computation is made on the basis of a year of 365 or 366 days, as the case may be). All interest rate determinations and calculations by Lender are conclusive and binding, absent manifest error.

3.7 **Maximum Rate.** It is the intention of the parties to comply with applicable usury laws. The parties agree that the total amount of interest contracted for, charged, collected or received by Lender under this Agreement shall not exceed the Maximum Rate. To the extent, if any, that Chapter 303 of the Texas Finance Code (the "**Finance Code**") is relevant to Lender for purposes of determining the Maximum Rate, the parties elect to determine the Maximum Rate under the Finance Code pursuant to the "weekly ceiling" from time to time in effect, as referred to and defined in § 303.001-303.016 of the Finance Code; subject, however, to any right Lender subsequently may have under applicable ~~law~~[Law](#) to change the method of determining the Maximum Rate. Notwithstanding any contrary provisions contained herein, (a) the Maximum Rate shall be calculated on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be; (b) in determining whether the interest hereunder exceeds interest at the Maximum Rate, the total amount of interest shall be spread throughout the entire term of this Agreement until its payment in full; (c) if at any time the interest rate chargeable under this Agreement would exceed the Maximum Rate, thereby causing the interest payable under this Agreement to be limited to the Maximum Rate, then any subsequent reductions in the interest rate(s) shall not reduce the rate of interest charged under this Agreement below the Maximum Rate until the total amount of interest accrued from and after the date of this Agreement equals the amount of interest which would have accrued if the interest rate(s) had at all times been in effect; (d) if Lender ever charges or receives anything of value which is deemed to be interest under applicable Texas law, and if the occurrence of any event, including acceleration of maturity of obligations owing to Lender, should cause such interest to exceed the maximum lawful amount, any amount which exceeds interest at the Maximum Rate shall be applied to the reduction of the unpaid principal balance under this Agreement or any other indebtedness owed to Lender by the Borrower, and if this Agreement and such other indebtedness are paid in full, any remaining excess shall be paid to the Borrower; and (e) Chapter 346 of the Finance Code shall not be applicable to this Agreement or the indebtedness outstanding hereunder.

3.8 **Set off.** While a Default exists, Lender (and each of its Affiliates) is hereby authorized at any time and from time to time, to the fullest extent permitted by Law, to set off and apply (a) any and all deposits (general or special, time or demand, provisional or final) at any time held by Lender (or its Affiliates) and (b) any other Debt at any time owing by Lender (or any of its Affiliates) to or for the credit or the account of any Company, against the Obligation even if Lender has not made demand under this Agreement and the Obligation is unmatured. Lender agrees to promptly notify the applicable Company after any such set off and application is made; *provided that*, the failure to give such notice shall not affect the validity of such set off and application. The rights of Lender under this **Section 3.8** are in addition to other rights and remedies (including other rights of set off) that Lender may have.

3.9 Debit Account. Borrower agrees that the interest and principal payments and any fees will be deducted automatically on the due date from any of Borrower's accounts with Lender as designated in writing by Borrower. This authorization shall not affect the obligation of Borrower to pay such sums when due, without notice, if there are insufficient funds in such account to make such payment in full on the due date thereof, or if Lender fails to debit such account.

SECTION 4 INTENTIONALLY OMITTED.

SECTION 5 CONDITIONS PRECEDENT.

5.1 Conditions to Term Loan. This Agreement will become effective once all parties have executed and delivered this Agreement. Lender will not be obligated to make the Term Loan until (a) Lender has received all of the items described on *Schedule 5*, each in Proper Form, (b) all of the representations and warranties of the Companies in the Loan Documents are true and correct in all material respects (except to the extent that the representations and warranties speak to a specific date), (c) Lender has received and continues to maintain evidence of insurance as set out in *Section 8.6* (including certificates and endorsements), (d) no Material Adverse Event exists, and (e) no Default or Potential Default exists or will result from such funding, issuance, amendment or renewal. The Loan Request delivered to Lender constitutes the representation and warranty by the Companies that the statements in *clauses (b), (c), (d), and (e)* above are true and correct in all material respects.

5.2 No Waiver. Each condition precedent in this Agreement (including matters listed on *Schedule 5*) is material to the transactions contemplated by this Agreement, and time is of the essence with respect to each condition precedent. Lender may make any Loan without all conditions being satisfied, but such Loan shall not be deemed a waiver of any condition precedent for any subsequent Loan.

SECTION 6 SECURITY AND GUARANTIES.

6.1 Collateral. The complete payment and performance of the Obligation shall be secured by all of the items and types of property (collectively, the "*Collateral*") described as collateral in the Security Agreement. Each Company shall execute all applicable Security Documents necessary to pledge all of the Collateral it owns.

6.2 Financing Statements. Each Company hereby authorizes Lender to file, and agrees to execute, in Proper Form, if requested, financing statements, continuation statements, or termination statements, or take other action reasonably requested by Lender relating to the Collateral, including any Lien search required by Lender.

6.3 Guaranties. Richard F. Bunch, III, and each Subsidiary of Borrower shall guaranty the complete payment and performance of the Obligation (including the Term Loan, [the Term Loan B](#) and the Revolving Credit Facility) by executing and delivering a Guaranty to Lender on the Closing Date or within ten (10) Business Days after such Company is created or acquired.

6.4 Collateral Release and Termination of Guaranty. The pledge of Borrower's equity interests by Richard F. Bunch, III in favor of Lender made in connection with the Existing Credit Agreement is expressly released and terminated as of the Closing Date and Lender claims no further interest in such pledge of Borrower's equity interests by Richard F. Bunch, III, excluding only those obligations which expressly survive termination and release. The pledge of equity interests by Borrower in favor of Lender made in connection with the Existing Credit Agreement is expressly released and

terminated as of the Closing Date and Lender claims no further interest in such pledge of equity interests by Borrower, excluding only those obligations which expressly survive termination and release. The pledge of equity interests by TWFG Insurance in favor of Lender made in connection with the Existing Credit Agreement is expressly released and terminated as of the Closing Date and Lender claims no further interest in such pledge of equity interests by TWFG Insurance, excluding only those obligations which expressly survive termination and release. TWFG Insurance Services CA1, LLC, formerly a California limited liability company, has been dissolved and cancelled, and Lender hereby releases TWFG Insurance Services CA1, LLC from its guaranty executed in connection with the Existing Credit Agreement, and Lender claims no further interest in such guaranty, excluding only those obligations which expressly survive termination and release.

SECTION 7 **REPRESENTATIONS AND WARRANTIES**. Borrower represents and warrants, to Lender as follows:

7.1 **Existence, Good Standing, and Authority to do Business**. Borrower is a Texas corporation duly organized, validly existing, and in good standing under the Laws of the jurisdiction in which it is organized. Each other Company is duly organized, validly existing, and in good standing under the Laws of the jurisdiction in which it is organized. In each state in which each Company does business, each Company has all necessary permits, licenses, franchises, patents, copyrights, trademarks and trade names, or rights to conduct its business, and (d) has the necessary corporate, company, or partnership authority to own its assets and conduct its business.

7.2 **Subsidiaries**. Other than those listed on ***Schedule 7.2***, Borrower has no Subsidiaries. ***Schedule 7.2*** lists the name, address, entity type and jurisdiction of organization of each Company, the number of issued and outstanding shares (or other equity interests) of such Company, and the percentage ownership of each other Company.

7.3 **Authorization, Compliance, and No Default**. The execution and delivery by each Company of the Loan Documents to which it is a party and each Company's performance of its obligations under the Loan Documents are within such Company's powers, have been duly authorized, do not conflict with any of its organizational documents, do not conflict with any Law, agreement, or obligation by which such Company is bound, do not require any consent or approval of any Person or Governmental Authority that has not been obtained and remains in full force and effect, and do not violate, result in a breach of or constitute a default under any Material Agreement to which any Company is a party or by which it or its property is bound.

7.4 **Enforceability**. Each Loan Document has been executed and delivered by each Company which is a party to it, and the Loan Documents constitute the legal, valid, and binding obligation of each Company, enforceable against each Company in accordance with their respective terms, except as enforceability may be limited by applicable Debtor Relief Laws and general principles of equity.

7.5 **Litigation**. Except as disclosed on ***Schedule 7.5***, no Company is subject to, or aware of the threat of, any Litigation involving any Company which, (a) purports to affect or pertain to this Agreement, any other Loan Document, or any of the transactions contemplated by the Loan Documents, or (b) if determined adversely to any Company could reasonably be expected to result in a Material Adverse Event.

7.6 **Taxes**. All Tax returns of each Company required to be filed have been timely filed (or extensions have been granted) and all Taxes imposed upon any Company that are due and payable have

been paid before delinquency, *other than* Taxes which are being contested in good faith by lawful proceedings diligently conducted, against which reserve or other provision required by GAAP has been made.

7.7 Environmental Matters. No facility of any Company is used for, or to the knowledge of any Company has been used for, storage, treatment, or disposal of any Hazardous Substance in violation of any applicable Environmental Law, other than violations that individually or collectively would not constitute a Material Adverse Event. No Company knows of any environmental condition or circumstance adversely affecting its assets, properties, or operations that could reasonably be expected to result in a Material Adverse Event.

7.8 Ownership of Assets; Intellectual Property. Each Company has (a) indefeasible title to its real property, (b) a vested leasehold interest in all of its leased property, and (c) good and marketable title to its personal property, all as reflected on the Current Financials (except for property that has been disposed of as permitted by **Section 9.7**). Each Company is conducting its business without infringement or claim of infringement of any license, patent, copyright, service mark, trademark, trade name, trade secret or other intellectual property right of others, *other than* any infringements or claims that, if successfully asserted against or determined adversely to any Company, could not, individually or collectively, reasonably be expected to result in a Material Adverse Event.

7.9 Liens. No Lien exists on any asset of any Company, *other than* Permitted Liens.

7.10 Debt. No Company is an obligor on any Debt, *other than* Permitted Debt.

7.11 Insurance. The Companies maintain the insurance required under **Section 8.6**.

7.12 Place of Business; Real Property. The location of each Company's place of business or chief executive office is set out on **Schedule 7.12**. The books and records of each Company are located at its place of business or chief executive office. All of each Company's assets (*other than* inventory on consignment, in transit, or in the possession of a Person under the terms of a contract with a Company) are at one or more of the locations set out on **Schedule 7.12**. Except as described on **Schedule 7.12**, no Borrower has no ownership, leasehold, or other interest in real estate.

7.13 Purpose of Credit Facilities. Borrower will use the proceeds of the Term Loan to refinance existing debt. [Borrower will use the proceeds of the Term Loan B to fund acquisitions and to repay a portion of the Revolving Principal Amount](#). Borrower will use the proceeds of the Revolving Credit Facility for general corporate purposes. No part of the proceeds of the Term Loan, [the Term Loan B](#) or any Loan under the Revolving Credit Facility will be used, directly or indirectly, for a purpose that violates any Law, including the provisions of *Regulation U*.

7.14 Trade Names. Except as disclosed on **Schedule 7.14**, no Company has used or transacted business under any other corporate or trade name in the five-year period preceding the Closing Date (including names of all Persons with which any Company has merged or consolidated, or from which any Company has acquired all or substantially all of such Person's assets).

7.15 Transactions with Affiliates. Except as disclosed on **Schedule 7.15**, no Company is a party to an agreement or transaction with any of its Affiliates (excluding other Companies), *other than* transactions in the ordinary course of business and upon fair and reasonable terms not materially less favorable than it could obtain or could become entitled to in an arm's-length transaction with a Person that was not its Affiliate.

7.16 Financial Information. Each material fact or condition relating to the Loan Documents or the Companies' financial condition, business, property, or prospects has been disclosed to Lender in writing. All financial and other information supplied to Lender is sufficiently complete to give Lender accurate knowledge of each Company's financial condition, including all material contingent liabilities. Since the date of the most recent financial statement provided to Lender, there has been no material adverse change in the business condition (financial or otherwise), operations, properties or prospects of the Companies. Each financial statement supplied to Lender (i) was prepared in accordance with GAAP consistently throughout the period covered thereby, except as otherwise expressly noted therein and (ii) fairly present the financial condition of Borrower and its Subsidiaries as of the date thereof and their results of operations for the period covered thereby in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein.

7.17 Material Agreements and Funded Debt. No Company is a party to any Material Agreement, *other than* the Loan Documents and the Material Agreements described on attached **Schedule 7.17**. No Company has breached or is in default under any Material Agreement or Funded Debt obligation.

7.18 ERISA.

(a) Each Employee Plan (i) (other than a multiemployer plan) is in compliance in all material respects with the applicable provisions of ERISA, the Tax Code and other federal or state law, (ii) has received a favorable determination letter from the IRS and to the best knowledge of the Borrower, nothing has occurred which would cause the loss of such qualification.

(b) Each Company has fulfilled its obligations, if any, under the minimum funding standards of ERISA and the Tax Code with respect to each Employee Plan, and has not incurred any liability with respect to any Employee Plan under Title IV of ERISA.

(c) There are no claims, actions, or Litigation (including by any Governmental Authority), and there has been no prohibited transaction or violation of the fiduciary responsibility rules, with respect to any Employee Plan which is or could reasonably be expected to be a Material Adverse Event.

(d) With respect to any Employee Plan subject to Title IV of ERISA: (i) no reportable event has occurred under Section 4043(c) of ERISA for which the PBGC requires 30 day notice, (ii) no action by Borrower or any ERISA Affiliate to terminate or withdraw from any Employee Plan has been taken and no notice of intent to terminate an Employee Plan has been filed under Section 4041 of ERISA, (iii) no termination proceeding has been commenced with respect to an Employee Plan under Section 4042 of ERISA, and no event has occurred or condition exists which might constitute grounds for the commencement of such a proceeding.

7.19 Disclosure. Borrower has disclosed to the Lender all agreements, instruments, and corporate or other restrictions to which it or any of its Subsidiaries is subject, and all other matters known to it (other than general economic conditions), that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Event. No report, financial statement, certificate or other information furnished (whether in writing or orally) by or on behalf of Borrower or any of its Subsidiaries to the Lender in connection with the transactions contemplated hereby or delivered hereunder or under any other Loan Document contains any material misstatement of fact or omits to state any material fact

necessary to make the statements therein, in light of the circumstances under which they were made, not materially misleading; provided that, with respect to projected financial information, Borrower represents only that such information was prepared in good faith based on assumptions believed to be reasonable at the time.

7.20 Sanctions; Anti-Corruption.

(a) None of Borrower, any Guarantor or any Subsidiary, nor any director, officer, employee, agent, or affiliate of Borrower, Guarantor or any of Subsidiary is a Person that is, or is owned or Controlled by Persons that are: (i) the subject or target of any sanctions administered or enforced by OFAC, the U.S. Department of State, the United Nations Security Council, the European Union, Her Majesty's Treasury, or other relevant sanctions authority (collectively, "Sanctions"), or (ii) located, organized or resident in a country or territory that is, or whose government is, the subject of Sanctions.

(b) Borrower, each Guarantor and each Subsidiary, and their respective directors, managers, partners, officers and employees and, to the knowledge of Borrower and each Guarantor, the agents of Borrower, each Guarantor and each Subsidiary, are in compliance with all applicable Sanctions and with the FCPA and any other applicable anti-corruption law, in all material respects. Borrower, Guarantors and each Subsidiary have instituted and maintain policies and procedures designed to ensure continued compliance with applicable Sanctions, the FCPA and any other applicable anti-corruption laws.

SECTION 8 **AFFIRMATIVE COVENANTS**. So long as Lender is committed to make any Loan under this Agreement, and thereafter until the Obligation is paid in full, Borrower agrees as follows:

8.1 Items to be Furnished. Borrower shall cause the following to be furnished to Lender:

(a) Promptly after preparation, and no later than 120 days after the last day of each fiscal year of Borrower and its Subsidiaries, commencing with the fiscal year ending December 31, 2017, audited financial statements (including statements of income, statements of retained earnings and cash flows and a balance sheet) showing the consolidated financial condition and results of operations of Borrower and its Subsidiaries as of, and for the year ended on, that last day, setting out, in each case, in comparative form the figures for the previous fiscal year and accompanied by the unqualified opinion of a firm of independent certified public accountants satisfactory to Lender, based on an audit using generally accepted auditing standards, that the financial statements were prepared in accordance with GAAP and present fairly, in all material respects, the consolidated financial condition and results of operations of Companies, and accompanied by a Compliance Certificate with respect to such financial statements calculating and certifying as to the Borrower's and its Subsidiaries compliance with the financial covenants under the Agreement.

(b) Promptly after preparation, and no later than 45 days after the last day of each fiscal quarter, unaudited financial statements (including statements of income, statements of retained earnings and cash flows and a balance sheet) showing the consolidated and consolidating financial condition and results of operations of Borrower and its Subsidiaries for the prior fiscal quarter and for the period from the beginning of the current fiscal year to the last day of that fiscal quarter, accompanied by a Compliance Certificate with respect to such financial statements.

(c) Promptly after preparation, and no later than 60 days after the beginning of each fiscal year of Borrower, commencing with the 2015 fiscal year, internally-prepared projections (including statement of income, statement of cash flows and a balance sheet) showing the projected quarterly financial condition and results of operations of Borrower and its Subsidiaries for the upcoming fiscal year, which projections shall be certified by a Responsible Officer of Borrower and prepared in a manner consistent with the Companies' financial statements and in good faith based on assumptions believed to be reasonable at the time.

(d) Notice, promptly after any Company receives notice of, or otherwise becomes aware of, (i) the institution of any Litigation involving any Company for which the monetary amount at issue is greater than \$100,000, individually, or \$200,000 in the aggregate, (ii) any liability or alleged liability under any Environmental Law arising out of, or directly affecting, the properties or operations of such Company, (iii) any substantial dispute with any Governmental Authority, and (iv) a Default or Potential Default, specifying the nature thereof and what action each Company has taken, is taking, or proposes to take.

(e) Concurrently with the occurrence of (i) such change, notify Lender of any change in the name, legal structure, place of business, or chief executive office of any Company, or (ii) any acquisition or creation of a Subsidiary by any Company, notify Lender that any Person has become a Subsidiary of such Company.

(f) On an annual basis, and by not later than 30 days after the anniversary of the previously delivered annual financial statements, personal financial statements of Richard F. Bunch, III, including but not limited to a balance sheet and income statement, in form and detail acceptable to Lender.

(g) Prompt notification of (i) of any change in 25% or more of the direct or indirect ownership interests in Borrower as reported in the Beneficial Ownership Certification or other similar certification provided to Lender on or prior to the Third Amendment Effective Date (the "Closing Certification"), and (ii) if the Person or Persons with significant managerial responsibility identified in the Closing Certification cease to have that responsibility or if the information reported about any such Person changes. Borrower hereby agrees to provide such information and documentation as Lender may reasonably request in order to confirm or update the continued accuracy of the information provided in connection with the Closing Certification, any other Beneficial Ownership Certification delivered in connection herewith, and any updates or supplements to any of the foregoing; and

(h) ~~(g)~~ Promptly upon reasonable request by Lender, information and documents not otherwise required to be furnished under the Loan Documents respecting the business affairs, assets and liabilities of the Companies.

8.2 Books, Records and Inspections. Each Company shall maintain books, records, and accounts necessary to prepare the financial statements required by *Section 8.1*. Upon reasonable notice, each Company shall allow Lender (or its Representatives) during business hours or at other reasonable times to inspect each Company's properties, any and all Collateral and examine, audit, and make copies of books and records. If any of the Collateral, Companies' properties, books or records are in the possession of a third party, the applicable Company shall authorize that third party to permit Lender or its Representatives to have access to perform inspections or audits and to respond to Lender's requests for information concerning such properties, books and records. Lender may discuss, from time to time, any

of the Companies' affairs, conditions and finances with its directors, officers, and certified public accountants.

8.3 Taxes. Each Company will promptly pay when due any and all Taxes, *other than* Taxes which are being contested in good faith by lawful proceedings diligently conducted, against which reserve or other provision required by GAAP has been made, and in respect of which levy and execution of any Lien are stayed.

8.4 Compliance with Laws; Sanctions; Anticorruption.

(a) Each Company shall comply in all material respects of the requirements of all Laws (including fictitious or trade name statutes) and all orders, writs, injunctions and decrees applicable to it or its business or property, except in such instances in which (a) such requirement is deemed contested in good faith by lawful proceedings diligently conducted, against which reserve or other provision required by GAAP has been made, and (b) the failure to comply would not result in a Material Adverse Event.

(b) Each Company (i) will comply, in all material respects, with (A) all Sanctions, (B) the Patriot Act, and (C) the Beneficial Ownership Regulation and (ii) will maintain in effect policies and procedures designed to promote compliance by Borrower and each Guarantor, each Subsidiary, and their respective directors, managers, partners, officers, employees, and agents with applicable Sanctions, Patriot Act requirements, Beneficial Ownership Regulation, the FCPA, and any other applicable anti-corruption laws.

8.5 Maintenance of Existence, Assets, and Business. Each Company will (a) maintain its existence and good standing in its state of organization and its authority to transact business and good standing in all other jurisdictions where the nature and extent of its business and properties require due qualification and good standing, (b) maintain all licenses, permits and franchises necessary for its business where failure to do so is a Material Adverse Event, and (c) keep all of its assets that are useful in and necessary to its business in good working order and condition (ordinary wear and tear excepted) and make all necessary repairs and replacements. So long as the Term Loan ~~is~~ or the Term Loan B are outstanding or the Lender has any commitment in respect of the Revolving Credit Facility, each Company shall establish and maintain its primary deposit accounts with Lender.

8.6 Insurance. Each Company shall maintain (a) insurance satisfactory to Lender as to amount, nature and carrier covering property damage (including loss of use and occupancy) to any of the Companies' properties, public liability insurance including coverage for contractual liability, product liability and workers' compensation, and any other insurance which is usual for the Companies' business. Each policy shall provide for at least thirty (30) days prior notice to Lender of any cancellation thereof, and (b) insurance policies covering the tangible property comprising the Collateral. Each insurance policy must be for the full replacement cost of the Collateral and include a replacement cost endorsement in an amount acceptable to Lender. The insurance must be issued by an insurance company acceptable to Lender and must include a lender's loss payable endorsement in favor of Lender in a form acceptable to Lender. Upon Lender's request, Borrower shall deliver to Lender a copy of each insurance policy, or, if permitted by Lender, a certificate of insurance listing all insurance in force. Borrower shall maintain at all times for the benefit of Borrower, a key man life insurance policy on Richard F. Bunch, III providing for coverage in an amount not less than \$10,000,000.

8.7 Environmental Laws. Each Company shall conduct its business so as to comply with all applicable Environmental Laws, shall promptly take corrective action to remedy any violation of any Environmental Law, and shall immediately notify Lender of any claims or demands by any Governmental Authority or Person with respect to any Environmental Law or Hazardous Substance. All environmental costs, including but not limited to, costs for testing as required by any Governmental Authority or the Lender shall be paid by the Borrower.

8.8 ERISA. Promptly during each year (a) pay contributions adequate to meet at least the minimum funding standards under ERISA with respect to each and every Employee Plan, (b) file each annual report required to be filed pursuant to ERISA in connection with each Employee Plan for each year, and (c) notify Lender within ten (10) days of the occurrence of any reportable event under Section 4043(c) of ERISA that might constitute grounds for termination of any capital Employee Plan by the Pension Benefit Guaranty Corporation or for the appointment by the appropriate United States District Court of a trustee to administer any Employee Plan.

8.9 Use of Proceeds. Borrower shall use the proceeds of the Term Loan, the Term Loan B and the Revolving Credit Facility only for the purposes represented in this Agreement.

8.10 Application of Insurance Proceeds. Lender and each Company agree that all Insurance Proceeds shall be paid by the insurers directly to Lender (as loss payee or additional insured),

(a) If any Insurance Proceeds are paid to any Company, such Insurance Proceeds shall be received only in trust for Lender, shall be segregated from other funds of the Companies and shall promptly be paid over to Lender in the same form as received (with any necessary endorsement).

(b) Notwithstanding anything to the contrary in this **Section 8.10**, reimbursement under any liability insurance maintained by any Company may be paid directly to the Person who incurred the liability, cost, or expense covered by such insurance.

(c) Any Insurance Proceeds shall be applied to the repayment of the ~~Principal Amount~~ outstanding principal amount of the Loans in accordance with **Section 2-4, 3.3**, with the excess, if any, payable to Borrower.

8.11 New Subsidiaries. Each Company shall promptly cause each newly created or acquired Subsidiary, other than Newco, to comply with **Section 6**.

8.12 Expenses. Borrower shall promptly pay upon demand (a) all reasonable costs, fees and expenses paid or incurred by Lender (including those incurred under **Section 6**) in connection with the with the negotiation, preparation, delivery and execution of any Loan Document, and any related or subsequent amendment, waiver, or consent (including in each case, the reasonable fees and expenses of Lender's counsel), (b) all due diligence, closing, and post-closing costs including filing fees, recording costs, lien searches, corporate due diligence, third-party expenses, appraisals (if required), title insurance (if required), environmental surveys, annual field audits, and other related due diligence, closing and post-closing costs and expenses, and (c) all costs, fees and expenses of Lender incurred in connection with the enforcement of the Loan Documents or the exercise of any rights arising under the Loan Documents or the negotiation, workout, or restructure and any action taken in connection with any Debtor Relief Laws (including in each case, the reasonable fees and expenses of Lender's counsel), all of which shall be a part of the Obligation and shall accrue interest, if not paid upon demand, at the Default Rate until repaid.

8.13 Further Assurances. Each Company shall take such action as Lender may reasonably request to carry out the intent of this Agreement and the terms of the Loan Documents (including to perfect and protect its security interests and Liens), including executing, acknowledging, authorizing, delivering or recording or filing additional instruments or documents. Because Borrower agrees that Lender's remedies at Law for failure of Borrower to comply with the provisions of this **Section 8.13** would be inadequate and that failure would not be adequately compensable in damages, Borrower agrees that the covenants of this **Section 8.13** may be specifically enforced.

SECTION 9 **NEGATIVE COVENANTS**. So long as Lender is committed to make any Loan under this Agreement, and thereafter until the Obligation is paid in full, Borrower agrees as follows:

9.1 Debt. No Company may create, incur, or permit any Debt except Permitted Debt.

9.2 Liens. No Company shall create, incur, or permit any Lien upon any of its assets, *except* Permitted Liens. No Company shall enter into any agreement (*other than* the Loan Documents) prohibiting the creation or assumption of any Lien upon its assets or revenues or prohibiting or restricting the ability of Borrower or any Company to amend or otherwise modify this Agreement or any other Loan Document.

9.3 Compliance. No Company may violate the provisions of any Laws applicable to it, any agreement to which it is a party, or the provisions of its organizational documents, if such violations individually or collectively would constitute a Material Adverse Event. No Company will modify, repeal, replace or amend any provision of its organizational or governing documents in any manner which would be adverse to the interests of Lender.

9.4 Dividends. No Company may (a) declare or make any dividend or other distribution (*other than* (i) dividends or distributions declared or made by such Company wholly in the form of its capital stock, (ii) dividends or distributions by a Company to another Company or to Borrower, (b) retire, redeem, purchase, withdraw, or otherwise acquire any equity interests in such Company (including the purchase of warrants or other options to acquire such interests), or (c) declare or make any distribution of assets to the holders of its equity interests (in that capacity), whether in cash, assets, or in its obligations; provided that, Borrower may declare dividends or distributions to its shareholders so long as, both before and immediately after giving effect to such dividend or distribution, no Potential Default or Default exists or would occur. No Company may enter into or permit to exist any arrangement or agreement (*other than* this Agreement) that prohibits it from paying dividends or making other distributions.

9.5 Assignment. No Company nor any Guarantor may assign or transfer any of its rights, duties or obligations under any of the Loan Documents, whether by contract, operation of law, merger or otherwise.

9.6 Fiscal Year and Accounting Methods. No Company may change its fiscal year or its method of accounting (*other than* immaterial changes in methods or as required by GAAP).

9.7 Sale of Assets. No Company may make any Disposition or enter into any agreement to make any Disposition, except (a) Dispositions of obsolete or worn out assets in the ordinary course of business, (b) Dispositions of inventory in the ordinary course of business, and (c) the Disposition of delinquent accounts receivable in the ordinary course of business for purposes of collection.

9.8 New Businesses. No Company may engage in any business except the business in which it is engaged as of the Closing Date.

9.9 Transactions with Affiliates. Except as disclosed on *Schedule 7.15*, no Company may enter into any Material Agreement or any material transaction with any of its Affiliates *other than* transactions in the ordinary course of business which are upon fair and reasonable terms not materially less favorable to such Company than such Company could obtain in an arms' length transaction with a Person that was not an Affiliate.

9.10 Prepayment of Debt. No Company may voluntarily prepay principal of, or interest on, any Debt, other than the Obligation, if a Default or Potential Default exists or would result after giving effect to such payment.

9.11 Acquisition, Mergers, and Dissolutions. No Company may (whether in one transaction or a series of transactions) (a) acquire all or any substantial portion of the equity interests issued by any other Person, (b) acquire all or any substantial portion of the assets of any other Person, (c) merge, combine, or consolidate with any other Person, (d) liquidate, wind up or dissolve (or suffer any liquidation or dissolution), or (e) cease or suspend operations.

9.12 Loans and Investments. No Company may extend credit to, or make any investment in, or purchase or commit to purchase any equity interests in, any other Person, other than (a) extensions of credit among the Companies which have recourse liability for the Obligation, (b) extensions of credit in the nature of accounts receivable or notes receivable arising from the sale or lease of goods or services in the ordinary course of business to Persons which are not Affiliates, (c) demand deposit accounts maintained in the ordinary course of business, and (d) expense accounts for employees in the ordinary course of business which do not, in the aggregate, at any time exceed \$25,000.

9.13 Swap Agreements~~Hedge Transactions~~. No ~~Company may enter into any Hedge Transactions~~Borrower or Guarantor will, and no Borrower or Guarantor will permit any Subsidiary to, enter into any Swap Agreement, except for Swap Agreements with Lender or an Affiliate of Lender, in any case which are entered into solely for interest rate hedging in the ordinary course of business and not for speculative purposes.

SECTION 10 **FINANCIAL COVENANTS**. So long as Lender is committed to make any Loan under this Agreement, and thereafter until the Obligation is paid in full, the Companies agree as follows:

10.1 Maximum Funded Debt to EBITDA. The ratio of (a) Funded Debt as of the last day of each fiscal quarter to (b) EBITDA for the immediately preceding 12 month period ended on the last day of such fiscal quarter, may not at any time be greater than 2.00 to 1.00. The foregoing covenant shall be calculated and tested quarterly as of the last day of each fiscal quarter, commencing with the fiscal quarter ending June 30, 2017, for Borrower and its Subsidiaries on a consolidated basis.

10.2 Minimum Debt Service Coverage Ratio. The Debt Service Coverage Ratio may not at any time be less than 1.50 to 1.00. The foregoing covenant shall be calculated and tested quarterly for the four fiscal quarter period ending on the last day of each fiscal quarter, commencing with the fiscal quarter ending June 30, 2017, for Borrower and its Subsidiaries, on a consolidated basis.

SECTION 11 **DEFAULT**. The term “Default” means the occurrence of any one or more of the following events:

11.1 **Payment of Obligation**. The failure of Borrower, any Company or any Guarantor to pay any part of the Obligation when and as required to be paid under the Loan Documents or under any other written agreement with Lender.

11.2 **Covenants**. The failure of any Company or any Guarantor to punctually and properly perform, observe and comply with:

(a) Any covenant, agreement, or condition contained in (i) ***Sections 6.1, 6.3, 8.2, 8.6, 8.8, or 8.9***, and such failure continues for 10 days or (ii) ***Sections 9 and 10***, or

(b) Any other covenant, agreement, or condition contained in any Loan Document, (*other than* the covenants to pay the Obligation as set out in ***Section 11.1*** above, the covenants in *clause (a)* preceding and as set out below in this ***Section 11***), and such failure continues for 30 days.

11.3 **Debtor Relief**. Any Company or any Guarantor (a) voluntarily seeks, consents to, or acquiesces in the benefit of any Debtor Relief Law, (b) becomes a party to or is made the subject of any proceeding provided for by any Debtor Relief Law (*other than* as a creditor or claimant), and (i) the petition is not controverted within 10 days and is not dismissed within 60 days, or (ii) an order for relief is entered under *Title 11 of the United States Code*, (c) makes an assignment for the benefit of creditors, or (d) fails (or admits in writing its inability) to pay its debts generally as they become due.

11.4 **Judgments**. There is entered against any Company or any Guarantor (a) a final non-appealable judgment or arbitration award for the payment of money or (b) one or more non-monetary final non-appealable judgments that could be, or could reasonably be expected to be, individually or in the aggregate, a Material Adverse Event, and, in either case enforcement of such judgment or award is not stayed.

11.5 **False Information; Misrepresentation**. Any information given to Lender by any Company or any Guarantor is false or any representation or warranty made to Lender by any Company or any Guarantor, or contained in any Loan Document, at any time proves to have been incorrect in any material respect when made.

11.6 **Default Under Other Agreements**. Any Company fails to pay when due (after any applicable grace period) any Debt which (individually or in the aggregate) exceeds \$100,000, or any default exists under any agreement which permits any Person to cause any Debt which (individually or in the aggregate) exceeds \$200,000 to become due and payable by any Company before its stated maturity.

(a) Any Company breaches or defaults under any term, condition, provision, representation or warranty contained in any Material Agreement, including any agreement with Lender (other than the Loan Documents), and such Company fails for 5 Business Days to commence and thereafter diligently pursue a cure.

11.7 **Validity and Enforceability of Loan Documents**. Any Lien granted under any Security Documents ceases to be a first priority Lien on the Companies’ assets. Any Loan Document at any time after its execution and delivery (a) ceases to be in effect in any material respect or is declared by a

Governmental Authority to be null and void, or (b) its validity or enforceability is contested by a Company or a Company denies that it has any further liability or obligations under any Loan Document.

11.8 Change of Management or Control. (a) A Change of Management occurs, (b) a Change of Control occurs, or (c) an agreement, letter of intent, or agreement in principle is executed with respect to any proposed transaction or event or series of transactions or events which, individually or in the aggregate could reasonably be expected to result in a Change of Control or a Change of Management.

11.9 Material Adverse Event. A Material Adverse Event exists.

SECTION 12 RIGHTS AND REMEDIES.

12.1 Remedies Upon Default.

(a) If a Default exists under **Section 11.3**, the Commitment to extend credit under this Agreement automatically terminates and the unpaid balance of the Obligation automatically becomes due and payable without any action of any kind.

(b) If a Default exists, Lender may do any one or more of the following: (i) if the maturity of the Obligation has not already been accelerated under **Section 12.1(a)**, declare the unpaid balance of the Obligation immediately due and payable and to the extent permitted by applicable Law, the Obligation shall accrue interest at the Default Rate; (ii) terminate the commitment to extend credit under this Agreement; (iii) reduce any claim to judgment; (iv) exercise the rights of set-off or banker's Lien under **Section 3.9** to the extent of the full amount of the Obligation; and (v) exercise any and all other legal or equitable rights afforded by the Loan Documents, the Laws of the State of Texas, or any other applicable jurisdiction.

12.2 Waivers. To the extent permitted by Law, each Company waives presentment and demand for payment, protest, notice of intention to accelerate, notice of acceleration and notice of protest and nonpayment, and agrees that its liability with respect to all or any part of the Obligation is not affected by any renewal or extension in the time of payment of all or any part of the Obligation, by any indulgence, or by any release or change in any security for the payment of all or any part of the Obligation.

12.3 No Waiver. No waiver of any Default shall be deemed to be a waiver of any other then-existing or subsequent Default. No delay or omission by Lender in exercising any right under the Loan Documents will impair that right or be construed as a waiver thereof or any acquiescence therein, nor will any single or partial exercise of any right preclude other or further exercise thereof or the exercise of any other right. The acceptance by Lender of any partial payment shall not be deemed to be a waiver of any Default then existing.

12.4 Performance by Lender. If any covenant, duty or agreement of any Company is not performed in accordance with the terms of the Loan Documents, Lender may, but is not obligated to, perform or attempt to perform that covenant, duty or agreement on behalf of that Company (and any amount expended by Lender in its performance or attempted performance is payable on demand, becomes part of the Obligation, and bears interest at the Default Rate from the date of Lender's expenditure until paid).

12.5 Cumulative Rights. All rights available to Lender under the Loan Documents are cumulative of, and in addition to, all other rights granted at law or in equity, whether or not the Obligation

is due and payable and whether or not Lender has instituted any suit for collection, foreclosure, or other action in connection with the Loan Documents.

SECTION 13 MISCELLANEOUS.

13.1 Governing Law. Each Loan Document must be construed, and its performance enforced, under Texas law.

13.2 Invalid Provisions. If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall engage in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

13.3 Multiple Counterparts and Facsimile Signatures. Each Loan Document may be executed in any number of counterparts with the same effect as if all signatories had signed the same document. All counterparts must be construed together to constitute one and the same instrument. Loan Documents may be transmitted and signed by facsimile or portable documents format (PDF) and shall have the same effect as manually-signed originals and shall be binding on all Companies and Lender.

13.4 Notice. Unless otherwise provided in this Agreement, all notices or consents required under this Agreement shall be personally delivered or sent by first class mail, postage prepaid, or by overnight courier, or sent by facsimile. Notices and other communications shall be effective (a) if mailed, upon the earlier of receipt or five (5) days after deposit in the U.S. mail, first class, postage prepaid, (b) if faxed, when transmitted, or (c) if hand-delivered, by courier or otherwise (including telegram, lettergram or mailgram), when delivered. Until changed by notice pursuant to this Agreement, the addresses and facsimile numbers for each party is set out on *Schedule 1*. Lender shall be entitled to rely and act upon any notices (including telephonic Loan Requests) purportedly given by or on behalf of Borrower even if (i) such notices were not made in a manner specified in this Section, were incomplete or were not preceded or followed by any other form of notice specified in this Section, or (ii) the terms of the notice, as understood by the recipient, varied from any confirmation of the notice. Borrower shall indemnify Lender and its Affiliates and representatives from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of Borrower. All telephonic notices to and other communications with Lender may be recorded by Lender, and each of the parties to this Agreement hereby consents to such recording.

13.5 Binding Effect; Survival. This Agreement is binding upon, and inures to the benefit of, the parties hereto and their respective successors and permitted assigns. Unless otherwise provided, all covenants, agreements, indemnities, representations and warranties made in any of the Loan Documents survive and continue in effect as long as the Commitment is in effect or the Obligation is outstanding.

13.6 Amendments. The Loan Documents may be amended, modified, supplemented or be the subject of a waiver only by a writing executed by Lender and the Borrower or Guarantor party thereto. This Agreement amends and restates the Existing Credit Agreement in its entirety.

13.7 Participants. Lender may, at any time, sell to one or more Persons (each a "*Participant*") participating interests in the Obligation; provided that, (a) Lender remains the holder of the Principal Amount, [the Term B Principal Amount or the Revolving Principal Amount, as the case may be](#), (b)

Lender's obligations under this Agreement remain unchanged and Lender remains solely responsible for the performance of those obligations, and (c) each Company continues to deal solely and directly with Lender regarding the Loan Documents. Lender may furnish any information concerning the Companies in its possession from time to time to assignees and Participants (including prospective assignees and Participants).

13.8 Discharge Only Upon Payment in Full; Reinstatement in Certain Circumstances. Each Company's obligations under the Loan Documents remain in full force and effect until the Total Commitment is terminated and the Obligation is paid in full (except for provisions under the Loan Documents which by their terms expressly survive payment of the Obligation and termination of the Loan Documents). If at any time any payment of the principal of or interest on any Note or any other amount payable by any Company or any other obligor on the Obligation under any Loan Document is rescinded or must be restored or returned upon the insolvency, bankruptcy or reorganization of Borrower or otherwise, the obligations of each Company under the Loan Documents with respect to that payment shall be reinstated as though the payment had been due but not made at that time.

13.9 Governing Law, Forum, and Venue.

(a) Each Loan Document must be construed, and its performance enforced, under Texas law.

(b) Any suits, claims or causes of action arising directly or indirectly from this agreement or the other loan documents may be brought in a court of appropriate jurisdiction in Harris County, Texas and objections to venue and personal jurisdiction in such forum are hereby expressly waived.

(c) Each Company hereby acknowledges that (i) the negotiation, execution, and delivery of the loan documents constitute the transaction of business within the state of Texas, (ii) any cause of action arising under any of said Loan Documents will be a cause of action arising from such transaction of business, and (iii) each Company understands, anticipates, and foresees that any action for enforcement of payment of the obligation or the Loan Documents may be brought against it in the state of Texas. To the extent allowed by law, each Company hereby submits to jurisdiction in the state of Texas for any action or cause of action arising out of or in connection with the obligation or the Loan Documents and waives any and all rights under the laws of any state or jurisdiction to object to jurisdiction or venue within Harris County, Texas; notwithstanding the foregoing, nothing contained in this *section 13.9* shall prevent Lender from bringing any action or exercising any rights against Borrower, any Guarantor, any collateral, or Borrower's or any Guarantor's properties in any other county, state, or jurisdiction. Initiating such action or proceeding or taking any such action in any other state or jurisdiction shall in no event constitute a waiver by Lender of any of the foregoing.

13.10 Waiver of Jury Trial. **EACH PARTY TO THIS AGREEMENT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING UNDER ANY LOAN DOCUMENT OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO ANY LOAN DOCUMENT, OR THE TRANSACTIONS RELATED THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER FOUNDED IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH**

CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS *SECTION 13.10* WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

13.11 Indemnity. **WHETHER OR NOT THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT ARE CONSUMMATED, BORROWER SHALL INDEMNIFY AND HOLD HARMLESS LENDER AND ITS AFFILIATES AND REPRESENTATIVES (COLLECTIVELY THE “INDEMNITEES”) FROM AND AGAINST ANY AND ALL LIABILITIES, OBLIGATIONS, LOSSES, DAMAGES, PENALTIES, CLAIMS, DEMANDS, ACTIONS, JUDGMENTS, SUITS, COSTS, EXPENSES AND DISBURSEMENTS (INCLUDING FEES AND EXPENSES OF COUNSEL) OF ANY KIND OR NATURE WHATSOEVER WHICH MAY AT ANY TIME BE IMPOSED ON, INCURRED BY OR ASSERTED AGAINST ANY SUCH INDEMNITEE IN ANY WAY RELATING TO OR ARISING OUT OF OR IN CONNECTION WITH (A) THE EXECUTION, DELIVERY, ENFORCEMENT, PERFORMANCE OR ADMINISTRATION OF ANY LOAN DOCUMENT OR ANY OTHER AGREEMENT, LETTER OR INSTRUMENT DELIVERED IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED THEREBY OR THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED THEREBY, (B) ANY COMMITMENT, LOAN OR THE USE OR PROPOSED USE OF THE PROCEEDS THEREFROM, (C) ANY ACTUAL OR ALLEGED PRESENCE OR RELEASE OF HAZARDOUS SUBSTANCE ON OR FROM ANY PROPERTY CURRENTLY OR FORMERLY OWNED OR OPERATED BY BORROWER, ANY SUBSIDIARY OR ANY OTHER COMPANY, OR ANY LIABILITY IN RESPECT OF ANY ENVIRONMENTAL LAW RELATED IN ANY WAY TO BORROWER, ANY SUBSIDIARY OR ANY OTHER COMPANY, OR (D) ANY ACTUAL OR PROSPECTIVE LITIGATION, CLAIM, OR INVESTIGATION RELATING TO ANY OF THE FOREGOING, WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY (INCLUDING ANY INVESTIGATION OF, PREPARATION FOR, OR DEFENSE OF ANY PENDING OR THREATENED CLAIM, INVESTIGATION, LITIGATION OR PROCEEDING) AND REGARDLESS OF WHETHER ANY INDEMNITEE IS A PARTY THERETO (ALL THE FOREGOING, COLLECTIVELY, THE “INDEMNIFIED LIABILITIES”), IN ALL CASES, WHETHER OR NOT CAUSED BY OR ARISING, IN WHOLE OR IN PART, OUT OF THE NEGLIGENCE OF THE INDEMNITEE; PROVIDED THAT, SUCH INDEMNITY SHALL NOT, AS TO ANY INDEMNITEE, BE AVAILABLE TO THE EXTENT THAT SUCH LIABILITIES, OBLIGATIONS, LOSSES, DAMAGES, PENALTIES, CLAIMS, DEMANDS, ACTIONS, JUDGMENTS, SUITS, COSTS, EXPENSES OR DISBURSEMENTS ARE DETERMINED BY A COURT OF COMPETENT JURISDICTION BY FINAL AND NONAPPEALABLE JUDGMENT TO HAVE RESULTED FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SUCH INDEMNITEE. ALL AMOUNTS DUE UNDER THIS SECTION SHALL BE PAYABLE WITHIN 10 BUSINESS DAYS AFTER DEMAND. THE AGREEMENTS IN THIS SECTION SHALL SURVIVE THE RESIGNATION OF LENDER, THE REPLACEMENT OF LENDER, THE TERMINATION OF THE COMMITMENT AND THE REPAYMENT, SATISFACTION OR DISCHARGE OF THE OBLIGATION.**

13.12 PATRIOT Act; KYC Information. Lender hereby notifies Borrower and each Guarantor that pursuant to the requirements of the PATRIOT Act, it is required to obtain, verify and record information that identifies each Borrower and Guarantor, which information includes the name and address of each Borrower and Guarantor and other information that will allow Lender to identify Borrower and each Guarantor in accordance with the PATRIOT Act. Borrower and each Guarantor shall,

and shall cause each Subsidiary to, promptly following a request by Lender, provide all documentation and other information that Lender requests in order to comply with its ongoing obligations under applicable “know your customer” and anti-money laundering rules and regulations, including the PATRIOT Act and Beneficial Ownership Regulations.

13.13 Treatment of Certain Information, Confidentiality. Lender agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to Lender or its Affiliates and the partners, directors, managers, partners, officers, employees, agents, trustees, administrators, managers, advisors and representatives of Lender or its Affiliates (each a “**Related Party**” and collectively, its “**Related Parties**”) (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent required or requested by any regulatory authority purporting to have jurisdiction over Lender or its Related Parties (including any self-regulatory authority), (c) to the extent required by applicable Laws or by any subpoena or similar legal process, (d) to any other party hereto or any other Borrower or Guarantor, (e) in connection with the exercise of any remedies under this Agreement or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights and obligations under this Agreement, or (ii) any actual or prospective party (or its Related Parties) to any Swap Agreement or other transaction under which payments are to be made by reference to Borrower or any Guarantor and their obligations, this Agreement, or payments under this Agreement, (g) on a confidential basis to (i) any rating agency in connection with rating Borrower or any Guarantor or the Loans or (ii) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers with respect to the Loans, (h) with the consent of Borrower or any Guarantor, or (i) to the extent such Information (A) becomes publicly available other than as a result of a breach of this Section, or (B) becomes available to Lender or any of its Affiliates on a non-confidential basis from a source other than Borrower or any Guarantor. In addition, Lender may disclose the existence of this Agreement and information about this Agreement to market data collectors, similar service providers to the lending industry and service providers to Lender in connection with the administration of this Agreement, the other Loan Documents, and the Commitments.

For purposes of this Section, “**Information**” means all information received from Borrower or any Guarantor relating to such Borrower or Guarantor or any of their respective businesses, other than any such information that is available to Lender on a non-confidential basis prior to disclosure by Borrower or any Guarantor; provided that, in the case of information received from Borrower or any Guarantor or any Subsidiary after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

13.14 Keepwell. If Borrower or any Guarantor is a Qualified ECP, then jointly and severally, together with each other Qualified ECP, such Borrower or Guarantor hereby absolutely unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time by each other Borrower or Guarantor to honor all of its obligations under the applicable Guaranty or other Loan Document in respect of Swap Obligations; provided that, such Borrower or Guarantor shall only be liable for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Section, or otherwise under this Agreement, voidable under applicable Law relating

to fraudulent conveyance or fraudulent transfer, and not for any greater amounts. The obligations of Borrower or each Guarantor under this Section shall remain in full force and effect until all Obligations (other than contingent Obligations with respect to indemnity and reimbursement of expenses as to which no claim has been asserted) have been paid in full in cash or have been cash collateralized to the satisfaction of Lender and all Commitments shall have terminated. Borrower and each Guarantor intend that this Section constitute, and shall be deemed to constitute, a “keepwell, support, or other agreement” for the benefit of each such other Borrower or Guarantor for all purposes of Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

13.15 Entirety. ~~13.12~~ **THE LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS BY THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.**

[Signatures appear on following page.]

EXECUTED as of the day and year set out in the Preamble.

BORROWER:

TWFG HOLDING COMPANY, LLC, a Texas limited liability company and successor by conversion to RFB Interests, Inc.

~~RFB INTERESTS, INC., as Borrower~~

By:

Richard F. Bunch, III
President

~~Schedule 7.17~~ Signature Page to Second Amended and Restated Credit Agreement

~~COMPASS BANK, as Lender~~ **LENDER:**

BBVA USA

By: _____

Cindy Young
Senior Vice President

Signature Page to Second Amended and Restated Credit Agreement

**FOURTH AMENDMENT TO
SECOND AMENDED AND RESTATED CREDIT AGREEMENT**

THIS FOURTH AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT (this "**Amendment**") is entered into as of July 22, 2020, but effective for all purposes as of June 29, 2020 (the "**Fourth Amendment Effective Date**"), between TWFG HOLDING COMPANY, LLC, a Texas limited liability company (the "**Borrower**") and successor by conversion to RFB Interests, Inc., a Texas corporation, and BBVA USA, an Alabama banking corporation, formerly known as Compass Bank ("**Lender**"). Capitalized terms used but not defined in this Amendment have the meaning given them in the Credit Agreement (defined below).

RECITALS

A. Borrower and Lender are party to that certain Second Amended and Restated Credit Agreement dated as of June 5, 2017 (as amended, restated, supplemented or modified from time to time, the "**Credit Agreement**").

B. Borrower and Lender have agreed to amend certain provisions in the Credit Agreement, subject to the terms and conditions of this Amendment.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are acknowledged, the undersigned hereby agree as follows:

1. Amendments to Credit Agreement.

(a) **Section 1.1** (Definitions and Terms) of the Credit Agreement is amended to add the following new defined term in its appropriate alphabetical order:

Applicable Floor Rate means a fixed annual rate equal to 3.00%.

(b) **Section 1.1** (Definitions and Terms) of the Credit Agreement is amended to amend and restate the following defined terms:

LIBOR Rate (and LIBOR) means as of any date of determination, the London Interbank Offered Rate, as determined by ICE Benchmark Administration Limited (or any successor or substitute therefor acceptable to Lender) for U.S. dollar deposits for a one-month period (the "**Reference Period**"), as obtained by Lender from Reuters, Bloomberg or another commercially available source as may be designated by Lender from time to time (the "**Screen Rate**"), as of the date that is two (2) Business Days before each Payment Date; provided that such rate (or any then-current Benchmark) may be adjusted from time to time in Lender's sole discretion for then- applicable reserve requirements, deposit insurance assessment rates and other regulatory costs. If the Screen Rate is less than zero, it shall be deemed to be zero. The Screen Rate shall be re-set effective as of each Payment Date but shall initially be determined as if the Closing Date were a Payment Date. As used herein, "**Benchmark**" means LIBOR or any Benchmark

Replacement (as defined below) that has become effective in accordance herewith, as applicable.

Revolving Credit Termination Date means the earlier of (a) June 29, 2021, or (b) the effective date that Lender's Commitment to make Loans under the Revolving Credit Facility under this Agreement is otherwise canceled or terminated in accordance with **Section 12** of this Agreement or otherwise.

(c) **Section 3.4** (Interest) of the Credit Agreement is amended and restated as follows:

“3.4 **Interest**. Except as otherwise provided in this Agreement, Loans under the Term Loan shall accrue interest at a rate per annum equal to the *lesser* of (a) 4.0%, and (b) the Maximum Rate. Except as otherwise provided in this Agreement, Loans under the Term Loan B shall accrue interest at a rate per annual equal to the *lesser* of (a) the *sum* of the LIBOR Rate *plus* the Applicable Margin, and (b) the Maximum Rate. Except as otherwise provided in this Agreement, Loans under the Revolving Credit Facility shall accrue interest at a rate per annum equal to the *higher* of (a) the *sum* of the LIBOR Rate *plus* the Applicable Margin, and (b) the Applicable Floor Rate; *provided that*, such interest rate shall not exceed the Maximum Rate. Each change in the LIBOR Rate or the Maximum Rate is effective as of the date of such change without notice to Borrower or any other Person.”

(d) **Section 4** of the Credit Agreement is amended to delete “INTENTIONALLY OMITTED” and to replace such Section in its entirety as follows:

“SECTION 4. **LIBOR AND RELATED MATTERS.**

4.1 **Notification and Limitation of Liability - LIBOR and Related Matters.** LIBOR is derived from the London Interbank Offered Rate, which is currently administered by ICE Benchmark Administration Limited (“**IBA**”). The U.K. Financial Conduct Authority announced in July 2017 that, after December 31, 2021, it would no longer persuade or compel contributing banks to make rate submissions to IBA. As a result, it is possible that LIBOR may no longer be available after such date or may no longer be deemed an appropriate reference rate upon which to determine the interest rate. The provisions below permit Lender to determine an alternative rate of interest in the event that LIBOR (or any then-current Benchmark) is no longer available or in other specified circumstances, and to make changes to give effect to any Benchmark Replacement. Neither Lender nor any affiliate of Lender warrants or accepts any responsibility for, or will have any liability with respect to (i) the administration or submission of, or any other matter related to, LIBOR (or any component thereof) or any Benchmark Replacement (or any component thereof), including, without limitation, whether any Benchmark Replacement, as it may or may not be adjusted hereunder, will have the same value as, or be economically equivalent to, LIBOR or any other Benchmark that is replaced or (ii) the effect, implementation or composition of any Conforming Changes as defined below.

4.2 Benchmark Replacement. Notwithstanding anything to the contrary herein (including *Section 13.6*):

(a) if Lender, in its sole discretion, determines as to LIBOR or any other then-current Benchmark at any time that for any reason:

(i) such rate (or the related Screen Rate, if applicable) is not available or is no longer being published, or adequate and reasonable means otherwise do not exist for ascertaining such rate,

(ii) such rate's administrator or any relevant agency or authority (including such administrator's regulatory supervisor or the U.S. Federal Reserve System) has announced that such rate will no longer be published, permanently or indefinitely (unless, at the time of such announcement, there is a successor administrator that will continue to provide such rate) (a "**Termination Announcement**"), or the regulatory supervisor of such rate's administrator has announced that such rate is no longer representative,

(iii) it has become impractical or unlawful for Lender to maintain the credit referenced herein based on such rate,

(iv) such rate does not adequately and fairly reflect the effective cost to Lender of making or maintaining the credit referenced herein, or

(v) single-lender or syndicated U.S. dollar loans are being documented or amended to use a substitute or replacement for such rate,

Lender may, in its sole discretion, substitute for such rate an alternative index rate (a "**Benchmark Replacement**") (which may include, or to which Lender may add, a spread adjustment, which may be a positive or negative value or zero (a "**Spread Adjustment**")), giving due consideration to any selection or recommendation of an alternative index rate and/or spread adjustment (or mechanism for determining such a rate and/or adjustment) by the Federal Reserve Board and/or the Federal Reserve Bank of New York (the "**FRB/NYFRB**"), or any committee officially endorsed or convened by the FRB/NYFRB, and/or any evolving or prevailing market conventions; provided that (A) if a condition arises under clause (a)(i) above, then if and for so long as Lender in its sole discretion determines that such condition is likely to be temporary, Lender may substitute for the relevant Benchmark a value or rate (which may include, or to which Lender may add, a Spread Adjustment) on a temporary basis without limiting its right to reinstate such Benchmark (or to substitute and implement a Benchmark Replacement) thereafter, and (B) a Benchmark Replacement based solely on a Termination Announcement will not take effect earlier than the 90th day before the expected date of the then-current Benchmark's non-publication as of such announcement; and

(b) in connection with the implementation of any Benchmark Replacement, Lender may in its sole discretion from time to time make any technical,

administrative or operational changes that it decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement, including any Spread Adjustment, which may include, among other things, changes affecting the calculation method, the Reference Period or the timing or frequency of determining rates and/or making payments, and/or incorporating any floor corresponding to any floor on or relating to the Benchmark that is being replaced (collectively, “**Conforming Changes**”); any amendments implementing such Conforming Changes will become effective without any further action or consent from Borrower or any other Company or Person.”

(e) **Section 13.6** (Amendments) of the Credit Agreement is amended and restated as follows:

“Section 13.6 Amendments. The Loan Documents may be amended, modified, supplemented or be the subject of a waiver only by a writing executed by Lender and Borrower; *provided that*, this **Section 13.6** shall not be applicable to any amendment or modification in connection with any Benchmark Replacement or Conforming Changes pursuant to **Section 4**.”

2. Conditions. This Amendment shall be effective on the Fourth Amendment Effective Date once each of the following have been executed and delivered to Lender, in form and substance satisfactory to Lender:

(a) this Amendment executed by Borrower and Lender, together with the Guarantors’ Consent and Agreement executed by the Guarantors; and

(b) such other documents as Lender may reasonably request.

3. Representations and Warranties. Borrower represents and warrants to Lender that (a) it possesses all requisite power and authority to execute, deliver and comply with the terms of this Amendment, (b) this Amendment has been duly authorized and approved by all requisite limited liability company action on the part of Borrower, (c) no other consent of any Person (other than Lender) is required for this Amendment to be effective, (d) the execution and delivery of this Amendment does not violate its organizational documents, (e) the representations and warranties in each Loan Document to which it is a party are true and correct in all material respects on and as of the date of this Amendment as though made on the date of this Amendment (except to the extent that such representations and warranties speak to a specific date), (f) after giving effect to this Amendment, it is in full compliance with all covenants and agreements contained in each Loan Document to which it is a party, and (g) after giving effect to this Amendment, no Default or Potential Default has occurred and is continuing. The representations and warranties made in this Amendment shall survive the execution and delivery of this Amendment. No investigation by Lender is required for Lender to rely on the representations and warranties in this Amendment.

4. Scope of Amendment; Reaffirmation; RELEASE. All references to the Credit Agreement shall refer to the Credit Agreement as amended by this Amendment. Except as affected by this Amendment, the Loan Documents are unchanged and continue in full force

and effect. However, in the event of any inconsistency between the terms of the Credit Agreement (as amended by this Amendment) and any other Loan Document, the terms of the Credit Agreement shall control and such other document shall be deemed to be amended to conform to the terms of the Credit Agreement. Borrower hereby reaffirms its obligations under the Loan Documents to which it is a party and agrees that all Loan Documents to which it is a party remain in full force and effect and continue to be legal, valid, and binding obligations enforceable in accordance with their terms (as the same are affected by this Amendment). **AS A MATERIAL PART OF THE CONSIDERATION FOR LENDER ENTERING INTO THIS AMENDMENT, BORROWER HEREBY RELEASES AND FOREVER DISCHARGES LENDER (AND ITS SUCCESSORS, ASSIGNS, AFFILIATES, OFFICERS, MANAGERS, DIRECTORS, EMPLOYEES, AND AGENTS) FROM ANY AND ALL CLAIMS, DEMANDS, DAMAGES, CAUSES OF ACTION, OR LIABILITIES FOR ACTIONS OR OMISSIONS (WHETHER ARISING AT LAW OR IN EQUITY, AND WHETHER DIRECT OR INDIRECT) IN CONNECTION WITH THE CREDIT AGREEMENT AND THE OTHER LOAN DOCUMENTS PRIOR TO THE DATE OF THIS AMENDMENT, WHETHER OR NOT HERETOFORE ASSERTED, AND WHICH BORROWER MAY HAVE OR CLAIM TO HAVE AGAINST LENDER.**

5. Miscellaneous.

(a) No Waiver of Defaults. Except as expressly set out above, this Amendment does not constitute (i) a waiver of, or a consent to, (A) any provision of the Credit Agreement or any other Loan Document not expressly referred to in this Amendment, or (B) any present or future violation of, or default under, any provision of the Loan Documents, or (ii) a waiver of Lender's right to insist upon future compliance with each term, covenant, condition and provision of the Loan Documents.

(b) Form. Each agreement, document, instrument or other writing to be furnished Lender under any provision of this Amendment must be in form and substance satisfactory to Lender and its counsel.

(c) Headings. The headings and captions used in this Amendment are for convenience only and will not be deemed to limit, amplify or modify the terms of this Amendment, the Credit Agreement, or the other Loan Documents.

(d) Costs, Expenses and Attorneys' Fees. Borrower agrees to pay or reimburse Lender on demand for all its reasonable out-of-pocket costs and expenses incurred in connection with the preparation, negotiation, and execution of this Amendment, including, without limitation, the reasonable fees and disbursements of Lender's counsel.

(e) Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of each of the undersigned and their respective successors and permitted assigns.

(f) Multiple Counterparts. This Amendment may be executed in any number of counterparts with the same effect as if all signatories had signed the same document. All counterparts must be construed together to constitute one and the same instrument. This Amendment may be transmitted and signed by facsimile or by portable document format (PDF). The effectiveness of any such documents and signatures shall, subject to applicable law, have the same force and effect as manually-signed originals and shall be binding on Borrower and Lender. Lender may also require that any such documents and signatures be confirmed by a manually- signed original; *provided that* the failure to request or deliver the same shall not limit the effectiveness of any facsimile or PDF document or signature.

(g) Governing Law. THIS AMENDMENT AND THE OTHER LOAN DOCUMENTS MUST BE CONSTRUED, AND THEIR PERFORMANCE ENFORCED, UNDER TEXAS LAW.

(h) Entirety. The Loan Documents (as amended hereby) Represent the Final Agreement Between Borrower, and Lender and May Not Be Contradicted by Evidence of Prior, Contemporaneous, or Subsequent Oral Agreements by the Parties. There Are No Unwritten Oral Agreements among the Parties.

[Signatures appear on the following pages.]

The Amendment is executed as of the date set out in the preamble to this Amendment.

BORROWER:

TWFG HOLDING COMPANY, LLC,
a Texas limited liability company

By: /s/ Richard F. Bunch, III

Richard F. Bunch, III
President

Signature Page to Fourth Amendment to Second Amended and Restated Credit Agreement

LENDER:

BBVA USA,
an Alabama banking corporation

By: /s/ Cindy Young
Cindy Young
Senior Vice President

Signature Page to Fourth Amendment to Second Amended and Restated Credit Agreement

FIFTH AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT

THIS FIFTH AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT (this "*Amendment*") is entered into as of December 4, 2020, (the "*Effective Date*"), between TWFG HOLDING COMPANY, LLC, a Texas limited liability company (the "*Borrower*") and successor by conversion to RFB Interests, Inc., a Texas corporation, and BBVA USA, an Alabama banking corporation ("*Lender*"). Capitalized terms used but not defined in this Amendment have the meaning given them in the Credit Agreement (defined below).

RECITALS

A. Borrower and Lender are party to that certain Second Amended and Restated Credit Agreement dated as of June 5, 2017 (as amended by that certain First Amendment to Second Amended and Restated Credit Agreement dated as of March 22, 2018, that certain Second Amendment to Second Amended and Restated Credit Agreement dated as of July 18, 2018, Third Amendment to Second Amended and Restated Credit Agreement dated as of July 30, 2019, and Fourth Amendment to Second Amended and Restated Credit Agreement dated as of July 22, 2020, and as further amended, restated, supplemented or modified from time to time, the "*Credit Agreement*").

B. Borrower and Lender have agreed to amend the Credit Agreement in order to, among other things, provide for a single advance term loan to Borrower in the original principal amount of \$13,000,000, in each case, subject to the terms and conditions of this Amendment.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are acknowledged, the undersigned hereby agree as follows:

1. Amendments to Credit Agreement.

(a) Credit Agreement. The Credit Agreement (excluding the Annexes, Exhibits and Schedules thereto) is amended to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the double-underline text (indicated textually in the same manner as the following example: double-underlined text) as set forth in the Credit Agreement attached as Annex A hereto.

(b) The Credit Agreement is hereby amended to add a new *Schedule 3.2(c)* (Term Loan C Amortization Schedule) in the form of *Schedule 3.2(c)* attached to this Amendment.

(c) *Schedule 7.2* (Subsidiaries) to the Credit Agreement is deleted in its entirety and replaced with *Schedule 7.2* attached to this Amendment.

(d) The Credit Agreement is hereby amended to add a new *Exhibit A-4* (Term Note C) in the form of *Exhibit A-4* attached to this Amendment.

(e) *Exhibit C* (Loan Request) to the Credit Agreement is deleted in its entirety and replaced with *Exhibit C* attached to this Amendment.

2. Conditions. This Amendment shall be effective on the Effective Date once each of the following have been executed and delivered to Lender, in form and substance satisfactory to Lender:

(a) this Amendment executed by Borrower and Lender, together with the Guarantors' Consent and Agreement executed by the Guarantors;

(b) a Term Note C made by Borrower and payable to Lender in the original principal amount of \$13,000,000;

(c) an officer's certificate of Borrower certifying as to (i) no changes to its Organizational Documents (except as attached thereto) since the date of the Secretary's Certificate delivered by Borrower to Lender on March 22, 2018, (ii) incumbency of authorized officers, (iii) specimen signatures, and (iv) a true and correct copy of the resolutions adopted by Borrower's Board of Managers (or other applicable governing body) authorizing and approving the execution and delivery of this Amendment and any related Loan Documents by Borrower and the performance by Borrower of its obligations hereunder, thereunder, and under the other Loan Documents to which it is a party;

(d) an officer's certificate of General Agency certifying as to (i) no changes to its Organizational Documents (except as attached thereto) since the date of the Secretary's Certificate delivered by General Agency to Lender on March 22, 2018, (ii) incumbency of authorized officers, (iii) specimen signatures, and (iv) a true and correct copy of the resolutions adopted by General Agency's sole manager (or other applicable governing body) authorizing and approving the execution and delivery of this Amendment and any related Loan Documents by General Agency and the performance by General Agency of its obligations hereunder, thereunder, and under the other Loan Documents to which it is a party;

(e) an officer's certificate of TWFG Insurance certifying as to (i) no changes to its Organizational Documents (except as attached thereto) since the date of the Secretary's Certificate delivered by TWFG Insurance to Lender on March 22, 2018, (ii) incumbency of authorized officers, (iii) specimen signatures, and (iv) a true and correct copy of the resolutions adopted by TWFG Insurance's sole manager (or other applicable governing body) authorizing and approving the execution and delivery of this Amendment and any related Loan Documents by TWFG Insurance and the performance by TWFG Insurance of its obligations hereunder, thereunder, and under the other Loan Documents to which it is a party;

(f) an officer's certificate of PFC certifying as to (i) no changes to its Organizational Documents (except as attached thereto) since the date of the Secretary's Certificate delivered by PFC to Lender on March 22, 2018, (ii) incumbency of authorized officers, (iii) specimen signatures, and (iv) a true and correct copy of the resolutions

adopted by PFC's sole manager (or other applicable governing body) authorizing and approving the execution and delivery of this Amendment and any related Loan Documents by PFC and the performance by PFC of its obligations hereunder, thereunder, and under the other Loan Documents to which it is a party;

(g) an officer's certificate of Evolution Agency Management, LLC, a Texas limited liability company ("**EAM**"), certifying as to (i) its Organizational Documents, (ii) incumbency of authorized officers, (iii) specimen signatures, and (iv) a true and correct copy of the resolutions adopted by EAM's sole manager (or other applicable governing body) authorizing and approving the execution and delivery of this Amendment and any related Loan Documents by EAM and the performance by EAM of its obligations hereunder, thereunder, and under the other Loan Documents to which it is a party;

(h) copies of certificates of good standing, existence, or their equivalent with respect to Borrower and Guarantors, certified as of a recent date by the appropriate Governmental Authority of the state of its organization;

(i) satisfactory UCC lien searches for each Company;

(j) all documentation and other information (including a Beneficial Ownership Certification) in respect of Borrower and each Guarantor required under applicable "know your customer" and anti-money laundering rules and regulations, including the PATRIOT Act and the Beneficial Ownership Regulation, that has been reasonably requested in writing by Lender prior to the Effective Date; and

(k) such other documents as Lender may reasonably request.

3. Representations and Warranties. Borrower represents and warrants to Lender that (a) it possesses all requisite power and authority to execute, deliver and comply with the terms of this Amendment, (b) this Amendment has been duly authorized and approved by all requisite limited liability company action on the part of Borrower, (c) no other consent of any Person (other than Lender) is required for this Amendment to be effective, (d) the execution and delivery of this Amendment does not violate its organizational documents, (e) the representations and warranties in each Loan Document to which it is a party are true and correct in all material respects on and as of the date of this Amendment as though made on the date of this Amendment (*except* to the extent that such representations and warranties speak to a specific date), (f) after giving effect to this Amendment, it is in full compliance with all covenants and agreements contained in each Loan Document to which it is a party, and (g) after giving effect to this Amendment, no Default or Potential Default has occurred and is continuing. The representations and warranties made in this Amendment shall survive the execution and delivery of this Amendment. No investigation by Lender is required for Lender to rely on the representations and warranties in this Amendment.

4. Scope of Amendment; Reaffirmation; RELEASE. All references to the Credit Agreement shall refer to the Credit Agreement as amended by this Amendment. Except as affected by this Amendment, the Loan Documents are unchanged and continue in full force and

effect. However, in the event of any inconsistency between the terms of the Credit Agreement (as amended by this Amendment) and any other Loan Document, the terms of the Credit Agreement shall control and such other document shall be deemed to be amended to conform to the terms of the Credit Agreement. Borrower hereby reaffirms its obligations under the Loan Documents to which it is a party and agrees that all Loan Documents to which it is a party remain in full force and effect and continue to be legal, valid, and binding obligations enforceable in accordance with their terms (as the same are affected by this Amendment). **AS A MATERIAL PART OF THE CONSIDERATION FOR LENDER ENTERING INTO THIS AMENDMENT, BORROWER HEREBY RELEASES AND FOREVER DISCHARGES LENDER (AND ITS SUCCESSORS, ASSIGNS, AFFILIATES, OFFICERS, MANAGERS, DIRECTORS, EMPLOYEES, AND AGENTS) FROM ANY AND ALL CLAIMS, DEMANDS, DAMAGES, CAUSES OF ACTION, OR LIABILITIES FOR ACTIONS OR OMISSIONS (WHETHER ARISING AT LAW OR IN EQUITY, AND WHETHER DIRECT OR INDIRECT) IN CONNECTION WITH THE CREDIT AGREEMENT AND THE OTHER LOAN DOCUMENTS PRIOR TO THE DATE OF THIS AMENDMENT, WHETHER OR NOT HERETOFORE ASSERTED, AND WHICH BORROWER MAY HAVE OR CLAIM TO HAVE AGAINST LENDER.**

5. Miscellaneous.

(a) No Waiver of Defaults. Except as expressly set out above, this Amendment does not constitute (i) a waiver of, or a consent to, (A) any provision of the Credit Agreement or any other Loan Document not expressly referred to in this Amendment, or (B) any present or future violation of, or default under, any provision of the Loan Documents, or (ii) a waiver of Lender's right to insist upon future compliance with each term, covenant, condition and provision of the Loan Documents.

(b) Form. Each agreement, document, instrument or other writing to be furnished Lender under any provision of this Amendment must be in form and substance satisfactory to Lender and its counsel.

(c) Headings. The headings and captions used in this Amendment are for convenience only and will not be deemed to limit, amplify or modify the terms of this Amendment, the Credit Agreement, or the other Loan Documents.

(d) Costs, Expenses and Attorneys' Fees. Borrower agrees to pay or reimburse Lender on demand for all its reasonable out-of-pocket costs and expenses incurred in connection with the preparation, negotiation, and execution of this Amendment, including, without limitation, the reasonable fees and disbursements of Lender's counsel.

(e) Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of each of the undersigned and their respective successors and permitted assigns.

(f) Multiple Counterparts. This Amendment may be executed in any number of counterparts with the same effect as if all signatories had signed the same document.

All counterparts must be construed together to constitute one and the same instrument. This Amendment may be transmitted and signed by facsimile or by portable document format (PDF). The effectiveness of any such documents and signatures shall, subject to applicable law, have the same force and effect as manually-signed originals and shall be binding on Borrower and Lender. Lender may also require that any such documents and signatures be confirmed by a manually- signed original; *provided that* the failure to request or deliver the same shall not limit the effectiveness of any facsimile or PDF document or signature.

(g) Governing Law. THIS AMENDMENT AND THE OTHER LOAN DOCUMENTS MUST BE CONSTRUED, AND THEIR PERFORMANCE ENFORCED, UNDER TEXAS LAW.

(h) Entirety. THE LOAN DOCUMENTS (AS AMENDED HEREBY) REPRESENT THE FINAL AGREEMENT BETWEEN BORROWER, AND LENDER AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS BY THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

[Signatures appear on the following pages.]

The Amendment is executed as of the date set out in the preamble to this Amendment.

BORROWER:

TWFG HOLDING COMPANY, LLC,
a Texas limited liability company

By: /s/ Richard F. Bunch, III

Richard F. Bunch, III

President

Signature Page to Fifth Amendment to Second Amended and Restated Credit Agreement

LENDER:

BBVA USA

By: /s/ Cindy Young

Cindy Young

Senior Vice President

Signature Page to Fifth Amendment to Second Amended and Restated Credit Agreement

ANNEX A

Annex A

SECOND AMENDED AND RESTATED CREDIT AGREEMENT

between

TWFG HOLDING COMPANY, LLC

as Borrower

and

BBVA USA

as Lender

dated effective as of June 5, 2017

TABLE OF CONTENTS

		Page
SECTION 1	DEFINITIONS AND TERMS	1
1.1	Definitions	1
1.2	Interpretive Provisions	14
1.3	Accounting Terms	14
1.4	References to Documents	15
1.5	Time	15
SECTION 2	LOAN COMMITMENTS	15
2.1	Term Loans	15
2.2	Revolving Credit Facility	15
2.3	Loan Procedure	15
2.4	Voluntary Prepayment	16
2.5	Mandatory Prepayment	43
SECTION 3	TERMS OF PAYMENT	18
3.1	Notes and General Payment Terms	18
3.2	Payments	18
3.3	Order of Application	20
3.4	Interest	20
3.5	Default Rate	20
3.6	Interest Calculations	21
3.7	Maximum Rate	21
3.8	Set off	21
3.9	Debit Account	22
SECTION 4	LIBOR AND RELATED MATTERS	22
4.1	Notification and Limitation of Liability - LIBOR and Related Matters	22
4.2	Benchmark Replacement	22
SECTION 5	CONDITIONS PRECEDENT	25
5.1	Conditions to Term Loan	25
5.2	No Waiver	25
SECTION 6	SECURITY AND GUARANTIES	25
6.1	Collateral	25
6.2	Financing Statements	25
6.3	Guaranties	25
6.4	Collateral Release and Termination of Guaranty	25

SECTION 7	REPRESENTATIONS AND WARRANTIES	26
7.1	Existence, Good Standing, and Authority to do Business	26
7.2	Subsidiaries	26
7.3	Authorization, Compliance, and No Default	26
7.4	Enforceability	26
7.5	Litigation	27
7.6	Taxes	27
7.7	Environmental Matters	27
7.8	Ownership of Assets; Intellectual Property	27
7.9	Liens	27
7.10	Debt	27
7.11	Insurance	27
7.12	Place of Business; Real Property	27
7.13	Purpose of Credit Facilities	27
7.14	Trade Names	28
7.15	Transactions with Affiliates	28
7.16	Financial Information	28
7.17	Material Agreements and Funded Debt	28
7.18	ERISA	28
7.19	Disclosure	29
7.20	Sanctions; Anti-Corruption	29
SECTION 8	AFFIRMATIVE COVENANTS	30
8.1	Items to be Furnished	30
8.2	Books, Records and Inspections	31
8.3	Taxes	31
8.4	Compliance with Laws; Sanctions; Anticorruption	32
8.5	Maintenance of Existence, Assets, and Business	32
8.6	Insurance	32
8.7	Environmental Laws	32
8.8	ERISA	33
8.9	Use of Proceeds	33
8.10	Application of Insurance Proceeds	33
8.11	New Subsidiaries	33
8.12	Expenses	33
8.13	Further Assurances	34
SECTION 9	NEGATIVE COVENANTS	34
9.1	Debt	34
9.2	Liens	34
9.3	Compliance	34

9.4	Dividends	34
9.5	Assignment	35
9.6	Fiscal Year and Accounting Methods	35
9.7	Sale of Assets	35
9.8	New Businesses	35
9.9	Transactions with Affiliates	35
9.10	Prepayment of Debt	35
9.11	Acquisition, Mergers, and Dissolutions	35
9.12	Loans and Investments	35
9.13	Swap Agreements	35
SECTION 10	FINANCIAL COVENANTS	36
10.1	Maximum Funded Debt to EBITDA	36
10.2	Minimum Debt Service Coverage Ratio	36
SECTION 11	DEFAULT	36
11.1	Payment of Obligation	36
11.2	Covenants	36
11.3	Debtor Relief	36
11.4	Judgments	37
11.5	False Information; Misrepresentation	37
11.6	Default Under Other Agreements	37
11.7	Validity and Enforceability of Loan Documents	37
11.8	Change of Management or Control	37
11.9	Material Adverse Event	37
SECTION 12	RIGHTS AND REMEDIES	37
12.1	Remedies Upon Default	38
12.2	Waivers	38
12.3	No Waiver	38
12.4	Performance by Lender	38
12.5	Cumulative Rights	38
SECTION 13	MISCELLANEOUS	38
13.1	Governing Law	38
13.2	Invalid Provisions	38
13.3	Multiple Counterparts and Facsimile Signatures	39
13.4	Notice	39
13.5	Binding Effect; Survival	39
13.6	Amendments	39
13.7	Participants	39

13.8	Discharge Only Upon Payment in Full; Reinstatement in Certain Circumstances	40
13.9	Governing Law, Forum, and Venue	40
13.10	Waiver of Jury Trial	40
13.11	Indemnity	41
13.12	PATRIOT Act; KYC Information	42
13.13	Treatment of Certain Information, Confidentiality	42
13.14	Keepwell	43
13.15	Entirety	43

SCHEDULES AND EXHIBITS

SCHEDULE 1	Parties, Addresses, and Wiring Information
SCHEDULE 2	Existing Debt and Liens
SCHEDULE 3.2(b)	Term Loan B Amortization Schedule
SCHEDULE 3.2(c)	Term Loan C Amortization Schedule
<hr/>	
SCHEDULE 5	Conditions Precedent
SCHEDULE 7.2	Subsidiaries
SCHEDULE 7.5	Litigation
SCHEDULE 7.12	Place of Business
SCHEDULE 7.14	Trade Names
SCHEDULE 7.15	Transactions with Affiliates
SCHEDULE 7.17	Material Agreements
EXHIBIT A-1	Term Note
EXHIBIT A-2	Revolving Note
EXHIBIT A-3	Term Note B
EXHIBIT A-4	Term Note C
<hr/>	
EXHIBIT B-1	Guaranty - Richard F. Bunch, III
EXHIBIT B-2	Guaranty
EXHIBIT C	Loan Request
EXHIBIT D	Compliance Certificate
EXHIBIT E	Security Agreement

SECOND AMENDED AND RESTATED CREDIT AGREEMENT

THIS SECOND AMENDED AND RESTATED CREDIT AGREEMENT is entered into on June 30, 2017, and is dated effective for all purposes as of June 5, 2017, among TWFG HOLDING COMPANY, LLC, a Texas limited liability company (the “**Borrower**” and the “**Parent**”), and successor by conversion to RFB Interests, Inc., a Texas corporation, and BBVA USA, an Alabama banking corporation f/k/a Compass Bank (the “**Lender**”).

RECITALS

A. Borrower and Lender previously entered into that certain Amended and Restated Credit Agreement dated as of June 5, 2014 (the “**Existing Credit Agreement**”).

B. Borrower has requested that Lender (a) extend credit in the form of a revolving credit facility, and (b) make a loan in the form of a single advance term loan, a portion of which will be used to refinance existing debt which remains outstanding to Lender under the Existing Credit Agreement.

C. Borrower and Lender are willing to amend and restate the Existing Credit Agreement on the terms and conditions of this Agreement.

Accordingly, Borrower and Lender both agree as follows:

SECTION 1 **DEFINITIONS AND TERMS**

1.1 **Definitions**. As used in the Loan Documents:

Administrator is defined in Section 4.2(a)(i).

Affiliate means as to any Person, any other Person that directly or indirectly controls, or is controlled by, or is under common control with, that Person. For purposes of this definition (a) “*control*,” “*controlled by*,” and “*under common control with*” mean possession, directly or indirectly, of power to direct (or cause the direction of) management or policies of a Person, whether through ownership of Voting Interests or other ownership interests, by contract, or otherwise, and (b) the term “*Affiliate*” includes each officer and shareholder of Borrower, and each of the following as “*Affiliates*” of the others (i) each Guarantor, (ii) Borrower, (iii) any corporation, partnership or limited liability company whose primary shareholders, partners or members are the spouse, children or other family member of Richard F. Bunch, III and (iv) any trust whose primary beneficiaries are the spouse, children or other family member of Richard F. Bunch, III.

Agreement means this Amended and Restated Credit Agreement, and all exhibits and schedules to this Agreement, in each case as amended, supplemented or restated from time to time.

Applicable Floor Rate means a fixed annual rate equal to 3.00%.

Applicable Margin means ~~2.00%~~ (a) with respect to the Term Loan and the Revolving Credit Facility, 2.00%, and (b) with respect to the Term Loan C, 2.35%.

Average Principal means the simple average of (i) the principal loan balance on the Prepayment Date, and (ii) the principal loan balance scheduled, as of the Prepayment Date (taking into account any prior prepayments), but for the prepayment, to be due at the Maturity Date (plus any accrued and unpaid fees or other sums owed under the Loan Documents).

AYD means the difference (but not less than zero) between: (i) the U.S. Treasury constant maturity yield, as reported in the H.15 Report for the date on which the loan was originated, for a maturity that is the same as the term of the loan at origination (rounded to the nearest whole number of months) or, if no such maturity is reported, an interpolated yield based on the reported maturity that is next shorter than, and the maturity reported that is next longer than, the term of the loan at origination, and (ii) the U.S. Treasury constant maturity yield, as reported in the H.15 Report for the Prepayment Date for a maturity that is the same as the remaining term of the loan at the Prepayment Date (rounded to the nearest whole number of months) or, if no such maturity is reported, then the interpolated yield using the method described in (i) above, but based on the remaining term of the loan on the Prepayment Date. If the H.15 Report is not available for any day, then the H.15 Report for the immediately preceding day on which yields were last reported will be used.

Benchmark is defined in the definition of “LIBOR Rate”.

Benchmark Replacement is defined in *Section 4.2(a)(ii)*.

Beneficial Ownership Regulation means 31 C.F.R. § 1010.230.

Beneficial Ownership Certificate means a certification in Proper Form regarding beneficial ownership as required by the Beneficial Ownership Regulation.

Business Day means a day other than a Saturday, Sunday or a day on which Lender is closed for business; provided that, for the purposes of determining the LIBOR Rate, the term “Business Day” shall also exclude any day on which commercial banks are not open for dealings in U.S. dollar deposits in the London interbank market.

Cash Management Agreement means agreements or other arrangements under which Cash Management Products and Services are provided.

Cash Management Liabilities means the indebtedness, obligations and liabilities of any Company to any Cash Management Provider which provides any Cash Management Products and Services to such Company (including all obligations and liabilities owing in respect of any returned items deposited with such Cash Management Provider).

Cash Management Products and Services means the following products or services, (a) credit cards, (b) credit card processing services, (c) debit cards and stored value cards, (d) commercial cards, (e) ACH transactions, and (f) cash management and treasury management

services and products, including controlled disbursement accounts or services, lockboxes, automated clearinghouse transactions, return items, overdrafts, and interstate depository network services.

Cash Management Provider means Lender, or any Affiliate of Lender, which provides Cash Management Products and Services to a Company under any Cash Management Agreement with a Company.

Change of Control means the occurrence of any of the following: (a) any change in the ownership of Borrower's equity interests (on a fully diluted basis) such that Bunch Family Holdings, LLC ceases to directly and indirectly own and Control at all times at least a majority of the Voting Interests and equity interests of Borrower, (b) any change in the ownership of Bunch Family Holdings, LLC's equity interests (on a fully diluted basis) such that Richard F. Bunch, III ceases to Control by contract, ownership or otherwise, the percentage of outstanding Voting Interests of Bunch Family Holdings, LLC necessary at all times to elect a majority of its board of managers or to appoint and elect its managing member, and (c) any change in the ownership of General Agency, TWFG Insurance, ~~or~~ PFC or EAM such that Borrower ceases to own and Control, directly and indirectly, at all times at least 100% of the Voting Interests and equity interests of General Agency, TWFG Insurance, PFC, or any Subsidiary.

Change of Management means Richard F. Bunch, III, ceases to be actively involved in the day-to-day management or operation of Borrower or any of its Subsidiaries.

Closing Date means June 5, 2017.

Collateral is defined in Section 6.1.

Commitment means Lender's obligation and commitment to (a) Loans under the Revolving Credit Facility up to the Revolving Committed Amount, (b) the Term Loan in a single advance in the Term Loan Committed Amount, ~~and~~ (c) the Term Loan B in a single advance in the Term Loan B Committed Amount, and (d) the Term Loan C in a single advance in the Term Loan C Committed Amount.

Commodity Exchange Act means the Commodity Exchange Act (7 U.S.C. § 1 *et seq.*).

Company or **Companies** means, at any time, Borrower and its Subsidiaries, but excluding Newco.

Compliance Certificate means a certificate substantially in the form of **Exhibit D** signed by a Responsible Officer whose primary duties involve financial and accounting matters for the Borrower.

Conforming Changes is defined in [Section 4.2\(c\)](#).

Control means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise.

Corresponding Tenor means a tenor or period about the same length as the Reference Period.

Current Financials means, when determined, the consolidated financial statements of Borrower and its Subsidiaries most recently delivered to Lender under **Section 8.1**.

Daily Simple SOFR is defined in **Section 4.2(a)(2)**.

Days Remaining means the number of days from the Prepayment Date through the Maturity Date.

Debt means (without duplication), for any Person, (a) all obligations required by GAAP to be classified upon such Person's balance sheet as liabilities, (b) liabilities to the extent secured (or for which and to the extent the holder of the Debt has an existing right, contingent or otherwise, to be so secured) by any Lien existing on property owned or acquired by that Person, (c) capital leases and other obligations that have been (or under GAAP should be) capitalized for financial reporting purposes, (d) all guaranties, endorsements, letters of credit, and other contingent liabilities with respect to Debt or obligations of others, and (e) all obligations of such Person under any Swap Agreements (the amount of which shall be determined by reference to the Swap Termination Value on the date of determination). For purposes hereof, the Debt of any Person shall include the Debt of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or a joint venturer, unless such Debt is expressly made non-recourse to such Person.

Debt Service Coverage Ratio means the ratio of (a) EBITDA minus dividends and distributions (excluding the MIPA Dividend), minus cash Taxes, and minus Unfinanced Capital Expenditures, in each case for the immediately preceding 12 month period, to (b) the sum of Borrower and its Subsidiaries consolidated (i) interest expense in respect of Funded Debt, plus (ii) current maturities of long-term Debt of Borrower and its Subsidiaries, in each case for the immediately following twelve (12) month period.

Debtor Relief Laws means *Title 11 of the United States Code* and all other applicable liquidation, conservatorship, bankruptcy, fraudulent transfer, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, suspension of payments, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

Default is defined in **Section 11**.

Default Rate means, from day to day, an annual rate of interest equal to the applicable rate of interest for the Term Loan, the Term Loan B, the Term Loan C or the Revolving Credit Facility, as the case may be, plus 2.0%, but in no event to exceed the Maximum Rate.

Dollar, Dollars or **\$** mean lawful money of the U.S.

EAM means Evolution Agency Management, LLC, a Texas limited liability company and a wholly-owned Subsidiary of Borrower.

EBITDA means consolidated net income of Borrower and its Subsidiaries less income (or *plus* loss) from discontinued operations and extraordinary items, *plus* income taxes, *plus* interest expense, plus depreciation, depletion, and amortization, in each case to the extent added or subtracted in calculating net income.

Employee Plan means a pension, profit-sharing, or stock bonus plan intended to qualify under Section 401(a) of the Tax Code, maintained or contributed to by any Company or any ERISA Affiliate, including any multiemployer plan within the meaning of Section 4001(a)(3) of ERISA.

Environmental Law means any Law that relates to the pollution or protection of the environment, the release of any materials into the environment, including those related to Hazardous Substances, air emissions and discharges to waste or public systems, or to health and safety.

ERISA means the *Employee Retirement Income Security Act of 1974*, as amended, and its related rules, regulations, and published interpretations.

ERISA Affiliate means any trade or business (whether or not incorporated) under common control with any Company within the meaning of Section 414(b) or (c) of the Tax Code (including any multiemployer plan within the meaning of Section 4001(a)(3) of ERISA).

Excluded Swap Obligation means, with respect to Borrower and each Guarantor, any Swap Obligation if, and to the extent that, all or a portion of such Borrower or Guarantor's guaranty of, or grant of a security interest to secure, such Swap Obligation (or any guaranty thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Borrower or Guarantor's failure for any reason to constitute an "eligible contract participant" as defined in the Commodity Exchange Act (determined after giving effect to **Section 13.12** and any other "keepwell, support or other agreement" for the benefit of such Borrower or Guarantor and any and all guarantees of such Borrower or Guarantor's Swap Obligations by other Loan Parties) at the time such Borrower or Guarantor's guaranty of, or grant of a security interest to secure, such Swap Obligation (or any guaranty thereof), becomes effective with respect to such Swap Obligation. If a Swap Obligation arises under a master agreement governing more than one transaction, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to transactions for which such guaranty or security interest is or becomes illegal for the reasons identified in the first sentence of this definition.

FCPA means the Foreign Corrupt Practices Act of 1977, as amended from time to time, and the rules and regulations promulgated thereunder.

Fifth Amendment Effective Date means December 4, 2020.

[FRB/NYFRB](#) is defined in [Section 4.2\(a\)\(i\)](#).

Funded Debt means, when determined, (a) all Debt for borrowed money (whether as a direct obligor on a promissory note, a reimbursement obligor on a letter of credit, a guarantor, or otherwise), and (b) all capital lease obligations.

GAAP means generally accepted accounting principles in the U.S. set out in the opinions and pronouncements of the of the Accounting Principles Board of the American Institute of Certified Public Accountants and the Financial Accounting Standards Board as in effect from time to time.

General Agency means TWFG General Agency, LLC, a Texas limited liability company, and successor by conversion to TWFG General Agency, Inc., and a wholly-owned Subsidiary of Borrower.

Governmental Authority means any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, administrative tribunal, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of, or pertaining to, government.

Guarantor means Richard F. Bunch, III, General Agency, TWFG Insurance, PFC, [EAM](#), any other Subsidiary of Borrower (excluding Newco), and any other Person executing a Guaranty.

Guaranty means (a) with respect to Richard F. Bunch, III, a guaranty substantially in the form of **Exhibit B-1**, and (b) with respect to all Guarantors (other than Richard F. Bunch, III), a guaranty substantially in the form of **Exhibit B-2**.

H.15 Report means the Federal Reserve Board's Statistical Release H.15, "Selected Interest Rates". Weekly releases of, and daily updates to, H.15 Reports generally are available at the Federal Reserve Board's website, www.federalreserve.gov. If the H.15 Report is replaced or otherwise unavailable, Lender may designate the replacement report or another report reasonably comparable to the H.15 Report, which shall be used in place of the H.15 Report

Hazardous Substance means (a) any explosive or radioactive substance or waste, all hazardous or toxic substances, waste, or other pollutants, and any other substance the presence of which requires removal, remediation or investigation under any applicable Environmental Law, (b) any substance that is defined or classified as a hazardous waste, hazardous material, pollutant, contaminant, or toxic or hazardous substance under any applicable Environmental Law, or (c) petroleum, petroleum distillates, petroleum products, oil, polychlorinated biphenyls, radon gas, infectious medical wastes, and asbestos or asbestos-containing materials.

Insurance Proceeds means all cash and non-cash proceeds in respect of any insurance policy maintained by any Company under the terms of this Agreement excluding (a) any key man life insurance, and (b) provided no Potential Default or Default then exists or would result therefrom, any business interruption insurance proceeds.

Laws means, collectively, all international, foreign, Federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority (whether or not such orders, requests, licenses, authorizations, permits or agreements have the force of law).

Lender Swap Obligations means any and all Swap Obligations of the Loan Parties and their Subsidiaries under any and all Swap Agreements with Lender or an Affiliate of Lender.

Lender's Office means Lender's address, and, as appropriate, account as set out on Schedule 1, or such other address or account as Lender may from time to time notify Borrower.

LIBOR Rate ~~(and LIBOR)~~ means mean as of any date of determination, the London Interbank Offered Rate, as determined by ICE Benchmark Administration Limited (or any successor or substitute therefor acceptable to Lender) for U.S. dollar deposits for a one-month period (the "**Reference Period**"), as obtained by Lender from ~~Reuters~~ Reuter's, Bloomberg or another commercially available source as may be designated by Lender from time to time (the "**Screen Rate**"), as of the date that is two (2) Business Days before each Payment Date; provided that such rate (or any then-current Benchmark) may be adjusted from time to time in Lender's sole discretion for then-applicable reserve requirements, deposit insurance assessment rates and other regulatory costs. If the Screen Rate is less than zero, it shall be deemed to be zero. The Screen Rate shall be re-set effective as of each Payment Date but shall initially be determined as if the Closing Date were a Payment Date. As used herein, "**Benchmark**" means LIBOR or any Benchmark Replacement (as defined below) that has become effective in accordance herewith, as applicable.

Lien means any lien (statutory or other), mortgage, security interest, financing statement, collateral assignment, pledge, assignment, charge, hypothecation, deposit arrangement, or preference, priority or other security interest or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement, and any financing lease having substantially the same economic effect as any of the foregoing), or encumbrance of any kind, and any other right of or arrangement with any creditor (whether based on common law, constitutional provision, statute or contract) to have its claim satisfied out of any property or assets, or their proceeds, before the claims of the general creditors of the owner of the property or assets.

Litigation means any action by or before any Governmental Authority, arbitrator, or arbitration panel.

Loan means any amount disbursed by Lender (a) to, or on behalf of, any Company under the Loan Documents, whether such amount constitutes an original disbursement of funds, or (b) in accordance with, and to satisfy the obligations of any Company under, any Loan Document.

Loan Date means the date on which funds are made available to Borrower in respect of a Loan.

Loan Documents means (a) this Agreement, certificates and requests delivered under this Agreement, and exhibits and schedules to this Agreement, (b) the Term Note, (c) the Term Note B, (d) the [Term Note C](#), (e) the Revolving Note, (f) all Guaranties, (g) the Security Documents, (h) all other agreements, documents, and instruments in favor of Lender ever delivered in connection with or under this Agreement (excluding Swap Agreements), and (i) all renewals, extensions, amendments, modifications, supplements, restatements, and replacements of, or substitutions for, any of the foregoing.

Loan Request means a request substantially in the form of *Exhibit C*.

Material Adverse Event means any circumstance or event that, individually or collectively with other circumstances or events, could reasonably be expected to result in (a) impairment of the ability of any Company or Guarantor to perform any of its payment or other material obligations under any Loan Document, (b) impairment of the ability of Lender to enforce any Company or Guarantor's material obligations, or Lender's rights, under any Loan Document or in respect of the Obligation, (c) a material adverse effect upon the legality, validity, binding effect or enforceability against any Company or Guarantor of any Loan Document to which it is a party, and (d) a material and adverse change in, or a material adverse effect upon, the operations, business, properties, liabilities (actual or contingent), condition (financial or otherwise), or prospects of Borrower and its Subsidiaries as represented in the financial statements delivered to Lender on or about the Closing Date in respect of Borrower and its Subsidiaries.

Material Agreement means, for any Person, any agreement to which that Person is a party by which that Person is bound, or to which any assets of that Person may be subject, and that is not cancelable by that Person upon 30 or fewer days' notice without liability for further payment *other than* nominal penalty, and that requires that Person to pay more than \$100,000 in the aggregate during the term of such agreement.

Maturity Date means June 5, 2021.

Maximum Amount and **Maximum Rate** respectively mean the maximum non-usurious amount and the maximum non-usurious rate of interest that, under applicable Law, Lender is permitted to contract for, charge, take, reserve or receive on the Obligation.

MIPA means that certain Amended and Restated Membership Interest Purchase Agreement dated as of February 7, 2018, among Borrower, Richard F. Bunch, Bunch Family Holdings, LLC, and RenaissanceRe Ventures U.S. LLC.

MIPA Dividend means the cash distribution to Bunch Family Holdings, LLC of the "Pre-Closing Dividend Amount" as defined in the MIPA.

Moody's means Moody's Investors Service, Inc. and any successor thereto.

Newco means The Woodlands Insurance Company, a Texas insurance corporation.

Notes means all of, and Note means any of, the Revolving Note, the Term Note, [the Term Note B](#), and the Term Note [BC](#).

Obligation means all present and future Debt, liabilities and obligations (including the Loans and all Lender Swap Obligations (other than Excluded Swap Obligations)), whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, and all renewals, increases and extensions thereof, or any part thereof, now or in the future owed to Lender by any Company, whether under any Loan Document or under any other financing, promissory note, or other extension of credit by Lender to any Company, whether now or hereafter entered into between Lender and any other Company (and as may be renewed, extended, increased or modified from time to time), *together with* all interest accruing thereon, reasonable fees, costs and expenses payable under the Loan Documents or otherwise, or in connection with the enforcement of rights under the Loan Documents or otherwise, including (a) fees and expenses under **Section 8.12**, and (b) interest and fees that accrue after the commencement by or against any Company or any Affiliate thereof of any proceeding under any Debtor Relief Law naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding.

OFAC means the U.S. Department of the Treasury's Office of Foreign Assets Control.

PATRIOT Act means the USA PATRIOT Act, Title III of Pub. L. 107-56, signed into law October 26, 2001.

Payment Date means the 5th day of each month; *provided*, that if in any month such date is not a Business Day, the Payment Date for such month shall be the next succeeding Business Day.

Percent Prepaid means the percentage determined by dividing the principal amount of the loan being prepaid by the principal loan balance outstanding on the Prepayment Date.

Permitted Business means [the business of providing insurance brokering and other insurance-related services](#).

Permitted Debt means (a) the Obligation, (b) Debt arising from endorsing negotiable instruments for collection in the ordinary course of business, (c) indemnities arising under agreements entered into by any Company in the ordinary course of business, (d) trade payables, Tax liabilities and other current liabilities incurred in the ordinary course of business, (e) Debt listed on **Schedule 2**, (f) Swap Agreements permitted under this Agreement, and (g) any other Debt not to exceed \$250,000 in aggregate principal amount outstanding at any time.

Permitted Liens means (a) Liens securing the Obligation, (b) easements, rights -of-way, encumbrances and other restrictions on the use of real property which do not materially impair the use thereof, (c) inchoate Liens for Taxes; *provided that*, no amounts are due and payable and no Lien has been filed or agreed to, (d) purchase money Liens to the extent securing Debt listed

on *Schedule 2* or Liens securing Debt permitted to be incurred under *clause (f)* of the definition Permitted Debt, and (e) pledges or deposits made to secure payment of workers' compensation, unemployment insurance or other forms of governmental insurance or benefits or to participate in any fund in connection with workers' compensation, unemployment insurance, pensions or other social security programs.

Person means any individual, partnership, limited partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, syndicate, Governmental Authority or other entity or organization of whatever nature.

PFC means TWFG Premium Finance, LLC, a Texas limited liability company, and successor by conversion to TWFG Premium Finance Company, a Texas corporation, and a wholly owned Subsidiary of Borrower.

PGBC means Pension Benefit Guaranty Corporation, or any successor thereof, established under ERISA.

Potential Default means the occurrence of any event or the existence of any circumstance that would, with the giving of notice or lapse of time or both, become a Default.

Prepayment Date means the date on which Lender received the prepayment.

Principal Amount means, when determined, the outstanding principal balance of the Term Note.

Proper Form means in form and substance satisfactory to Lender and its legal counsel.

Qualified ECP means, in respect of any Swap Obligations, each Borrower or Guarantor that has total assets exceeding \$10,000,000.00 at the time the relevant guaranty or grant of the relevant security interest becomes effective with respect to such Swap Obligation or that otherwise constitutes an "eligible contract participant" under the Commodity Exchange Act or any regulations promulgated thereunder and can cause another Person to qualify as an "eligible contract participant" at such time by entering into a keepwell under Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

Reference Period is defined in the definition of "LIBOR Rate".

Reference Time, for a setting, means a time determined by Lender, which, for LIBOR, shall represent the time as of which the Screen Rate would have been determined two Business Days earlier.

Relevant Body is defined in **Section 4.2(a)(1)**.

Representatives means representatives, officers, directors, employees, consultants, contractors, attorneys and Lender.

Responsible Officer means the president, chief executive officer, chief financial officer, treasurer, controller, chief accounting officer, or chief operating officer of the Borrower.

Revolving Committed Amount means \$2,000,000.

Revolving Credit Facility is defined in **Section 2.2**.

Revolving Credit Termination Date means the earlier of (a) June 29, 2021, or (b) the effective date that Lender's Commitment to make Loans under the Revolving Credit Facility under this Agreement is otherwise canceled or terminated in accordance with **Section 12** of this Agreement or otherwise.

Revolving Note means a promissory note substantially in the form of **Exhibit A-2**, executed by Borrower and made payable to Lender and all renewals, extensions, modifications, amendments, supplements, restatements, and replacements of, or substitutions for, that promissory note.

Revolving Principal Amount means, when determined, the outstanding principal balance of the Revolving Note.

S&P means Standard & Poor's Ratings Group (a division of The McGraw-Hill Companies, Inc.).

Sanctions is defined in **Section 7.20**.

Screen is defined in **Section 4.2(a)(1)**.

Screen Rate is defined in the definition of "LIBOR Rate".

Security Agreement means each Security Agreement in substantially the form of **Exhibit E**, and executed by any Company, as debtor, and by Lender, as secured party, granting Lender a Lien on, and security interest in, among other things, such Company's accounts receivable, inventory, equipment, goods, general intangibles, intellectual property, chattel paper, instruments, life insurance policies and documents.

Security Documents means all Security Agreements and all documents executed in connection therewith to create or perfect a Lien on the Collateral (including any assignment of life insurance policy as collateral).

Spread Adjustment means an adjustment (which may be a positive or negative value or zero) and, for Term SOFR or Daily Simple SOFR, the first Lender can determine (if displayed on a Screen) of: the spread adjustment (1) selected or recommended by the Relevant Body or (2) applicable to the fallback for a derivative referencing the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto (as then in effect) upon an index cessation event, in either case as of the Reference Time the Benchmark is first set for each period hereunder.

Subsidiary of a Person means a corporation, partnership, joint venture, limited liability company, or other business entity of which a majority of the Voting Interests are at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person.

Swap Agreement means any master agreement or other agreement, including confirmations, governing or evidencing (a) any derivative transaction (including any swap, cap, floor, collar, forward or option), with respect to one or more interest rates or other rates or financial indices, currencies, equity interests or returns, credit or other obligations, commodities, volatility or other phenomena, or otherwise, (b) any spot, forward or other foreign exchange transaction, (c) any option or other derivative transaction with respect to, and any combination of, one or more transactions referenced in this definition, and (d) any transaction similar to any such transactions, in each case whether or not entered into under or subject to any master agreement.

Swap Obligations means all obligations and other liabilities under any Swap Agreement, whether absolute or contingent and without regard to when or how they are created, arise, are evidenced or are acquired.

Swap Termination Value means, as to one or more Swap Agreements and after taking into account the effect of any legally enforceable netting agreement relating to such Swap Agreements, the close out or termination value(s) determined pursuant to the terms of the Swap Agreements.

Tax Code means the *Internal Revenue Code of 1986*, as amended, and related rules, regulations and published interpretations.

Taxes means, for any Person, taxes, assessments or other governmental charges or levies imposed upon that Person, its income, or any of its properties, franchises or assets.

Term B Principal Amount means, when determined, the outstanding principal balance of the Term Note B.

Term C Principal Amount means, when determined, the outstanding principal balance of the Term Note C.

Term Loan is defined in *Section 2.1(a)*.

Term Loan B is defined in *Section 2.1(b)*.

Term Loan B Committed Amount means \$4,000,000.00.

Term Loan B Maturity Date means July 30, 2024.

Term Loan C Committed Amount means \$13,000,000.00.

Term Loan C is defined in *Section 2.1(c)*.

Term Loan C Maturity Date means December 6, 2027.

Term Loan Committed Amount means \$6,042,775.31.

Term Note means a promissory note substantially in the form of **Exhibit A-1**, executed by Borrower and made payable to Lender in the original principal amount of the Term Loan Committed Amount, together with all renewals, extensions, modifications, amendments, supplements, restatements and replacements of, or substitutions for, each such promissory note.

Term Note B means a promissory note substantially in the form of **Exhibit A-3**, executed by Borrower and made payable to Lender in the original principal amount of the Term Loan B Committed Amount, together with all renewals, extensions, modifications, amendments, supplements, restatements and replacements of, or substitutions for, each such promissory note.

Term Note C means a promissory note substantially in the form of **Exhibit A-4**, executed by Borrower and made payable to Lender in the original principal amount of the Term Loan C Committed Amount, together with all renewals, extensions, modifications, amendments, supplements, restatements and replacements of, or substitutions for, each such promissory note.

Term SOFR is defined in **Section 4.2(a)(1)**.

Third Amendment Effective Date means July 30, 2019.

Total Commitment means the sum of (a) the Term Loan Committed Amount, plus (b) the Revolving Committed Amount, plus (c) the Term Loan B Committed Amount, plus (c) the Term Loan C Committed Amount.

Total Credit Exposure means, when determined, the sum of (a) the Principal Amount, plus (b) the Term B Principal Amount, plus (c) the Revolving Principal Amount.

TWFG Insurance means TWFG Insurance Services, LLC, a Texas limited liability company, and successor by conversion to TWFG Insurance Services, Inc., and a wholly owned Subsidiary of Borrower.

UCC means the Uniform Commercial Code, as adopted in Texas and as amended from time to time.

Unfinanced Capital Expenditures means capital expenditures by any Company which are not made using Debt.

U.S. means United States of America.

Voting Interests of any Person means the capital stock (or other equity interest) of such Person having ordinary voting power for the election of directors (or other governing body).

1.2 Interpretive Provisions. Terms used but not defined in this Agreement, but which are defined in the UCC, have the meaning given them in the UCC.

(a) The meanings of words and defined terms are equally applicable to the singular and plural forms of the defined terms and words. Defined terms in respect of one gender include each other gender where appropriate. Derivatives of defined terms have corresponding meanings.

(b) Any conflict or ambiguity between this Agreement and any other Loan Document is controlled by the terms and provisions of this Agreement.

(c) The headings and captions used in this Agreement and the other Loan Documents are for convenience only and will not be deemed to limit, amplify or modify the terms of this Agreement or the Loan Documents.

(d) Article, Section, Exhibit and Schedule references are to the Loan Document in which such reference appears, unless otherwise indicated.

(e) In the computation of periods of time from a specified date to a later specified date, the word “*from*” means “*from and including*,” the words “*to*” and “*until*” each mean “*to but excluding*,” and the word “*through*” means “*to and including*.”

(f) The words “*herein*,” “*hereto*,” “*hereof*” and “*hereunder*” and words of similar import when used in any Loan Document shall refer to such Loan Document as a whole and not to any particular provision of such Loan Document.

(g) The term “*including*” is by way of example and not limitation.

1.3 Accounting Terms. All accounting terms not specifically or completely defined in this Agreement shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP, with all accounting principles being consistently applied from period to period and on a basis consistent with the most recent reviewed or audited financial statements of either Borrower. While Borrower has any Subsidiaries, all accounting and financial terms and financial calculations (including the calculation of all financial covenants, ratios, and related definitions) in respect of Borrower or any Company are on a consolidated and consolidating basis for all Companies, unless otherwise indicated.

(a) If at any time any change in GAAP would affect the computation of any financial ratio or requirement set out in any Loan Document, and either Borrower or Lender shall so request, Lender and Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of Lender); *provided that*, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP as in effect prior to such change and (ii) the Borrower shall provide to Lender financial statements and other documents required under this Agreement or as reasonably requested hereunder

setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP.

1.4 References to Documents. Unless otherwise expressly provided in this Agreement, (a) references to corporate formation or governance documents, contractual agreements (including this Agreement and the Loan Documents) and other contractual instruments shall be deemed to include all subsequent amendments, restatements, extensions, supplements and other modifications thereto, but only to the extent that such amendments, restatements, extensions, supplements and other modifications are not prohibited by any Loan Document; and (b) references to any Law shall include all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting such Law.

1.5 Time. Unless otherwise indicated, all time references (e.g., 11:00 a.m.) are to Central time (daylight or standard, as applicable).

SECTION 2 LOAN COMMITMENTS

2.1 Term Loans.

(a) Subject to the terms and conditions of this Agreement, Lender agrees to make a term loan to Borrower in an amount equal to the Term Loan Committed Amount in a single Loan which, when paid or prepaid, may not be reborrowed (the “Term Loan”).

(b) Subject to the terms and conditions of this Agreement, Lender agrees to make a term loan to Borrower on the Third Amendment Effective Date in an amount equal to the Term Loan B Committed Amount in a single Loan which, when paid or prepaid, may not be reborrowed (the “Term Loan B”).

(c) Subject to the terms and conditions of this Agreement, Lender agrees to make a term loan to Borrower on the Fifth Amendment Effective Date in an amount equal to the Term Loan C Committed Amount in a single Loan which, when paid or prepaid, may not be reborrowed (the “Term Loan C”).

2.2 Revolving Credit Facility. Subject to the terms and conditions of this Agreement, Lender agrees to loan to Borrower an amount not to exceed the Revolving Committed Amount in one or more Loans from time to time, which Borrower may borrow, repay, and reborrow under this Agreement (collectively, the “*Revolving Credit Facility*”).

2.3 Loan Procedure. Subject to compliance with Section 5, Borrower may request a Loan under the Revolving Credit Facility, the Term Loan, the Term Loan B or the Term Loan **BC** by submitting a Loan Request to Lender. A Loan Request is irrevocable and binding on Borrower. Each Loan Request must be received by Lender no later than 11:00 a.m. on the proposed Loan Date. Each Loan Date must be a Business Day. Each Loan Date under the Revolving Credit Facility must occur before the Revolving Credit Termination Date. The Loan

Date of the Term Loan is the Closing Date. [The Loan Date of the Term Loan B is the Third Amendment Effective Date.](#)

(a) Each Loan under the Revolving Credit Facility is subject to the following conditions:

(i) each Loan must occur on a Business Day and no later than the Business Day immediately preceding the Revolving Credit Termination Date;

(ii) each Loan (unless the remaining amount under *clause (ii)* below is less) must be in an amount not *less than* \$100,000 or a greater integral multiple of \$10,000;

(iii) no Loan may exceed an amount equal to the excess of the Revolving Committed Amount over the Revolving Principal Amount; and

(iv) after giving effect to any Loan, the Revolving Principal Amount may not exceed the Revolving Committed Amount.

(b) From time to time, Lender may provide certain treasury or cash management services to Borrower under which Borrower incur Loans under the Revolving Credit Facility. While a Cash Management Agreement is in effect, Borrower may repay the Revolving Principal Amount under the terms of the Cash Management Agreement. Borrower hereby authorizes Lender to honor all checks or other drafts received against the accounts subject to the Cash Management Agreement.

2.4 Voluntary Prepayment.

(a) Borrower may voluntarily prepay all or any part of the Principal Amount, Term B [Principal Amount](#), [Term C](#) Principal Amount or Revolving Principal Amount at any time, subject to the following conditions:

(i) Lender must receive Borrower's written or telephonic prepayment notice by 10:00 a.m. on the prepayment date;

(ii) Borrower's prepayment notice shall (A) specify the prepayment date, (B) specify the amount of the Loan to be prepaid, (C) specify whether the Principal Amount, the Term B [Principal Amount](#), [the Term C](#) Principal Amount or Revolving Principal Amount is being prepaid (and if not specified, such prepayment will be applied to the Principal Amount), and (D) constitute an irrevocable and binding obligation of Borrower to make a prepayment in such amount on the designated prepayment date;

(iii) each partial prepayment under this *clause (a)* must be in a minimum amount of not less than (A) \$100,000 or a greater integral multiple of \$10,000 or (B) if less than the requested minimum amount, the outstanding

balance of the Principal Amount, the Term B Principal Amount, the Term C Principal Amount or the Revolving Principal Amount, as the case may be;

(iv) if the Revolving Credit Facility is being prepaid, payments shall be applied to the Revolving Principal Amount with no corresponding reduction in the Revolving Committed Amount;

(v) if the Principal Amount is being prepaid all accrued and unpaid interest on the portion of the Principal Amount prepaid, together with the prepayment fee described in clause (c) below, must also be paid in full on the prepayment date and each partial prepayment of the Term Loan shall be applied to the Term Loan's scheduled principal payments in the inverse order of their maturity; ~~and~~

(vi) if the Term B Principal Amount is being prepaid all accrued and unpaid interest on the portion of the Term B Principal Amount prepaid, together with the prepayment fee described in clause (c) below, must also be paid in full on the prepayment date and each partial prepayment of the Term Loan B shall be applied to the Term Loan B's scheduled principal payments in the inverse order of their maturity; ~~and~~

(vii) if the Term C Principal Amount is being prepaid all accrued and unpaid interest on the portion of the Term C Principal Amount prepaid, together with the prepayment fee described in clause (c) below, must also be paid in full on the prepayment date and each partial prepayment of the Term Loan C shall be applied to the Term Loan C's scheduled principal payments in the inverse order of their maturity.

(b) All prepayments of the Revolving Credit Facility under this **Section 2.4** of a LIBOR Rate Loan will be accompanied by (i) the amount of accrued interest on the principal amount prepaid and (ii) the amount of Lender's loss or expense actually incurred by it as a result of the prepayment (together with any related customary administrative fees charged by Lender in connection therewith).

(c) If Borrower makes any prepayment of the outstanding principal balance on the Term Note, Borrower shall pay to Lender a prepayment fee equal to the quotient of (i) the product of AYD, *times* (b) Average Principal, *times* (c) Percent Prepaid, *times* (d) Days Remaining, *divided* by (ii) 360.

(d) Notwithstanding anything to the contrary contained in this Agreement, any notice of prepayment under **Section 2.4(a)** may state that it is conditioned upon the effectiveness of other credit facilities the proceeds of which will be used to prepay in full all outstanding Obligations hereunder (other than (A) contingent indemnification obligations and (B) Cash Management Liabilities as to which arrangements satisfactory to the applicable Cash Management Bank shall have been made), in which case such notice may be revoked or postponed by the Borrower (by written notice to Lender on or

prior to the specified effective date) if the conditions to effectiveness of such other credit facility are not satisfied.

2.5 Mandatory Prepayment.

(a) If the Revolving Principal Amount at any time exceeds the Revolving Committed Amount, then the Borrower shall repay the Revolving Principal Amount, in at least the amount of that excess, together with all accrued and unpaid interest on the principal amount so repaid.

(b) All prepayments on the Revolving Credit Facility under this **Section 2.5** of a LIBOR Rate Loan will be accompanied by (i) the amount of accrued interest on the principal amount prepaid and (ii) the amount of Lender's loss or expense actually incurred by it as a result of the prepayment (together with any related customary administrative fees charged by Lender in connection therewith).

SECTION 3 TERMS OF PAYMENT

3.1 Notes and General Payment Terms.

(a) The Term Loan shall be evidenced by the Term Note. The Term Loan B shall be evidenced by the Term Note B. [The Term Loan C shall be evidenced by the Term Note C.](#) The Loans under the Revolving Credit Facility shall be evidenced by the Revolving Note.

(b) Borrower must make each payment on the Obligation, without offset, counterclaim or deduction to Lender's Office, in funds that will be available for immediate use by Lender by 4:00 pm on the day due. Payments received after such time (and payments received on a day which is not a Business Day) will be deemed received on the next Business Day but interest shall continue to accrue during such period.

(c) If any payment or prepayment to be made by Borrower shall come due on a day other than a Business Day, payment shall be made on the next following Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be.

3.2 Payments.

(a) Term Loan.

(i) Payments of principal and interest under the Term Loan are due and payable in the amount of \$125,891.00 plus accrued interest, beginning on July 5, 2017, and continuing on each Payment Date thereafter until the Maturity Date (or earlier upon the acceleration of maturity of the Term Loan in accordance with **Section 12** of this Agreement).

(ii) All outstanding principal and all accrued and unpaid interest in respect of the Term Loan is due and payable in full on the Maturity Date (or earlier upon the acceleration of maturity of the Term Loan in accordance with **Section 12** of this Agreement).

(b) Term Loan B.

(i) Accrued and unpaid interest on the Term B Principal Amount shall be due and payable beginning on September 5, 2019, and continuing on each Payment Date thereafter until the Term Loan B Maturity Date (or earlier upon the acceleration of maturity of the Term Loan B in accordance with **Section 12** of this Agreement).

(ii) Principal payments on the Term B Principal Amount shall be due and payable beginning on September 5, 2019, and continuing on each Payment Date thereafter, in the applicable amount set forth on **Schedule 3.2(b)** until the Term Loan B Maturity Date (or earlier upon the acceleration of maturity of the Term Loan B in accordance with **Section 12** of this Agreement).

(iii) All outstanding principal and all accrued and unpaid interest in respect of the Term Loan B is due and payable in full on the Term Loan B Maturity Date (or earlier upon the acceleration of maturity of the Term Loan B in accordance with **Section 12** of this Agreement).

(c) Revolving Credit Facility.

(i) Accrued and unpaid interest on the Revolving Principal Amount is due and payable monthly in arrears beginning on July 5, 2017, and continuing on each Payment Date thereafter until the Revolving Credit Termination Date.

(ii) The Revolving Principal Amount, and all accrued and unpaid interest thereon, is due and payable in full on the Revolving Credit Termination Date.

(d) Term Loan C.

(i) Accrued and unpaid interest on the Term C Principal Amount shall be due and payable beginning on January 5, 2021, and continuing on each Payment Date thereafter until the Term Loan C Maturity Date (or earlier upon the acceleration of maturity of the Term Loan C in accordance with **Section 12** of this Agreement).

(ii) Principal payments on the Term C Principal Amount shall be due and payable beginning on January 5, 2021, and continuing on each Payment Date thereafter, in the applicable amount set forth on **Schedule 3.2(c)** until the Term

Loan C Maturity Date (or earlier upon the acceleration of maturity of the Term Loan C in accordance with **Section 12** of this Agreement).

(iii) All outstanding principal and all accrued and unpaid interest in respect of the Term Loan C is due and payable in full on the Term Loan C Maturity Date (or earlier upon the acceleration of maturity of the Term Loan C in accordance with **Section 12** of this Agreement).

3.3 Order of Application.

(a) All payments and prepayments shall be applied as specified in this Agreement and, if not specified, shall be applied in the following order: (i) to all fees, expenses, late charges, collection costs, and other charges, costs and expenses for which Lender has not been paid or reimbursed under the Loan Documents, (ii) accrued and unpaid interest on the Principal Amount, (iii) to the accrued and unpaid interest on the Term B Principal Amount, (iv) to the accrued and unpaid interest on the ~~Revolving~~Term C Principal Amount, (v) to the accrued and unpaid interest on the Revolving Principal Amount, (vi) to the Principal Amount, ~~(vii) to the~~ Term B Principal Amount, ~~(vii) to the Revolving Principal Amount and (viii) to the Term C Principal Amount~~, (ix) to the Revolving Principal Amount and (x) to the remaining Obligation in the order and manner Lender deems appropriate in its sole discretion.

(b) All proceeds from the exercise of any rights shall be applied at Lender's discretion among principal, interest, fees, expenses, late charges, collection costs, and other charges, costs and expenses, for which Lender has not been paid or reimbursed under the Loan Documents.

3.4 Interest. Except as otherwise provided in this Agreement, Loans under the Term Loan shall accrue interest at a rate per annum equal to the *lesser* of (a) 4.0%, and (b) the Maximum Rate. Except as otherwise provided in this Agreement, Loans under the Term Loan B shall accrue interest at a rate per annum equal to the *lesser* of (a) the *sum* of the LIBOR Rate *plus* the Applicable Margin, and (b) the Maximum Rate. Except as otherwise provided in this Agreement, Loans under the Term Loan C shall accrue interest at a rate per annum equal to the *lesser* of (a) the *sum* of the LIBOR Rate *plus* the Applicable Margin, and (b) the Maximum Rate. Except as otherwise provided in this Agreement, Loans under the Revolving Credit Facility shall accrue interest at a rate per annum equal to the *higher* of (a) the *sum* of the LIBOR Rate plus the Applicable Margin, and (b) the Applicable Floor Rate; *provided that*, such interest rate shall not exceed the Maximum Rate. Each change in the LIBOR Rate or the Maximum Rate is effective as of the date of such change without notice to Borrower or any other Person.

3.5 Default Rate. To the extent permitted by Law, while a Default exists, the Obligation shall accrue interest at the *lesser* of (a) the Default Rate and (b) the Maximum Rate, until all past due amounts are paid (whether payment is made before or after entry of a judgment or the Default is otherwise cured or waived). Subject to **Section 3.8**, if a Default exists, Lender may, in its sole discretion, to the extent permitted by Law, add accrued and unpaid interest to the Principal Amount, the Term B Principal Amount, Term C Principal Amount and the Revolving

Principal Amount and such amount will accrue interest until paid at the applicable interest rate. During the existence of a Default, interest payable at the Default Rate shall be payable from time to time on written demand from Lender to Borrower.

3.6 Interest Calculations. Interest on Loans and on the amount of all fees and other amounts due under the Loan Documents will be calculated on the basis of actual number of days elapsed (including the first day but excluding the last day), but computed as if each calendar year consisted of 360 days (unless computation would result in an interest rate in excess of the Maximum Rate, in which event the computation is made on the basis of a year of 365 or 366 days, as the case may be). All interest rate determinations and calculations by Lender are conclusive and binding, absent manifest error.

3.7 Maximum Rate. It is the intention of the parties to comply with applicable usury laws. The parties agree that the total amount of interest contracted for, charged, collected or received by Lender under this Agreement shall not exceed the Maximum Rate. To the extent, if any, that Chapter 303 of the Texas Finance Code (the “*Finance Code*”) is relevant to Lender for purposes of determining the Maximum Rate, the parties elect to determine the Maximum Rate under the Finance Code pursuant to the “weekly ceiling” from time to time in effect, as referred to and defined in § 303.001-303.016 of the Finance Code; subject, however, to any right Lender subsequently may have under applicable Law to change the method of determining the Maximum Rate. Notwithstanding any contrary provisions contained herein, (a) the Maximum Rate shall be calculated on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be; (b) in determining whether the interest hereunder exceeds interest at the Maximum Rate, the total amount of interest shall be spread throughout the entire term of this Agreement until its payment in full; (c) if at any time the interest rate chargeable under this Agreement would exceed the Maximum Rate, thereby causing the interest payable under this Agreement to be limited to the Maximum Rate, then any subsequent reductions in the interest rate(s) shall not reduce the rate of interest charged under this Agreement below the Maximum Rate until the total amount of interest accrued from and after the date of this Agreement equals the amount of interest which would have accrued if the interest rate(s) had at all times been in effect; (d) if Lender ever charges or receives anything of value which is deemed to be interest under applicable Texas law, and if the occurrence of any event, including acceleration of maturity of obligations owing to Lender, should cause such interest to exceed the maximum lawful amount, any amount which exceeds interest at the Maximum Rate shall be applied to the reduction of the unpaid principal balance under this Agreement or any other indebtedness owed to Lender by the Borrower, and if this Agreement and such other indebtedness are paid in full, any remaining excess shall be paid to the Borrower; and (e) Chapter 346 of the Finance Code shall not be applicable to this Agreement or the indebtedness outstanding hereunder.

3.8 Set off. While a Default exists, Lender (and each of its Affiliates) is hereby authorized at any time and from time to time, to the fullest extent permitted by Law, to set off and apply (a) any and all deposits (general or special, time or demand, provisional or final) at any time held by Lender (or its Affiliates) and (b) any other Debt at any time owing by Lender (or any of its Affiliates) to or for the credit or the account of any Company, against the Obligation even if Lender has not made demand under this Agreement and the Obligation is unmatured.

Lender agrees to promptly notify the applicable Company after any such set off and application is made; *provided that*, the failure to give such notice shall not affect the validity of such set off and application. The rights of Lender under this Section 3.8 are in addition to other rights and remedies (including other rights of set off) that Lender may have.

3.9 Debit Account. Borrower agrees that the interest and principal payments and any fees will be deducted automatically on the due date from any of Borrower's accounts with Lender as designated in writing by Borrower. This authorization shall not affect the obligation of Borrower to pay such sums when due, without notice, if there are insufficient funds in such account to make such payment in full on the due date thereof, or if Lender fails to debit such account.

SECTION 4 LIBOR AND RELATED MATTERS.

4.1 Notification and Limitation of Liability - LIBOR and Related Matters. LIBOR is derived from the London Interbank Offered Rate, which is currently administered by ICE Benchmark Administration Limited ("*IBA*"). The U.K. Financial Conduct Authority announced in July 2017 that, after December 31, 2021, it would no longer persuade or compel contributing banks to make rate submissions to IBA. As a result, it is possible that LIBOR may no longer be available after such date or may no longer be deemed an appropriate reference rate upon which to determine the interest rate. The provisions below permit Lender to determine an alternative rate of interest in the event that LIBOR (or any then-current Benchmark) is no longer available or in other specified circumstances, and to make changes to give effect to any Benchmark Replacement. Neither Lender nor any affiliate of Lender warrants or accepts any responsibility for, or will have any liability with respect to (i) the administration or submission of, or any other matter related to, LIBOR (or any component thereof) or any Benchmark Replacement (or any component thereof), including, without limitation, whether any Benchmark Replacement, as it may or may not be adjusted hereunder, will have the same value as, or be economically equivalent to, LIBOR or any other Benchmark that is replaced or (ii) the effect, implementation or composition of any Conforming Changes as defined below.

4.2 Benchmark Replacement. Notwithstanding anything to the contrary herein (including *Section 13.6*):

(a) if ~~Lender, in its sole discretion, determines as~~, before the Reference Time for any rate setting hereunder, with respect to LIBOR or any other then-current Benchmark ~~at any time that for any reason:~~ (or any published component thereof):

(i) ~~such rate (or the related Screen Rate, if applicable) is not available or is no longer being published, or adequate and reasonable means otherwise do not exist for ascertaining such rate,~~ Benchmark Transition Event – there has been a public statement or publication of information (A) by such rate's administrator (the "Administrator") announcing that the Administrator has ceased or will cease to provide the rate permanently or indefinitely, or by the Administrator's regulatory supervisor, the Federal Reserve Board and/or Federal Reserve Bank of New York (the "FRB/NYFRB"), or an official or entity with insolvency or

resolution authority over the Administrator, to the same effect (provided, that at the time of the applicable statement or publication, there is no successor administrator that will continue to provide the rate), and the Administrator has ceased to provide the rate, or (B) by the Administrator's regulatory supervisor announcing that such rate is no longer representative, or

~~(ii) such rate's administrator or any relevant agency or authority (including such administrator's regulatory supervisor or the U.S. Federal Reserve System) has announced that such rate will no longer be published, permanently or indefinitely (unless, at the time of such announcement, there is a successor administrator that will continue to provide such rate) (a "**Termination Announcement**"), or the regulatory supervisor of such rate's administrator has announced that such rate is no longer representative,~~ Early Opt-in – Lender has determined that at least ten U.S. dollar credit facilities contain, as a benchmark rate, any rate based on the secured overnight financing rate and, at least one Business Day before the day such Reference Time occurs, has sent a notice to Borrower of its election to trigger a fallback from LIBOR,

~~(iii) it has become impractical or unlawful for Lender to maintain the credit referenced herein based on such rate,~~

~~(iv) such rate does not adequately and fairly reflect the effective cost to Lender of making or maintaining the credit referenced herein, or~~

~~(v) single-lender or syndicated U.S. dollar loans are being documented or amended to use a substitute or replacement for such rate, Lender may, in its sole discretion, substitute for such rate an alternative index rate (a "**Benchmark Replacement**") (which may include, or to which Lender may add, a spread adjustment, which may be a positive or negative value or zero (a "**Spread Adjustment**"), giving due consideration to any selection or recommendation of an alternative index rate and/or spread adjustment (or mechanism for determining such a rate and/or adjustment) by the Federal Reserve Board and/or the Federal Reserve Bank of New York (the "**FRB/NYFRB**"), or any committee officially endorsed or convened by the FRB/NYFRB, and/or any evolving or prevailing market conventions; provided that (A) if a condition arises under clause (a)(i) above, then if and for so long as Lender in its sole discretion determines that such condition is likely to be temporary, Lender may substitute for the relevant Benchmark a value or rate (which may include, or to which Lender may add, a Spread Adjustment) on a temporary basis without limiting its right to reinstate such Benchmark (or to substitute and implement a Benchmark Replacement) thereafter, and (B) a Benchmark Replacement based solely on a Termination Announcement will not take effect earlier than the 90th day before the expected date of the then-current Benchmark's non-publication as of such announcement; and then, without amendment hereto or further action or consent of Borrower or any other person, such Benchmark shall be replaced for such setting and~~

subsequent settings by the first of the following for a Corresponding Tenor that Lender can determine (a “**Benchmark Replacement**”):

- (1) Term SOFR – a forward-looking term rate based on the secured overnight financing rate (“**Term SOFR**”) selected or recommended by the FRB/NYFRB or a committee officially endorsed or convened thereby (the “**Relevant Body**”) if displayed on a screen or service selected by Lender (a “**Screen**”), plus the Spread Adjustment.
- (2) Daily Simple SOFR – the secured overnight financing rate (“**Daily Simple SOFR**”) if displayed on a Screen (with conventions, including a look-back, established by Lender in accordance with selections or recommendations by the Relevant Body for business loans, except as Lender determines not to be feasible), plus the Spread Adjustment.
- (3) Lender Selected – An alternative rate plus a Spread Adjustment, all selected in Lender’s sole discretion giving due consideration to any selection or recommendation by the Relevant Body or evolving or prevailing market conventions.

(b) if at any time after an event under “Benchmark Transition Event” above triggers a Benchmark Replacement (except Term SOFR) Lender determines that the Relevant Body has recommended Term SOFR for credit facilities and that Lender is capable of administering Term SOFR, then if Lender elects to send Borrower a notice thereof, for any rate setting whose Reference Time is at least 30 days after it sends such notice the “Benchmark Replacement” shall revert to and shall be deemed to be as set forth under “Term SOFR” in **Section 4.2(a)(1)** above; and

(c) ~~(b) in connection with the implementation of any Benchmark Replacement,~~ Lender may in its sole discretion from time to time make any technical, administrative or operational changes (“**Conforming Changes**”) that it decides may be appropriate to reflect the adoption ~~and/or~~ implementation of ~~such any~~ Benchmark Replacement, including any Spread Adjustment, which may include, among other things, changes affecting the calculation method, the Reference Period or the timing or frequency of determining rates ~~and/(including whether to adjust for intraday republication)~~ or making payments, ~~and/or incorporating any floor corresponding to any floor on or relating to~~ the length of lookback periods, the applicability of breakage provisions, or the incorporation of floor rates to the Benchmark Replacement or a component thereof (including application of the floor, if any, on the Benchmark that is ~~being~~ replaced ~~(collectively, “Conforming Changes”)~~; any amendments implementing such Conforming Changes will become effective without any further action or consent from Borrower or any other ~~Company or Person~~ person. In addition, if at any time Lender in its sole discretion determines that a Benchmark (or component thereof) is unavailable or otherwise cannot reasonably be ascertained, or has become impractical or unlawful for, or

does not adequately and fairly reflect the effective cost to Lender of, making or maintaining this credit, Lender may substitute therefor a value or rate (which may include a Spread Adjustment) on a temporary basis without limiting its right to reinstate such Benchmark (or implement a Benchmark Replacement) thereafter.

SECTION 5 **CONDITIONS PRECEDENT.**

5.1 **Conditions to Term Loan.** This Agreement will become effective once all parties have executed and delivered this Agreement. Lender will not be obligated to make the Term Loan until (a) Lender has received all of the items described on ***Schedule 5***, each in Proper Form, (b) all of the representations and warranties of the Companies in the Loan Documents are true and correct in all material respects (except to the extent that the representations and warranties speak to a specific date), (c) Lender has received and continues to maintain evidence of insurance as set out in ***Section 8.6*** (including certificates and endorsements), (d) no Material Adverse Event exists, and (e) no Default or Potential Default exists or will result from such funding, issuance, amendment or renewal. The Loan Request delivered to Lender constitutes the representation and warranty by the Companies that the statements in *clauses (b), (c), (d), and (e)* above are true and correct in all material respects.

5.2 **No Waiver.** Each condition precedent in this Agreement (including matters listed on ***Schedule 5***) is material to the transactions contemplated by this Agreement, and time is of the essence with respect to each condition precedent. Lender may make any Loan without all conditions being satisfied, but such Loan shall not be deemed a waiver of any condition precedent for any subsequent Loan.

SECTION 6 **SECURITY AND GUARANTIES.**

6.1 **Collateral.** The complete payment and performance of the Obligation shall be secured by all of the items and types of property (collectively, the “***Collateral***”) described as collateral in the Security Agreement. Each Company shall execute all applicable Security Documents necessary to pledge all of the Collateral it owns.

6.2 **Financing Statements.** Each Company hereby authorizes Lender to file, and agrees to execute, in Proper Form, if requested, financing statements, continuation statements, or termination statements, or take other action reasonably requested by Lender relating to the Collateral, including any Lien search required by Lender.

6.3 **Guaranties.** Richard F. Bunch, III, and each Subsidiary of Borrower shall guaranty the complete payment and performance of the Obligation (including the Term Loan, the Term Loan B, the Term Loan C and the Revolving Credit Facility) by executing and delivering a Guaranty to Lender on the Closing Date or within ten (10) Business Days after such Company is created or acquired.

6.4 **Collateral Release and Termination of Guaranty.** The pledge of Borrower’s equity interests by Richard F. Bunch, III in favor of Lender made in connection with the Existing Credit Agreement is expressly released and terminated as of the Closing Date and Lender claims no

further interest in such pledge of Borrower's equity interests by Richard F. Bunch, III, excluding only those obligations which expressly survive termination and release. The pledge of equity interests by Borrower in favor of Lender made in connection with the Existing Credit Agreement is expressly released and terminated as of the Closing Date and Lender claims no further interest in such pledge of equity interests by Borrower, excluding only those obligations which expressly survive termination and release. The pledge of equity interests by TWFG Insurance in favor of Lender made in connection with the Existing Credit Agreement is expressly released and terminated as of the Closing Date and Lender claims no further interest in such pledge of equity interests by TWFG Insurance, excluding only those obligations which expressly survive termination and release. TWFG Insurance Services CA1, LLC, formerly a California limited liability company, has been dissolved and cancelled, and Lender hereby releases TWFG Insurance Services CA1, LLC from its guaranty executed in connection with the Existing Credit Agreement, and Lender claims no further interest in such guaranty, excluding only those obligations which expressly survive termination and release.

SECTION 7 **REPRESENTATIONS AND WARRANTIES**. Borrower represents and warrants, to Lender as follows:

7.1 **Existence, Good Standing, and Authority to do Business**. Borrower is a Texas corporation duly organized, validly existing, and in good standing under the Laws of the jurisdiction in which it is organized. Each other Company is duly organized, validly existing, and in good standing under the Laws of the jurisdiction in which it is organized. In each state in which each Company does business, each Company has all necessary permits, licenses, franchises, patents, copyrights, trademarks and trade names, or rights to conduct its business, and (d) has the necessary corporate, company, or partnership authority to own its assets and conduct its business.

7.2 **Subsidiaries**. Other than those listed on ***Schedule 7.2***, Borrower has no Subsidiaries. ***Schedule 7.2*** lists the name, address, entity type and jurisdiction of organization of each Company, the number of issued and outstanding shares (or other equity interests) of such Company, and the percentage ownership of each other Company.

7.3 **Authorization, Compliance, and No Default**. The execution and delivery by each Company of the Loan Documents to which it is a party and each Company's performance of its obligations under the Loan Documents are within such Company's powers, have been duly authorized, do not conflict with any of its organizational documents, do not conflict with any Law, agreement, or obligation by which such Company is bound, do not require any consent or approval of any Person or Governmental Authority that has not been obtained and remains in full force and effect, and do not violate, result in a breach of or constitute a default under any Material Agreement to which any Company is a party or by which it or its property is bound.

7.4 **Enforceability**. Each Loan Document has been executed and delivered by each Company which is a party to it, and the Loan Documents constitute the legal, valid, and binding obligation of each Company, enforceable against each Company in accordance with their respective terms, except as enforceability may be limited by applicable Debtor Relief Laws and general principles of equity.

7.5 Litigation. Except as disclosed on **Schedule 7.5**, no Company is subject to, or aware of the threat of, any Litigation involving any Company which, (a) purports to affect or pertain to this Agreement, any other Loan Document, or any of the transactions contemplated by the Loan Documents, or (b) if determined adversely to any Company could reasonably be expected to result in a Material Adverse Event.

7.6 Taxes. All Tax returns of each Company required to be filed have been timely filed (or extensions have been granted) and all Taxes imposed upon any Company that are due and payable have been paid before delinquency, *other than* Taxes which are being contested in good faith by lawful proceedings diligently conducted, against which reserve or other provision required by GAAP has been made.

7.7 Environmental Matters. No facility of any Company is used for, or to the knowledge of any Company has been used for, storage, treatment, or disposal of any Hazardous Substance in violation of any applicable Environmental Law, other than violations that individually or collectively would not constitute a Material Adverse Event. No Company knows of any environmental condition or circumstance adversely affecting its assets, properties, or operations that could reasonably be expected to result in a Material Adverse Event.

7.8 Ownership of Assets; Intellectual Property. Each Company has (a) indefeasible title to its real property, (b) a vested leasehold interest in all of its leased property, and (c) good and marketable title to its personal property, all as reflected on the Current Financials (except for property that has been disposed of as permitted by **Section 9.7**). Each Company is conducting its business without infringement or claim of infringement of any license, patent, copyright, service mark, trademark, trade name, trade secret or other intellectual property right of others, *other than* any infringements or claims that, if successfully asserted against or determined adversely to any Company, could not, individually or collectively, reasonably be expected to result in a Material Adverse Event.

7.9 Liens. No Lien exists on any asset of any Company, *other than* Permitted Liens.

7.10 Debt. No Company is an obligor on any Debt, *other than* Permitted Debt.

7.11 Insurance. The Companies maintain the insurance required under **Section 8.6**.

7.12 Place of Business; Real Property. The location of each Company's place of business or chief executive office is set out on **Schedule 7.12**. The books and records of each Company are located at its place of business or chief executive office. All of each Company's assets (*other than* inventory on consignment, in transit, or in the possession of a Person under the terms of a contract with a Company) are at one or more of the locations set out on **Schedule 7.12**. Except as described on **Schedule 7.12**, no Borrower has no ownership, leasehold, or other interest in real estate.

7.13 Purpose of Credit Facilities. Borrower will use the proceeds of the Term Loan to refinance existing debt. Borrower will use the proceeds of the Term Loan B to fund acquisitions and to repay a portion of the Revolving Principal Amount. Borrower will use the proceeds of the

Term Loan C to fund acquisitions and for general corporate purposes. Borrower will use the proceeds of the Revolving Credit Facility for general corporate purposes. No part of the proceeds of the Term Loan, the Term Loan B, the Term Loan C or any Loan under the Revolving Credit Facility will be used, directly or indirectly, for a purpose that violates any Law, including the provisions of *Regulation U*.

7.14 Trade Names. Except as disclosed on **Schedule 7.14**, no Company has used or transacted business under any other corporate or trade name in the five-year period preceding the Closing Date (including names of all Persons with which any Company has merged or consolidated, or from which any Company has acquired all or substantially all of such Person's assets).

7.15 Transactions with Affiliates. Except as disclosed on **Schedule 7.15**, no Company is a party to an agreement or transaction with any of its Affiliates (excluding other Companies), *other than* transactions in the ordinary course of business and upon fair and reasonable terms not materially less favorable than it could obtain or could become entitled to in an arm's-length transaction with a Person that was not its Affiliate.

7.16 Financial Information. Each material fact or condition relating to the Loan Documents or the Companies' financial condition, business, property, or prospects has been disclosed to Lender in writing. All financial and other information supplied to Lender is sufficiently complete to give Lender accurate knowledge of each Company's financial condition, including all material contingent liabilities. Since the date of the most recent financial statement provided to Lender, there has been no material adverse change in the business condition (financial or otherwise), operations, properties or prospects of the Companies. Each financial statement supplied to Lender (i) was prepared in accordance with GAAP consistently throughout the period covered thereby, except as otherwise expressly noted therein and (ii) fairly present the financial condition of Borrower and its Subsidiaries as of the date thereof and their results of operations for the period covered thereby in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein.

7.17 Material Agreements and Funded Debt. No Company is a party to any Material Agreement, *other than* the Loan Documents and the Material Agreements described on attached **Schedule 7.17**. No Company has breached or is in default under any Material Agreement or Funded Debt obligation.

7.18 ERISA.

(a) Each Employee Plan (i) (other than a multiemployer plan) is in compliance in all material respects with the applicable provisions of ERISA, the Tax Code and other federal or state law, (ii) has received a favorable determination letter from the IRS and to the best knowledge of the Borrower, nothing has occurred which would cause the loss of such qualification.

(b) Each Company has fulfilled its obligations, if any, under the minimum funding standards of ERISA and the Tax Code with respect to each Employee Plan, and

has not incurred any liability with respect to any Employee Plan under Title IV of ERISA.

(c) There are no claims, actions, or Litigation (including by any Governmental Authority), and there has been no prohibited transaction or violation of the fiduciary responsibility rules, with respect to any Employee Plan which is or could reasonably be expected to be a Material Adverse Event.

(d) With respect to any Employee Plan subject to Title IV of ERISA: (i) no reportable event has occurred under Section 4043(c) of ERISA for which the PBGC requires 30 day notice, (ii) no action by Borrower or any ERISA Affiliate to terminate or withdraw from any Employee Plan has been taken and no notice of intent to terminate an Employee Plan has been filed under Section 4041 of ERISA, (iii) no termination proceeding has been commenced with respect to an Employee Plan under Section 4042 of ERISA, and no event has occurred or condition exists which might constitute grounds for the commencement of such a proceeding.

7.19 Disclosure. Borrower has disclosed to the Lender all agreements, instruments, and corporate or other restrictions to which it or any of its Subsidiaries is subject, and all other matters known to it (other than general economic conditions), that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Event. No report, financial statement, certificate or other information furnished (whether in writing or orally) by or on behalf of Borrower or any of its Subsidiaries to the Lender in connection with the transactions contemplated hereby or delivered hereunder or under any other Loan Document contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not materially misleading; provided that, with respect to projected financial information, Borrower represents only that such information was prepared in good faith based on assumptions believed to be reasonable at the time.

7.20 Sanctions; Anti-Corruption.

(a) None of Borrower, any Guarantor or any Subsidiary, nor any director, officer, employee, agent, or affiliate of Borrower, Guarantor or any of Subsidiary is a Person that is, or is owned or Controlled by Persons that are: (i) the subject or target of any sanctions administered or enforced by OFAC, the U.S. Department of State, the United Nations Security Council, the European Union, Her Majesty's Treasury, or other relevant sanctions authority (collectively, "**Sanctions**"), or (ii) located, organized or resident in a country or territory that is, or whose government is, the subject of Sanctions.

(b) Borrower, each Guarantor and each Subsidiary, and their respective directors, managers, partners, officers and employees and, to the knowledge of Borrower and each Guarantor, the agents of Borrower, each Guarantor and each Subsidiary, are in compliance with all applicable Sanctions and with the FCPA and any other applicable anti-corruption law, in all material respects. Borrower, Guarantors and each Subsidiary have instituted and maintain policies and procedures designed to ensure continued

compliance with applicable Sanctions, the FCPA and any other applicable anti-corruption laws.

SECTION 8 **AFFIRMATIVE COVENANTS**. So long as Lender is committed to make any Loan under this Agreement, and thereafter until the Obligation is paid in full, Borrower agrees as follows:

8.1 **Items to be Furnished**. Borrower shall cause the following to be furnished to Lender:

(a) Promptly after preparation, and no later than 120 days after the last day of each fiscal year of Borrower and its Subsidiaries, commencing with the fiscal year ending December 31, 2017, audited financial statements (including statements of income, statements of retained earnings and cash flows and a balance sheet) showing the consolidated financial condition and results of operations of Borrower and its Subsidiaries as of, and for the year ended on, that last day, setting out, in each case, in comparative form the figures for the previous fiscal year and accompanied by the unqualified opinion of a firm of independent certified public accountants satisfactory to Lender, based on an audit using generally accepted auditing standards, that the financial statements were prepared in accordance with GAAP and present fairly, in all material respects, the consolidated financial condition and results of operations of Companies, and accompanied by a Compliance Certificate with respect to such financial statements calculating and certifying as to the Borrower's and its Subsidiaries compliance with the financial covenants under the Agreement.

(b) Promptly after preparation, and no later than 45 days after the last day of each fiscal quarter, unaudited financial statements (including statements of income, statements of retained earnings and cash flows and a balance sheet) showing the consolidated and consolidating financial condition and results of operations of Borrower and its Subsidiaries for the prior fiscal quarter and for the period from the beginning of the current fiscal year to the last day of that fiscal quarter, accompanied by a Compliance Certificate with respect to such financial statements.

(c) Promptly after preparation, and no later than 60 days after the beginning of each fiscal year of Borrower, commencing with the 2015 fiscal year, internally-prepared projections (including statement of income, statement of cash flows and a balance sheet) showing the projected quarterly financial condition and results of operations of Borrower and its Subsidiaries for the upcoming fiscal year, which projections shall be certified by a Responsible Officer of Borrower and prepared in a manner consistent with the Companies' financial statements and in good faith based on assumptions believed to be reasonable at the time.

(d) Notice, promptly after any Company receives notice of, or otherwise becomes aware of, (i) the institution of any Litigation involving any Company for which the monetary amount at issue is greater than \$100,000, individually, or \$200,000 in the aggregate, (ii) any liability or alleged liability under any Environmental Law arising out

of, or directly affecting, the properties or operations of such Company, (iii) any substantial dispute with any Governmental Authority, and (iv) a Default or Potential Default, specifying the nature thereof and what action each Company has taken, is taking, or proposes to take.

(e) Concurrently with the occurrence of (i) such change, notify Lender of any change in the name, legal structure, place of business, or chief executive office of any Company, or (ii) any acquisition or creation of a Subsidiary by any Company, notify Lender that any Person has become a Subsidiary of such Company.

(f) On an annual basis, and by not later than 30 days after the anniversary of the previously delivered annual financial statements, personal financial statements of Richard F. Bunch, III, including but not limited to a balance sheet and income statement, in form and detail acceptable to Lender.

(g) Prompt notification of (i) of any change in 25% or more of the direct or indirect ownership interests in Borrower as reported in the Beneficial Ownership Certification or other similar certification provided to Lender on or prior to the Third Amendment Effective Date (the "**Closing Certification**"), and (ii) if the Person or Persons with significant managerial responsibility identified in the Closing Certification cease to have that responsibility or if the information reported about any such Person changes. Borrower hereby agrees to provide such information and documentation as Lender may reasonably request in order to confirm or update the continued accuracy of the information provided in connection with the Closing Certification, any other Beneficial Ownership Certification delivered in connection herewith, and any updates or supplements to any of the foregoing; and

(h) Promptly upon reasonable request by Lender, information and documents not otherwise required to be furnished under the Loan Documents respecting the business affairs, assets and liabilities of the Companies.

8.2 Books, Records and Inspections. Each Company shall maintain books, records, and accounts necessary to prepare the financial statements required by **Section 8.1**. Upon reasonable notice, each Company shall allow Lender (or its Representatives) during business hours or at other reasonable times to inspect each Company's properties, any and all Collateral and examine, audit, and make copies of books and records. If any of the Collateral, Companies' properties, books or records are in the possession of a third party, the applicable Company shall authorize that third party to permit Lender or its Representatives to have access to perform inspections or audits and to respond to Lender's requests for information concerning such properties, books and records. Lender may discuss, from time to time, any of the Companies' affairs, conditions and finances with its directors, officers, and certified public accountants.

8.3 Taxes. Each Company will promptly pay when due any and all Taxes, *other than* Taxes which are being contested in good faith by lawful proceedings diligently conducted, against which reserve or other provision required by GAAP has been made, and in respect of which levy and execution of any Lien are stayed.

8.4 Compliance with Laws; Sanctions; Anticorruption.

(a) Each Company shall comply in all material respects of the requirements of all Laws (including fictitious or trade name statutes) and all orders, writs, injunctions and decrees applicable to it or its business or property, except in such instances in which (i) such requirement is deemed contested in good faith by lawful proceedings diligently conducted, against which reserve or other provision required by GAAP has been made, and (ii) the failure to comply would not result in a Material Adverse Event.

(b) Each Company (i) will comply, in all material respects, with (A) all Sanctions, (B) the Patriot Act, and (C) the Beneficial Ownership Regulation and (ii) will maintain in effect policies and procedures designed to promote compliance by Borrower and each Guarantor, each Subsidiary, and their respective directors, managers, partners, officers, employees, and agents with applicable Sanctions, Patriot Act requirements, Beneficial Ownership Regulation, the FCPA, and any other applicable anti-corruption laws.

8.5 Maintenance of Existence, Assets, and Business. Each Company will (a) maintain its existence and good standing in its state of organization and its authority to transact business and good standing in all other jurisdictions where the nature and extent of its business and properties require due qualification and good standing, (b) maintain all licenses, permits and franchises necessary for its business where failure to do so is a Material Adverse Event, and (c) keep all of its assets that are useful in and necessary to its business in good working order and condition (ordinary wear and tear excepted) and make all necessary repairs and replacements. So long as the Term Loan, the Term Loan B or the Term Loan BC are outstanding or the Lender has any commitment in respect of the Revolving Credit Facility, each Company shall establish and maintain its primary deposit accounts with Lender.

8.6 Insurance. Each Company shall maintain (a) insurance satisfactory to Lender as to amount, nature and carrier covering property damage (including loss of use and occupancy) to any of the Companies' properties, public liability insurance including coverage for contractual liability, product liability and workers' compensation, and any other insurance which is usual for the Companies' business. Each policy shall provide for at least thirty (30) days prior notice to Lender of any cancellation thereof, and (b) insurance policies covering the tangible property comprising the Collateral. Each insurance policy must be for the full replacement cost of the Collateral and include a replacement cost endorsement in an amount acceptable to Lender. The insurance must be issued by an insurance company acceptable to Lender and must include a lender's loss payable endorsement in favor of Lender in a form acceptable to Lender. Upon Lender's request, Borrower shall deliver to Lender a copy of each insurance policy, or, if permitted by Lender, a certificate of insurance listing all insurance in force. Borrower shall maintain at all times for the benefit of Borrower, a key man life insurance policy on Richard F. Bunch, III providing for coverage in an amount not less than \$10,000,000.

8.7 Environmental Laws. Each Company shall conduct its business so as to comply with all applicable Environmental Laws, shall promptly take corrective action to remedy any violation of any Environmental Law, and shall immediately notify Lender of any claims or

demands by any Governmental Authority or Person with respect to any Environmental Law or Hazardous Substance. All environmental costs, including but not limited to, costs for testing as required by any Governmental Authority or the Lender shall be paid by the Borrower.

8.8 ERISA. Promptly during each year (a) pay contributions adequate to meet at least the minimum funding standards under ERISA with respect to each and every Employee Plan, (b) file each annual report required to be filed pursuant to ERISA in connection with each Employee Plan for each year, and (c) notify Lender within ten (10) days of the occurrence of any reportable event under Section 4043(c) of ERISA that might constitute grounds for termination of any capital Employee Plan by the Pension Benefit Guaranty Corporation or for the appointment by the appropriate United States District Court of a trustee to administer any Employee Plan.

8.9 Use of Proceeds. Borrower shall use the proceeds of the Term Loan, the Term Loan B, the Term Loan C and the Revolving Credit Facility only for the purposes represented in this Agreement.

8.10 Application of Insurance Proceeds. Lender and each Company agree that all Insurance Proceeds shall be paid by the insurers directly to Lender (as loss payee or additional insured),

(a) If any Insurance Proceeds are paid to any Company, such Insurance Proceeds shall be received only in trust for Lender, shall be segregated from other funds of the Companies and shall promptly be paid over to Lender in the same form as received (with any necessary endorsement).

(b) Notwithstanding anything to the contrary in this **Section 8.10**, reimbursement under any liability insurance maintained by any Company may be paid directly to the Person who incurred the liability, cost, or expense covered by such insurance.

(c) Any Insurance Proceeds shall be applied to the repayment of the outstanding principal amount of the Loans in accordance with **Section 3.3**, with the excess, if any, payable to Borrower.

8.11 New Subsidiaries. Each Company shall promptly cause each newly created or acquired Subsidiary, other than Newco, to comply with **Section 6**.

8.12 Expenses. Borrower shall promptly pay upon demand (a) all reasonable costs, fees and expenses paid or incurred by Lender (including those incurred under **Section 6**) in connection with the with the negotiation, preparation, delivery and execution of any Loan Document, and any related or subsequent amendment, waiver, or consent (including in each case, the reasonable fees and expenses of Lender's counsel), (b) all due diligence, closing, and post-closing costs including filing fees, recording costs, lien searches, corporate due diligence, third-party expenses, appraisals (if required), title insurance (if required), environmental surveys, annual field audits, and other related due diligence, closing and post-closing costs and expenses, and (c) all costs, fees and expenses of Lender incurred in connection with the enforcement of the

Loan Documents or the exercise of any rights arising under the Loan Documents or the negotiation, workout, or restructure and any action taken in connection with any Debtor Relief Laws (including in each case, the reasonable fees and expenses of Lender's counsel), all of which shall be a part of the Obligation and shall accrue interest, if not paid upon demand, at the Default Rate until repaid.

8.13 Further Assurances. Each Company shall take such action as Lender may reasonably request to carry out the intent of this Agreement and the terms of the Loan Documents (including to perfect and protect its security interests and Liens), including executing, acknowledging, authorizing, delivering or recording or filing additional instruments or documents. Because Borrower agrees that Lender's remedies at Law for failure of Borrower to comply with the provisions of this **Section 8.13** would be inadequate and that failure would not be adequately compensable in damages, Borrower agrees that the covenants of this **Section 8.13** may be specifically enforced.

SECTION 9 **NEGATIVE COVENANTS**. So long as Lender is committed to make any Loan under this Agreement, and thereafter until the Obligation is paid in full, Borrower agrees as follows:

9.1 Debt. No Company may create, incur, or permit any Debt *except* Permitted Debt.

9.2 Liens. No Company shall create, incur, or permit any Lien upon any of its assets, *except* Permitted Liens. No Company shall enter into any agreement (*other than* the Loan Documents) prohibiting the creation or assumption of any Lien upon its assets or revenues or prohibiting or restricting the ability of Borrower or any Company to amend or otherwise modify this Agreement or any other Loan Document.

9.3 Compliance. No Company may violate the provisions of any Laws applicable to it, any agreement to which it is a party, or the provisions of its organizational documents, if such violations individually or collectively would constitute a Material Adverse Event. No Company will modify, repeal, replace or amend any provision of its organizational or governing documents in any manner which would be adverse to the interests of Lender.

9.4 Dividends. No Company may (a) declare or make any dividend or other distribution (*other than* (i) dividends or distributions declared or made by such Company wholly in the form of its capital stock, (ii) dividends or distributions by a Company to another Company or to Borrower, (b) retire, redeem, purchase, withdraw, or otherwise acquire any equity interests in such Company (including the purchase of warrants or other options to acquire such interests), or (c) declare or make any distribution of assets to the holders of its equity interests (in that capacity), whether in cash, assets, or in its obligations; provided that, Borrower may declare dividends or distributions to its shareholders so long as, both before and immediately after giving effect to such dividend or distribution, no Potential Default or Default exists or would occur. No Company may enter into or permit to exist any arrangement or agreement (*other than* this Agreement) that prohibits it from paying dividends or making other distributions.

9.5 Assignment. No Company nor any Guarantor may assign or transfer any of its rights, duties or obligations under any of the Loan Documents, whether by contract, operation of law, merger or otherwise.

9.6 Fiscal Year and Accounting Methods. No Company may change its fiscal year or its method of accounting (*other than* immaterial changes in methods or as required by GAAP).

9.7 Sale of Assets. No Company may make any Disposition or enter into any agreement to make any Disposition, except (a) Dispositions of obsolete or worn out assets in the ordinary course of business, (b) Dispositions of inventory in the ordinary course of business, and (c) the Disposition of delinquent accounts receivable in the ordinary course of business for purposes of collection.

9.8 New Businesses. No Company may engage in any business except the business in which it is engaged as of the Closing Date.

9.9 Transactions with Affiliates. Except as disclosed on **Schedule 7.15**, no Company may enter into any Material Agreement or any material transaction with any of its Affiliates *other than* transactions in the ordinary course of business which are upon fair and reasonable terms not materially less favorable to such Company than such Company could obtain in an arms' length transaction with a Person that was not an Affiliate.

9.10 Prepayment of Debt. No Company may voluntarily prepay principal of, or interest on, any Debt, *other than* the Obligation, if a Default or Potential Default exists or would result after giving effect to such payment.

9.11 Acquisition, Mergers, and Dissolutions. No Company may (whether in one transaction or a series of transactions) (a) acquire all or any substantial portion of the equity interests issued by any other Person, other than the acquisition of equity interests of a Permitted Business, (b) acquire all or any substantial portion of the assets of any other Person, other than the acquisition of assets of a Permitted Business, (c) merge, combine, or consolidate with any other Person other than another Company (and so long as Borrower is the surviving entity in any merger to which it is a party), (d) liquidate, wind up or dissolve (or suffer any liquidation or dissolution), or (e) cease or suspend operations.

9.12 Loans and Investments. No Company may extend credit to, or make any investment in, or purchase or commit to purchase any equity interests in, any other Person, other than (a) extensions of credit among the Companies which have recourse liability for the Obligation, (b) extensions of credit in the nature of accounts receivable or notes receivable arising from the sale or lease of goods or services in the ordinary course of business to Persons which are not Affiliates, (c) demand deposit accounts maintained in the ordinary course of business, and (d) expense accounts for employees in the ordinary course of business which do not, in the aggregate, at any time exceed \$25,000.

9.13 Swap Agreements. No Borrower or Guarantor will, and no Borrower or Guarantor will permit any Subsidiary to, enter into any Swap Agreement, except for Swap Agreements with

Lender or an Affiliate of Lender, in any case which are entered into solely for interest rate hedging in the ordinary course of business and not for speculative purposes.

SECTION 10 **FINANCIAL COVENANTS**. So long as Lender is committed to make any Loan under this Agreement, and thereafter until the Obligation is paid in full, the Companies agree as follows:

10.1 **Maximum Funded Debt to EBITDA**. The ratio of (a) Funded Debt as of the last day of each fiscal quarter to (b) EBITDA for the immediately preceding 12 month period ended on the last day of such fiscal quarter, may not at any time be greater than 2.00 to 1.00. The foregoing covenant shall be calculated and tested quarterly as of the last day of each fiscal quarter, commencing with the fiscal quarter ending June 30, 2017, for Borrower and its Subsidiaries on a consolidated basis.

10.2 **Minimum Debt Service Coverage Ratio**. The Debt Service Coverage Ratio may not at any time be less than 1.50 to 1.00. The foregoing covenant shall be calculated and tested quarterly for the four fiscal quarter period ending on the last day of each fiscal quarter, commencing with the fiscal quarter ending June 30, 2017, for Borrower and its Subsidiaries, on a consolidated basis.

SECTION 11 **DEFAULT**. The term "Default" means the occurrence of any one or more of the following events:

11.1 **Payment of Obligation**. The failure of Borrower, any Company or any Guarantor to pay any part of the Obligation when and as required to be paid under the Loan Documents or under any other written agreement with Lender.

11.2 **Covenants**. The failure of any Company or any Guarantor to punctually and properly perform, observe and comply with:

(a) Any covenant, agreement, or condition contained in (i) **Sections 6.1, 6.3, 8.2, 8.6, 8.8, or 8.9**, and such failure continues for 10 days or (ii) **Sections 9 and 10**, or

(b) Any other covenant, agreement, or condition contained in any Loan Document, (*other than* the covenants to pay the Obligation as set out in **Section 11.1** above, the covenants in *clause (a)* preceding and as set out below in this **Section 11**), and such failure continues for 30 days.

11.3 **Debtor Relief**. Any Company or any Guarantor (a) voluntarily seeks, consents to, or acquiesces in the benefit of any Debtor Relief Law, (b) becomes a party to or is made the subject of any proceeding provided for by any Debtor Relief Law (*other than* as a creditor or claimant), and (i) the petition is not controverted within 10 days and is not dismissed within 60 days, or (ii) an order for relief is entered under *Title 11 of the United States Code*, (c) makes an assignment for the benefit of creditors, or (d) fails (or admits in writing its inability) to pay its debts generally as they become due.

11.4 Judgments. There is entered against any Company or any Guarantor (a) a final non-appealable judgment or arbitration award for the payment of money or (b) one or more non-monetary final non-appealable judgments that could be, or could reasonably be expected to be, individually or in the aggregate, a Material Adverse Event, and, in either case enforcement of such judgment or award is not stayed.

11.5 False Information; Misrepresentation. Any information given to Lender by any Company or any Guarantor is false or any representation or warranty made to Lender by any Company or any Guarantor, or contained in any Loan Document, at any time proves to have been incorrect in any material respect when made.

11.6 Default Under Other Agreements. Any Company fails to pay when due (after any applicable grace period) any Debt which (individually or in the aggregate) exceeds \$100,000, or any default exists under any agreement which permits any Person to cause any Debt which (individually or in the aggregate) exceeds \$200,000 to become due and payable by any Company before its stated maturity.

(a) Any Company breaches or defaults under any term, condition, provision, representation or warranty contained in any Material Agreement, including any agreement with Lender (other than the Loan Documents), and such Company fails for 5 Business Days to commence and thereafter diligently pursue a cure.

11.7 Validity and Enforceability of Loan Documents. Any Lien granted under any Security Documents ceases to be a first priority Lien on the Companies' assets. Any Loan Document at any time after its execution and delivery (a) ceases to be in effect in any material respect or is declared by a Governmental Authority to be null and void, or (b) its validity or enforceability is contested by a Company or a Company denies that it has any further liability or obligations under any Loan Document.

11.8 Change of Management or Control. (a) A Change of Management occurs, (b) a Change of Control occurs, or (c) an agreement, letter of intent, or agreement in principle is executed with respect to any proposed transaction or event or series of transactions or events which, individually or in the aggregate could reasonably be expected to result in a Change of Control or a Change of Management.

11.9 Material Adverse Event. A Material Adverse Event exists.

SECTION 12 RIGHTS AND REMEDIES.

12.1 Remedies Upon Default.

(a) If a Default exists under *Section 11.3*, the Commitment to extend credit under this Agreement automatically terminates and the unpaid balance of the Obligation automatically becomes due and payable without any action of any kind.

(b) If a Default exists, Lender may do any one or more of the following: (i) if the maturity of the Obligation has not already been accelerated under **Section 12.1(a)**, declare the unpaid balance of the Obligation immediately due and payable and to the extent permitted by applicable Law, the Obligation shall accrue interest at the Default Rate; (ii) terminate the commitment to extend credit under this Agreement; (iii) reduce any claim to judgment; (iv) exercise the rights of set-off or banker's Lien under **Section 3.9** to the extent of the full amount of the Obligation; and (v) exercise any and all other legal or equitable rights afforded by the Loan Documents, the Laws of the State of Texas, or any other applicable jurisdiction.

12.2 **Waivers.** To the extent permitted by Law, each Company waives presentment and demand for payment, protest, notice of intention to accelerate, notice of acceleration and notice of protest and nonpayment, and agrees that its liability with respect to all or any part of the Obligation is not affected by any renewal or extension in the time of payment of all or any part of the Obligation, by any indulgence, or by any release or change in any security for the payment of all or any part of the Obligation.

12.3 **No Waiver.** No waiver of any Default shall be deemed to be a waiver of any other then-existing or subsequent Default. No delay or omission by Lender in exercising any right under the Loan Documents will impair that right or be construed as a waiver thereof or any acquiescence therein, nor will any single or partial exercise of any right preclude other or further exercise thereof or the exercise of any other right. The acceptance by Lender of any partial payment shall not be deemed to be a waiver of any Default then existing.

12.4 **Performance by Lender.** If any covenant, duty or agreement of any Company is not performed in accordance with the terms of the Loan Documents, Lender may, but is not obligated to, perform or attempt to perform that covenant, duty or agreement on behalf of that Company (and any amount expended by Lender in its performance or attempted performance is payable on demand, becomes part of the Obligation, and bears interest at the Default Rate from the date of Lender's expenditure until paid).

12.5 **Cumulative Rights.** All rights available to Lender under the Loan Documents are cumulative of, and in addition to, all other rights granted at law or in equity, whether or not the Obligation is due and payable and whether or not Lender has instituted any suit for collection, foreclosure, or other action in connection with the Loan Documents.

SECTION 13 **MISCELLANEOUS.**

13.1 **Governing Law.** Each Loan Document must be construed, and its performance enforced, under Texas law.

13.2 **Invalid Provisions.** If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall engage in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect

of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

13.3 Multiple Counterparts and Facsimile Signatures. Each Loan Document may be executed in any number of counterparts with the same effect as if all signatories had signed the same document. All counterparts must be construed together to constitute one and the same instrument. Loan Documents may be transmitted and signed by facsimile or portable documents format (PDF) and shall have the same effect as manually-signed originals and shall be binding on all Companies and Lender.

13.4 Notice. Unless otherwise provided in this Agreement, all notices or consents required under this Agreement shall be personally delivered or sent by first class mail, postage prepaid, or by overnight courier, or sent by facsimile. Notices and other communications shall be effective (a) if mailed, upon the earlier of receipt or five (5) days after deposit in the U.S. mail, first class, postage prepaid, (b) if faxed, when transmitted, or (c) if hand-delivered, by courier or otherwise (including telegram, lettergram or mailgram), when delivered. Until changed by notice pursuant to this Agreement, the addresses and facsimile numbers for each party is set out on **Schedule 1**. Lender shall be entitled to rely and act upon any notices (including telephonic Loan Requests) purportedly given by or on behalf of Borrower even if (i) such notices were not made in a manner specified in this Section, were incomplete or were not preceded or followed by any other form of notice specified in this Section, or (ii) the terms of the notice, as understood by the recipient, varied from any confirmation of the notice. Borrower shall indemnify Lender and its Affiliates and representatives from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of Borrower. All telephonic notices to and other communications with Lender may be recorded by Lender, and each of the parties to this Agreement hereby consents to such recording.

13.5 Binding Effect; Survival. This Agreement is binding upon, and inures to the benefit of, the parties hereto and their respective successors and permitted assigns. Unless otherwise provided, all covenants, agreements, indemnities, representations and warranties made in any of the Loan Documents survive and continue in effect as long as the Commitment is in effect or the Obligation is outstanding.

13.6 Amendments. The Loan Documents may be amended, modified, supplemented or be the subject of a waiver only by a writing executed by Lender and Borrower; *provided that*, this **Section 13.6** shall not be applicable to any amendment or modification in connection with any Benchmark Replacement or Conforming Changes pursuant to **Section 4**.

13.7 Participants. Lender may, at any time, sell to one or more Persons (each a "**Participant**") participating interests in the Obligation; *provided that*, (a) Lender remains the holder of the Principal Amount, the Term B Principal Amount, the Term C Principal Amount or the Revolving Principal Amount, as the case may be, (b) Lender's obligations under this Agreement remain unchanged and Lender remains solely responsible for the performance of those obligations, and (c) each Company continues to deal solely and directly with Lender regarding the Loan Documents. Lender may furnish any information concerning the Companies

in its possession from time to time to assignees and Participants (including prospective assignees and Participants).

13.8 Discharge Only Upon Payment in Full; Reinstatement in Certain Circumstances. Each Company's obligations under the Loan Documents remain in full force and effect until the Total Commitment is terminated and the Obligation is paid in full (except for provisions under the Loan Documents which by their terms expressly survive payment of the Obligation and termination of the Loan Documents). If at any time any payment of the principal of or interest on any Note or any other amount payable by any Company or any other obligor on the Obligation under any Loan Document is rescinded or must be restored or returned upon the insolvency, bankruptcy or reorganization of Borrower or otherwise, the obligations of each Company under the Loan Documents with respect to that payment shall be reinstated as though the payment had been due but not made at that time.

13.9 Governing Law, Forum, and Venue.

(a) Each Loan Document must be construed, and its performance enforced, under Texas law.

(b) Any suits, claims or causes of action arising directly or indirectly from this agreement or the other loan documents may be brought in a court of appropriate jurisdiction in Harris County, Texas and objections to venue and personal jurisdiction in such forum are hereby expressly waived.

(c) Each Company hereby acknowledges that (i) the negotiation, execution, and delivery of the loan documents constitute the transaction of business within the state of Texas, (ii) any cause of action arising under any of said Loan Documents will be a cause of action arising from such transaction of business, and (iii) each Company understands, anticipates, and foresees that any action for enforcement of payment of the obligation or the Loan Documents may be brought against it in the state of Texas. To the extent allowed by law, each Company hereby submits to jurisdiction in the state of Texas for any action or cause of action arising out of or in connection with the obligation or the Loan Documents and waives any and all rights under the laws of any state or jurisdiction to object to jurisdiction or venue within Harris County, Texas; notwithstanding the foregoing, nothing contained in this **section 13.9** shall prevent Lender from bringing any action or exercising any rights against Borrower, any Guarantor, any collateral, or Borrower's or any Guarantor's properties in any other county, state, or jurisdiction. Initiating such action or proceeding or taking any such action in any other state or jurisdiction shall in no event constitute a waiver by Lender of any of the foregoing.

13.10 Waiver of Jury Trial. **EACH PARTY TO THIS AGREEMENT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING UNDER ANY LOAN DOCUMENT OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO ANY LOAN DOCUMENT, OR THE TRANSACTIONS RELATED THERETO, IN**

EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER FOUNDED IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS *SECTION 13.10* WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

13.11 Indemnity. WHETHER OR NOT THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT ARE CONSUMMATED, BORROWER SHALL INDEMNIFY AND HOLD HARMLESS LENDER AND ITS AFFILIATES AND REPRESENTATIVES (COLLECTIVELY THE “*INDEMNITEES*”) FROM AND AGAINST ANY AND ALL LIABILITIES, OBLIGATIONS, LOSSES, DAMAGES, PENALTIES, CLAIMS, DEMANDS, ACTIONS, JUDGEMENTS, SUITS, COSTS, EXPENSES AND DISBURSEMENTS (INCLUDING FEES AND EXPENSES OF COUNSEL) OF ANY KIND OR NATURE WHATSOEVER WHICH MAY AT ANY TIME BE IMPOSED ON, INCURRED BY OR ASSERTED AGAINST ANY SUCH INDEMNITEE IN ANY WAY RELATING TO OR ARISING OUT OF OR IN CONNECTION WITH (A) THE EXECUTION, DELIVERY, ENFORCEMENT, PERFORMANCE OR ADMINISTRATION OF ANY LOAN DOCUMENT OR ANY OTHER AGREEMENT, LETTER OR INSTRUMENT DELIVERED IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED THEREBY OR THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED THEREBY, (B) ANY COMMITMENT, LOAN OR THE USE OR PROPOSED USE OF THE PROCEEDS THEREFROM, (C) ANY ACTUAL OR ALLEGED PRESENCE OR RELEASE OF HAZARDOUS SUBSTANCE ON OR FROM ANY PROPERTY CURRENTLY OR FORMERLY OWNED OR OPERATED BY BORROWER, ANY SUBSIDIARY OR ANY OTHER COMPANY, OR ANY LIABILITY IN RESPECT OF ANY ENVIRONMENTAL LAW RELATED IN ANY WAY TO BORROWER, ANY SUBSIDIARY OR ANY OTHER COMPANY, OR (D) ANY ACTUAL OR PROSPECTIVE LITIGATION, CLAIM, OR INVESTIGATION RELATING TO ANY OF THE FOREGOING, WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY (INCLUDING ANY INVESTIGATION OF, PREPARATION FOR, OR DEFENSE OF ANY PENDING OR THREATENED CLAIM, INVESTIGATION, LITIGATION OR PROCEEDING) AND REGARDLESS OF WHETHER ANY INDEMNITEE IS A PARTY THERETO (ALL THE FOREGOING, COLLECTIVELY, THE “*INDEMNIFIED LIABILITIES*”), IN ALL CASES, WHETHER OR NOT CAUSED BY OR ARISING, IN WHOLE OR IN PART, OUT OF THE NEGLIGENCE OF THE INDEMNITEE; *PROVIDED THAT*, SUCH INDEMNITY SHALL NOT, AS TO ANY INDEMNITEE, BE AVAILABLE TO THE EXTENT THAT SUCH LIABILITIES, OBLIGATIONS, LOSSES, DAMAGES, PENALTIES, CLAIMS, DEMANDS, ACTIONS, JUDGEMENTS, SUITS, COSTS, EXPENSES OR DISBURSEMENTS ARE DETERMINED BY A COURT OF COMPETENT JURISDICTION BY FINAL AND NONAPPEALABLE JUDGEMENT TO HAVE RESULTED FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SUCH INDEMNITEE. ALL AMOUNTS DUE UNDER THIS SECTION

SHALL BE PAYABLE WITHIN 10 BUSINESS DAYS AFTER DEMAND. THE AGREEMENTS IN THIS SECTION SHALL SURVIVE THE RESIGNATION OF LENDER, THE REPLACEMENT OF LENDER, THE TERMINATION OF THE COMMITMENT AND THE REPAYMENTS, SATISFACTION OR DISCHARGE OF THE OBLIGATION.

13.12 PATRIOT Act; KYC Information. Lender hereby notifies Borrower and each Guarantor that pursuant to the requirements of the PATRIOT Act, it is required to obtain, verify and record information that identifies each Borrower and Guarantor, which information includes the name and address of each Borrower and Guarantor and other information that will allow Lender to identify Borrower and each Guarantor in accordance with the PATRIOT Act. Borrower and each Guarantor shall, and shall cause each Subsidiary to, promptly following a request by Lender, provide all documentation and other information that Lender requests in order to comply with its ongoing obligations under applicable “know your customer” and anti-money laundering rules and regulations, including the PATRIOT Act and Beneficial Ownership Regulations.

13.13 Treatment of Certain Information, Confidentiality. Lender agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to Lender or its Affiliates and the partners, directors, managers, partners, officers, employees, agents, trustees, administrators, managers, advisors and representatives of Lender or its Affiliates (each a “**Related Party**” and collectively, its “**Related Parties**”) (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent required or requested by any regulatory authority purporting to have jurisdiction over Lender or its Related Parties (including any self-regulatory authority), (c) to the extent required by applicable Laws or by any subpoena or similar legal process, (d) to any other party hereto or any other Borrower or Guarantor, (e) in connection with the exercise of any remedies under this Agreement or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights and obligations under this Agreement, or (ii) any actual or prospective party (or its Related Parties) to any Swap Agreement or other transaction under which payments are to be made by reference to Borrower or any Guarantor and their obligations, this Agreement, or payments under this Agreement, (g) on a confidential basis to (i) any rating agency in connection with rating Borrower or any Guarantor or the Loans or (ii) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers with respect to the Loans, (h) with the consent of Borrower or any Guarantor, or (i) to the extent such Information (A) becomes publicly available other than as a result of a breach of this Section, or (B) becomes available to Lender or any of its Affiliates on a non-confidential basis from a source other than Borrower or any Guarantor. In addition, Lender may disclose the existence of this Agreement and information about this Agreement to market data collectors, similar service providers to the lending industry and service providers to Lender in connection with the administration of this Agreement, the other Loan Documents, and the Commitments.

For purposes of this Section, “**Information**” means all information received from Borrower or any Guarantor relating to such Borrower or Guarantor or any of their respective businesses, other than any such information that is available to Lender on a non-confidential basis prior to disclosure by Borrower or any Guarantor; *provided that*, in the case of information received from Borrower or any Guarantor or any Subsidiary after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

13.14 Keepwell. If Borrower or any Guarantor is a Qualified ECP, then jointly and severally, together with each other Qualified ECP, such Borrower or Guarantor hereby absolutely unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time by each other Borrower or Guarantor to honor all of its obligations under the applicable Guaranty or other Loan Document in respect of Swap Obligations; *provided that*, such Borrower or Guarantor shall only be liable for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Section, or otherwise under this Agreement, voidable under applicable Law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amounts. The obligations of Borrower or each Guarantor under this Section shall remain in full force and effect until all Obligations (other than contingent Obligations with respect to indemnity and reimbursement of expenses as to which no claim has been asserted) have been paid in full in cash or have been cash collateralized to the satisfaction of Lender and all Commitments shall have terminated. Borrower and each Guarantor intend that this Section constitute, and shall be deemed to constitute, a “keepwell, support, or other agreement” for the benefit of each such other Borrower or Guarantor for all purposes of Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

13.15 Entirety. **THE LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS BY THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.**

[Signatures appear on following page.]

EXECUTED as of the day and year set out in the Preamble.

BORROWER:

TWFG HOLDING COMPANY, LLC, a Texas
limited liability company and successor by
conversion to RFB Interests, Inc.

By: _____

Richard F. Bunch, III
President

Signature Page to Second Amended and Restated Credit Agreement

LENDER:

BBVA USA

By: _____

Cindy Young
Senior Vice President

Signature Page to Second Amended and Restated Credit Agreement

SIXTH AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT

THIS SIXTH AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT (this “*Amendment*”) is entered into as of July 2nd, 2021, but effective for all purposes as of June 29, 2021 (the “*Effective Date*”), between TWFG HOLDING COMPANY, LLC, a Texas limited liability company (the “*Borrower*”) and successor by conversion to RFB Interests, Inc., a Texas corporation, and BBVA USA, an Alabama banking corporation (“*Lender*”). Capitalized terms used but not defined in this Amendment have the meaning given them in the Credit Agreement (defined below).

RECITALS

A. Borrower and Lender are party to that certain Second Amended and Restated Credit Agreement dated as of June 5, 2017 (as amended by that certain First Amendment to Second Amended and Restated Credit Agreement dated as of March 22, 2018, that certain Second Amendment to Second Amended and Restated Credit Agreement dated as of July 18, 2018, Third Amendment to Second Amended and Restated Credit Agreement dated as of July 30, 2019, Fourth Amendment to Second Amended and Restated Credit Agreement dated as of July 22, 2020, and Fifth Amendment to Second Amended and Restated Credit Agreement dated as of December 4, 2020, and as further amended, restated, supplemented or modified from time to time, the “*Credit Agreement*”).

B. Borrower and Lender have agreed to amend the Credit Agreement in order to, among other things, to extend the Revolving Credit Termination Date and remove Richard F. Bunch, III as an individual guarantor, in each case, subject to the terms and conditions of this Amendment.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are acknowledged, the undersigned hereby agree as follows:

1. Amendments to Credit Agreement.

(a) *Section 1.1* (Definitions and Terms) of the Credit Agreement is amended to add the following defined term in its appropriate alphabetical order:

“*Evolution* means Evolution Agency Management, LLC a Texas limited liability company, and a wholly owned Subsidiary of Borrower.”

(b) *Section 1.1* (Definitions and Terms) of the Credit Agreement is amended to amend and restate the following defined terms:

“*Guarantor* means General Agency, TWFG Insurance, PFC, Evolution, any other Subsidiary of Borrower (excluding Newco), and any other Person executing a Guaranty.

Guaranty means with respect to all Guarantors, a guaranty substantially in the form of Exhibit B-2.

LIBOR means, as of any date of determination, the London Interbank Offered Rate, as determined by ICE Benchmark Administration Limited (or any successor or substitute therefor acceptable to Lender) for U.S. dollar deposits for a one-month period (the “*Reference Period*”), as obtained by Lender from Reuters, Bloomberg or another commercially available source as may be designated by Lender from time to time (the “*Screen Rate*”), as of the date that is two (2) Business Days before each Payment Date; provided that such rate (or any then-current

Benchmark) may be adjusted from time to time in Lender's sole discretion for then-applicable reserve requirements, deposit insurance assessment rates and other regulatory costs; and provided, further, that "LIBOR" shall not in any event include any rate that may be published at any time on a non-representative or "synthetic" basis pursuant to the exercise of any regulatory power of the U.K. Financial Conduct Authority ("**FCA**"). Notwithstanding the foregoing, LIBOR shall not in any event be less than 0.00%. The Screen Rate shall be re-set effective as of each Payment Date but shall initially be determined as if the Closing Date were a Payment Date. As used herein, "**Benchmark**" means LIBOR or any Benchmark Replacement (as defined below) that has become effective in accordance herewith, as applicable.

Notification and Limitation of Liability - LIBOR and Related Matters. LIBOR is derived from the London Interbank Offered Rate, which is currently administered by ICE Benchmark Administration Limited ("**IBA**"; and the London Interbank Offered Rate for U.S. dollars, "**USD LIBOR**"). The FCA announced in July 2017 that, after December 31, 2021, it would no longer persuade or compel contributing banks to make rate submissions to IBA. In December 2020, however, IBA issued a public consultation on its intention to extend the publication of certain dominant tenors of USD LIBOR until June 30, 2023. On March 5, 2021, further to that consultation, IBA announced that it will (i) permanently cease the publication of all non-U.S. dollar denominated settings and the one-week and two-month settings of USD LIBOR on December 31, 2021 and (ii) permanently cease the publication of the overnight, one-month, three-month, six-month, and twelve-month settings of USD LIBOR on June 30, 2023, unless the FCA exercises certain proposed new powers to require IBA to continue publication using a changed methodology, *i.e.*, on a "synthetic basis"; also on March 5, 2021, the FCA announced that all LIBOR settings will either permanently cease or will no longer be representative immediately after the respective termination dates described in the IBA announcement. As a result, all USD LIBOR settings will cease to be available as representative benchmark rates immediately after June 30, 2023 (or after December 31, 2021 in the case of the one-week and two-month settings). The provisions below provide a mechanism to determine an alternative rate of interest when LIBOR (or any other Benchmark) or any component thereof is no longer available or representative and in certain other circumstances if so elected by Lender, and permit Lender to make changes to give effect to any Benchmark Replacement. Neither Lender nor any of its affiliates warrants or accepts any responsibility for, or will have any liability with respect to (i) the administration or submission of, or any other matter related to, LIBOR (or any component thereof) or any Benchmark Replacement (or any component thereof), including, without limitation, whether any Benchmark Replacement will have the same value as, be economically equivalent to, or have the same volume or liquidity as, LIBOR or any other Benchmark that is replaced or (ii) the effect, implementation or composition of any Conforming Changes (defined below).

Benchmark Replacement. Notwithstanding anything to the contrary herein (including **Section 13.6**):

(a) if, before the Reference Time for any rate setting hereunder, with respect to any then-current Benchmark (or any published component thereof):

Benchmark Transition Event- (i) if the then-current Benchmark is LIBOR, IBA has permanently or indefinitely ceased to publish such rate or component, or such rate or component is published by IBA on a non-representative or "synthetic" basis following the date after which the FCA has announced that such rate or component is no longer representative, (ii) if the then-

current Benchmark is not LIBOR, there has been a public statement or publication of information by such rate's or such component's administrator announcing that such administrator has ceased or will cease to provide the rate or component permanently or indefinitely, or by such administrator's regulatory supervisor, the Federal Reserve Board and/or Federal Reserve Bank of New York (the "FRB/NYFRB"), or an official or entity with insolvency or resolution authority over such administrator, to the same effect (provided, that at the time of the applicable statement or publication, there is no successor administrator that will continue to provide the rate or component), and such administrator has permanently or indefinitely ceased to provide the rate or component, or (iii) as to any then-current Benchmark, there has been a public statement or publication of information by the regulatory supervisor for such rate or component announcing that such rate or component is no longer representative, or announcing that such rate or component will no longer be representative as of a specified future date and such date has occurred, or

Early Opt-in- if the then-current Benchmark is LIBOR, Lender has determined that at least ten U.S. dollar credit facilities contain, as a benchmark rate, any rate based on the secured overnight financing rate and, at least one Business Day before the day such Reference Time occurs, has sent a notice to Borrower of Lender's election to trigger a fallback from LIBOR,

then, without amendment hereto or further action or consent of Borrower or any other person, such Benchmark shall be replaced for such setting and subsequent settings by the first of the following for a Corresponding Tenor that Lender can determine (a "**Benchmark Replacement**"):

(1) Term SOFR- a forward-looking term rate based on the secured overnight financing rate ("**Term SOFR**") selected or recommended by the FRB/NYFRB or a committee officially endorsed or convened thereby (the "**Relevant Body**") if displayed on a screen or service selected by Lender (a "**Screen**"), plus the Spread Adjustment;

(2) Daily Simple SOFR- the secured overnight financing rate ("**Daily Simple SOFR**") if displayed on a Screen (with conventions, including a look-back, established by Lender in accordance with selections or recommendations by the Relevant Body for business loans, except as Lender determines not to be feasible), plus the Spread Adjustment;

(3) Lender Selected- an alternative rate *plus* a Spread Adjustment, all selected in Lender's sole discretion giving due consideration to any selection or recommendation by the Relevant Body or evolving or prevailing market conventions; provided, that clauses (1) and (2) above shall apply only if LIBOR is the Benchmark then being replaced, except as set forth in clause (b) below. As used herein:

"**Reference Time**" for a setting means a time determined by Lender, which, for LIBOR, shall represent the time as of which the Screen Rate would have been determined two Business Days earlier.

"**Corresponding Tenor**" means a tenor or period about the same length as the Reference Period.

"**Spread Adjustment**" means (i) with respect to Term SOFR or Daily Simple SOFR, 0.11448% and (ii) for all other purposes, an adjustment (which may be a positive or negative value or zero) selected by Lender in its sole discretion.

(b) if at any time after an event under “Benchmark Transition Event” or “Early Opt-in” above results in a Benchmark Replacement (except Term SOFR) Lender determines that the Relevant Body has recommended Term SOFR for credit facilities and that Lender is capable of administering Term SOFR, *then* if Lender elects to send Borrower a notice thereof, for any rate setting whose Reference Time is at least 30 days after it sends such notice the “Benchmark Replacement” shall revert to and shall be deemed to be as set forth under “Term SOFR” in clause (a) above.

(c) Lender may in its sole discretion from time to time make any technical, administrative or operational changes (“*Conforming Changes*”) that it decides may be appropriate to reflect the adoption or implementation of any Benchmark Replacement (including the implementation of Term SOFR pursuant to clause (b) above), which may include, among other things, changes affecting the calculation method, the Reference Period or the timing or frequency of determining rates (including whether to adjust for intraday republication) or making payments, the length of lookback periods, the applicability of breakage provisions, or the incorporation of floor rates to the Benchmark Replacement or a component thereof (including application of the floor, if any, on the Benchmark that is replaced); any amendments implementing such Conforming Changes will become effective without any further action or consent from Borrower or any other person. In addition, if at any time Lender in its sole discretion determines that a Benchmark (or component thereof) is unavailable or otherwise cannot reasonably be ascertained, or has become impractical or unlawful for, or does not adequately and fairly reflect the effective cost to Lender of, making or maintaining this credit, Lender may substitute therefor a value or rate (which may include a Spread Adjustment) on a temporary basis without limiting its right to reinstate such Benchmark (or implement a Benchmark Replacement) thereafter.

Revolving Credit Termination Date means the earlier of (a) June 28, 2022, or (b) the effective date that Lender’s Commitment to make Loans under the Revolving Credit Facility under this Agreement is otherwise canceled or terminated in accordance with **Section 12** of this Agreement or otherwise.”

(c) **Section 4.1** (Notification and Limitation of Liability - Libor and Related Matters) of the Credit Agreement is amended to amend and restate such Section 4.1 as follows:

“4.1 Reserved.”

(d) **Section 4.2** (Benchmark Replacement) of the Credit Agreement is amended to amend and restate such Section 4.2 as follows:

“4.2 Reserved.”

(e) **Section 6.3** (Guaranties) of the Credit Agreement is amended to amend and restate such Section 6.3 as follows:

“Section 6.3 Guaranties. Each Subsidiary of Borrower shall guaranty the complete payment and performance of the Obligation (including the Term Loan, the Term Loan B, the Term Loan C and the Revolving Credit Facility) by executing and delivering a Guaranty to Lender on the Closing Date or within ten (10) Business Days after such Company is created or acquired.”

(f) **Section 8.1(f)** (Items to be Furnished) of the Credit Agreement is deleted in its entirety and replaced with “[Intentionally Omitted].”

(g) **Exhibit B-1** (Guaranty - Richard F. Bunch, III) is hereby deleted in its entirety and replaced with “[Intentionally Omitted].”

2. **Release of Richard Bunch Guaranty.** As of the Effective Date, Lender hereby releases Richard F. Bunch, III from that certain Second Amended and Restated Guaranty dated June 5, 2017, executed by Richard F. Bunch, III in favor of Lender and executed in connection with the Credit Agreement, and Lender claims no further interest in such guaranty, excluding only those obligations which expressly survive termination and release.

3. **Conditions.** This Amendment shall be effective on the Effective Date once each of the following have been executed and delivered to Lender, in form and substance satisfactory to Lender:

(a) this Amendment executed by Borrower and Lender, together with the Guarantors’ Consent and Agreement executed by the Guarantors;

(b) copies of certificates of good standing, existence, or their equivalent with respect to Borrower and Guarantors, certified as of a recent date by the appropriate Governmental Authority of the state of its organization;

(c) satisfactory UCC lien search results for each Company; and

(d) such other documents as Lender may reasonably request.

4. **Representations and Warranties.** Borrower represents and warrants to Lender that (a) it possesses all requisite power and authority to execute, deliver and comply with the terms of this Amendment, (b) this Amendment has been duly authorized and approved by all requisite limited liability company action on the part of Borrower, (c) no other consent of any Person (other than Lender) is required for this Amendment to be effective, (d) the execution and delivery of this Amendment does not violate its organizational documents, (e) the representations and warranties in each Loan Document to which it is a party are true and correct in all material respects on and as of the date of this Amendment as though made on the date of this Amendment (*except* to the extent that such representations and warranties speak to a specific date), (f) after giving effect to this Amendment, it is in full compliance with all covenants and agreements contained in each Loan Document to which it is a party, and (g) after giving effect to this Amendment, no Default or Potential Default has occurred and is continuing. The representations and warranties made in this Amendment shall survive the execution and delivery of this Amendment. No investigation by Lender is required for Lender to rely on the representations and warranties in this Amendment.

5. **Scope of Amendment; Reaffirmation; RELEASE.** All references to the Credit Agreement shall refer to the Credit Agreement as amended by this Amendment. Except as affected by this Amendment, the Loan Documents are unchanged and continue in full force and effect. However, in the event of any inconsistency between the terms of the Credit Agreement (as amended by this Amendment) and any other Loan Document, the terms of the Credit Agreement shall control and such other document shall be deemed to be amended to conform to the terms of the Credit Agreement. Borrower hereby reaffirms its obligations under the Loan Documents to which it is a party and agrees that all Loan Documents to which it is a party remain in full force and effect and continue to be legal, valid, and binding obligations enforceable in accordance with their terms (as the same are affected by this

Amendment). **AS A MATERIAL PART OF THE CONSIDERATION FOR LENDER ENTERING INTO THIS AMENDMENT, BORROWER HEREBY RELEASES AND FOREVER DISCHARGES LENDER (AND ITS SUCCESSORS, ASSIGNS, AFFILIATES, OFFICERS, MANAGERS, DIRECTORS, EMPLOYEES, AND AGENTS) FROM ANY AND ALL CLAIMS, DEMANDS, DAMAGES, CAUSES OF ACTION, OR LIABILITIES FOR ACTIONS OR OMISSIONS (WHETHER ARISING AT LAW OR IN EQUITY, AND WHETHER DIRECT OR INDIRECT) IN CONNECTION WITH THE CREDIT AGREEMENT AND THE OTHER LOAN DOCUMENTS PRIOR TO THE DATE OF THIS AMENDMENT, WHETHER OR NOT HERETOFORE ASSERTED, AND WHICH BORROWER MAY HAVE OR CLAIM TO HAVE AGAINST LENDER.**

6. Miscellaneous.

(a) No Waiver of Defaults. Except as expressly set out above, this Amendment does not constitute (i) a waiver of, or a consent to, (A) any provision of the Credit Agreement or any other Loan Document not expressly referred to in this Amendment, or (B) any present or future violation of, or default under, any provision of the Loan Documents, or (ii) a waiver of Lender's right to insist upon future compliance with each term, covenant, condition and provision of the Loan Documents.

(b) Form. Each agreement, document, instrument or other writing to be furnished Lender under any provision of this Amendment must be in form and substance satisfactory to Lender and its counsel.

(c) Headings. The headings and captions used in this Amendment are for convenience only and will not be deemed to limit, amplify or modify the terms of this Amendment, the Credit Agreement, or the other Loan Documents.

(d) Costs, Expenses and Attorneys' Fees. Borrower agrees to pay or reimburse Lender on demand for all its reasonable out-of-pocket costs and expenses incurred in connection with the preparation, negotiation, and execution of this Amendment, including, without limitation, the reasonable fees and disbursements of Lender's counsel.

(e) Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of each of the undersigned and their respective successors and permitted assigns.

(f) Multiple Counterparts. This Amendment may be executed in any number of counterparts with the same effect as if all signatories had signed the same document. All counterparts must be construed together to constitute one and the same instrument. This Amendment may be transmitted and signed by facsimile or by portable document format (PDF). The effectiveness of any such documents and signatures shall, subject to applicable law, have the same force and effect as manually-signed originals and shall be binding on Borrower and Lender. Lender may also require that any such documents and signatures be confirmed by a manually-signed original; *provided that* the failure to request or deliver the same shall not limit the effectiveness of any facsimile or PDF document or signature.

(g) Governing Law. THIS AMENDMENT AND THE OTHER LOAN DOCUMENTS MUST BE CONSTRUED, AND THEIR PERFORMANCE ENFORCED, UNDER TEXAS LAW.

(h) Entirety. THE LOAN DOCUMENTS (AS AMENDED HEREBY) REPRESENT THE FINAL AGREEMENT BETWEEN BORROWER, AND LENDER AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS BY THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

[Signatures appear on the following pages.]

The Amendment is executed as of the date set out in the preamble to this Amendment.

BORROWER:

TWFG HOLDING COMPANY, LLC,
a Texas limited liability company

By: /s/ Richard F. Bunch, III
Richard F. Bunch, III
President

Signature Page to Sixth Amendment to Second Amended and Restated Credit Agreement

LENDER:

BBVA USA

By: /s/ Cindy Young
Cindy Young
Senior Vice President

Signature Page to Sixth Amendment to Second Amended and Restated Credit Agreement

SEVENTH AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT

THIS SEVENTH AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT (this “*Amendment*”) is entered into as of August 5th, 2022 (the “*Effective Date*”), between TWFG HOLDING COMPANY, LLC, a Texas limited liability company (the “Borrower”) and successor by conversion to RFB Interests, Inc., a Texas corporation, and PNC BANK, NATIONAL ASSOCIATION, as successor in interest to BBVA USA, an Alabama banking corporation (“*Lender*”). Capitalized terms used but not defined in this Amendment have the meaning given them in the Credit Agreement (defined below).

RECITALS

A. Borrower and Lender are party to that certain Second Amended and Restated Credit Agreement dated as of June 5, 2017 (as amended by that certain First Amendment to Second Amended and Restated Credit Agreement dated as of March 22, 2018, that certain Second Amendment to Second Amended and Restated Credit Agreement dated as of July 18, 2018, Third Amendment to Second Amended and Restated Credit Agreement dated as of July 30, 2019, Fourth Amendment to Second Amended and Restated Credit Agreement dated as of July 22, 2020, Fifth Amendment to Second Amended and Restated Credit Agreement dated as of December 4, 2020, and Sixth Amendment to Second Amended and Restated Credit Agreement dated as of June 29, 2021, and as further amended, restated, supplemented or modified from time to time, the “*Credit Agreement*”).

B. Borrower has failed to comply with the Debt Service Coverage Ratio as set forth in Section 10.2 of the Credit Agreement for the fiscal quarter period ending on March 31, 2022, and as a result of such non-compliance, an Event of Default exists under *Section 11.2(a)* of the Credit Agreement (the “Existing Default”).

C. Borrower and Lender have agreed to amend the Credit Agreement in order to, among other things, waive and amend certain financial covenants, and to remove and release certain guarantors, subject to the terms and conditions of this Amendment.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are acknowledged, the undersigned hereby agree as follows:

1. Amendments to Credit Agreement.

(a) *Section 1.1* (Definitions and Terms) of the Credit Agreement is amended to add the following defined terms in its appropriate alphabetical order:

“*Bunch Dividend*” means the one-time cash dividend payment in the amount of \$8,000,000 to Richard F. Bunch, III on January 31, 2022.

CA PFC means California Premium Finance Company, a California corporation.

PSN means PSN Business Processing Inc., a Philippine corporation.

TWIH means The Woodlands Insurance Holdings, LLC, a Texas limited liability company.”

(b) **Section 1.1** (Definitions and Terms) of the Credit Agreement is amended to amend and restate the following defined terms:

“**Debt Service Coverage Ratio** means the ratio of (a) EBITDA minus dividends and distributions (excluding the MIPA Dividend and, as of June 1, 2022 and thereafter, the Bunch Dividend), minus cash Taxes, and minus Unfinanced Capital Expenditures, in each case for the immediately preceding 12 month period, to (b) the sum of Borrower and its Subsidiaries consolidated (i) interest expense in respect of Funded Debt, plus (ii) current maturities of long-term Debt of Borrower and its Subsidiaries, in each case for the immediately following twelve (12) month period.

EAM or **Evolution** means Evolution Agency Management, LLC a Texas limited liability company, and a wholly owned Subsidiary of Borrower.

Guarantor means General Agency, TWFG Insurance, and any other Person executing a Guaranty.”

(c) **Section 6.3** (Guaranties) of the Credit Agreement is amended to amend and restate such Section 6.3 as follows:

“6.3 **Guaranties.** Each Subsidiary of Borrower (excluding Newco, PFC, CA PFC, TWIH, PSN and EAM) shall guaranty the complete payment and performance of the Obligation (including the Term Loan, the Term Loan B, the Term Loan C and the Revolving Credit Facility) by executing and delivering a Guaranty to Lender on the Closing Date or within ten (10) Business Days after such Company is created or acquired; provided that, upon reasonable request of Lender, Borrower agrees to take all action necessary to cause PSN to guarantee the Obligation and pledge PSN’s assets as collateral therefor, and in connection therewith, to promptly execute all Loan Documents to accomplish such actions, each in Proper Form.”

2. **Release of PFC and Evolution Guaranty.** As of the Effective Date, Lender hereby releases (i) PFC from that certain Second Amended and Restated Guaranty dated June 5, 2017, executed by Richard F. Bunch, III in favor of Lender and executed in connection with the Credit Agreement; and (ii) EAM from that certain Guaranty dated December 4, 2020, executed by Richard F. Bunch, III in favor of Lender and executed in connection with the Credit Agreement; and Lender claims no further interest in either such guaranty, excluding only those obligations which expressly survive termination and release. Lender shall promptly record a UCC-3 termination statement for each of EAM and PFC, if applicable, and otherwise provide any other releases or instruments as Borrower may reasonably request in order to effectuate such releases, in each case at Borrower’s sole cost and expense.

3. **Consent.** Subject to the satisfaction of the conditions set out in Section 5 of this Amendment; Lender hereby consents to the consummation of the sale, transfer or other

disposition by Borrower of the equity interests or capital stock in Newco, PFC, CA PFC, TWIH and EAM (the “*Spin-Off Transactions*”) and agrees that the Spin-Off Transactions shall not constitute an Event of Default under *Section 11* of the Credit Agreement. The consent of Lender to the Spin-Off Transactions (a) is limited to the extent as set out in this Amendment, and notwithstanding anything to the contrary, no other terms, covenants or provisions of the Credit Agreement or any other Loan Documents are intended to be affected by this Amendment, and (b) shall not constitute, and shall not be deemed to constitute, a waiver of future compliance by Borrower with any provision of the Credit Agreement or any other Loan Document.

4. Waiver. Subject to the satisfaction of the conditions set out in Section 5 of this Amendment, Lender hereby (a) waives the Existing Default for the period indicated, and (b) agrees not to exercise any of the rights or remedies available to Lender under the Loan Documents solely as a result of the violation or noncompliance described in the immediately preceding clause (a). Except as set out in the preceding sentence, Borrower and each Guarantor hereby agrees that such waiver does not constitute a waiver of any present or future violation of, or noncompliance with, any provision of any Loan Document or a waiver of Lender’s right to insist upon strict compliance with each term, covenant, condition, and provision of the Loan Documents.

5. Conditions. This Amendment shall be effective on the Effective Date once each of the following conditions precedent have been executed and/or delivered to Lender, in form and substance satisfactory to Lender:

(a) this Amendment executed by Borrower and Lender, together with the Guarantors’ Consent and Agreement executed by the Guarantors; and

(b) such other documents as Lender may reasonably request.

6. Representations and Warranties. Borrower represents and warrants to Lender that (a) it possesses all requisite power and authority to execute, deliver and comply with the terms of this Amendment, (b) this Amendment has been duly authorized and approved by all requisite limited liability company action on the part of Borrower, (c) no other consent of any Person (other than Lender) is required for this Amendment to be effective, (d) the execution and delivery of this Amendment does not violate its organizational documents, (e) the representations and warranties in each Loan Document to which it is a party are true and correct in all material respects on and as of the date of this Amendment as though made on the date of this Amendment (except to the extent that such representations and warranties speak to a specific date), (f) after giving effect to this Amendment, it is in full compliance with all covenants and agreements contained in each Loan Document to which it is a party, and (g) after giving effect to this Amendment, no Default or Potential Default has occurred and is continuing. The representations and warranties made in this Amendment shall survive the execution and delivery of this Amendment. No investigation by Lender is required for Lender to rely on the representations and warranties in this Amendment.

7. Scope of Amendment; Reaffirmation; RELEASE. All references to the Credit Agreement shall refer to the Credit Agreement as amended by this Amendment. Except as

affected by this Amendment, the Loan Documents are unchanged and continue in full force and effect. However, in the event of any inconsistency between the terms of the Credit Agreement (as amended by this Amendment) and any other Loan Document, the terms of the Credit Agreement shall control and such other document shall be deemed to be amended to conform to the terms of the Credit Agreement. Borrower hereby reaffirms its obligations under the Loan Documents to which it is a party and agrees that all Loan Documents to which it is a party remain in full force and effect and continue to be legal, valid, and binding obligations enforceable in accordance with their terms (as the same are affected by this Amendment). **AS A MATERIAL PART OF THE CONSIDERATION FOR LENDER ENTERING INTO THIS AMENDMENT, BORROWER HEREBY RELEASES AND FOREVER DISCHARGES LENDER (AND ITS SUCCESSORS, ASSIGNS, AFFILIATES, OFFICERS, MANAGERS, DIRECTORS, EMPLOYEES, AND AGENTS) FROM ANY AND ALL CLAIMS, DEMANDS, DAMAGES, CAUSES OF ACTION, OR LIABILITIES FOR ACTIONS OR OMISSIONS (WHETHER ARISING AT LAW OR IN EQUITY, AND WHETHER DIRECT OR INDIRECT) IN CONNECTION WITH THE CREDIT AGREEMENT AND THE OTHER LOAN DOCUMENTS PRIOR TO THE DATE OF THIS AMENDMENT, WHETHER OR NOT HERETOFORE ASSERTED, AND WHICH BORROWER MAY HAVE OR CLAIM TO HAVE AGAINST LENDER.**

8. Miscellaneous.

(a) No Waiver of Defaults. Except as expressly set out above, this Amendment does not constitute (i) a waiver of, or a consent to, (A) any provision of the Credit Agreement or any other Loan Document not expressly referred to in this Amendment, or (B) any present or future violation of, or default under, any provision of the Loan Documents, or (ii) a waiver of Lender's right to insist upon future compliance with each term, covenant, condition and provision of the Loan Documents.

(b) Form. Each agreement, document, instrument or other writing to be furnished Lender under any provision of this Amendment must be in form and substance satisfactory to Lender and its counsel.

(c) Headings. The headings and captions used in this Amendment are for convenience only and will not be deemed to limit, amplify or modify the terms of this Amendment, the Credit Agreement, or the other Loan Documents.

(d) Costs, Expenses and Attorneys' Fees. Borrower agrees to pay or reimburse Lender on demand for all its reasonable out-of-pocket costs and expenses incurred in connection with the preparation, negotiation, and execution of this Amendment, including, without limitation, the reasonable fees and disbursements of Lender's counsel.

(e) Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of each of the undersigned and their respective successors and permitted assigns.

(f) Multiple Counterparts. This Amendment may be executed in any number of counterparts with the same effect as if all signatories had signed the same document. All counterparts must be construed together to constitute one and the same instrument. This Amendment may be transmitted and signed by facsimile or by portable document format (PDF). The effectiveness of any such documents and signatures shall, subject to applicable law, have the same force and effect as manually-signed originals and shall be binding on Borrower and Lender. Lender may also require that any such documents and signatures be confirmed by a manually-signed original; *provided that* the failure to request or deliver the same shall not limit the effectiveness of any facsimile or PDF document or signature.

(g) Governing Law. THIS AMENDMENT AND THE OTHER LOAN DOCUMENTS MUST BE CONSTRUED, AND THEIR PERFORMANCE ENFORCED, UNDER TEXAS LAW.

(h) Entirety. THIS AMENDMENT AND ALL OTHER LOAN DOCUMENTS (AS AMENDED HEREBY) REPRESENT THE FINAL, ENTIRE AGREEMENT AMONG BORROWER, GUARANTORS AND LENDER AND SUPERSEDES ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL, RELATING TO THIS AMENDMENT, AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS BY THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

[Signatures appear on the following pages.]

The Amendment is executed as of the date set out in the preamble to this Amendment.

BORROWER:

TWFG HOLDING COMPANY, LLC,
a Texas limited liability company

By: /s/ Richard F. Bunch, III
Richard F. Bunch, III
President

Signature Page to Seventh Amendment to Second Amended and Restated Credit Agreement

LENDER:

PNC BANK, NATIONAL ASSOCIATION

By: /s/ Cynthia Young

Cynthia Young
Senior Vice President

Signature Page to Seventh Amendment to Second Amended and Restated Credit Agreement

EIGHTH AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT

THIS EIGHTH AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT (together with Exhibit A attached hereto, this "Amendment") is dated as of December 19, 2022 (the "Effective Date") and is made by and among TWFG HOLDING COMPANY, LLC, a Texas limited liability company (the "Borrower"), TWFG GENERAL AGENCY, LLC, a Texas limited liability company ("General Agency"), TWFG INSURANCE SERVICES, LLC, a Texas limited liability company ("TWFG Insurance") and together with General Agency, collectively, the "Guarantors", and PNC BANK, NATIONAL ASSOCIATION (the "Bank") under the Existing Agreement, as hereinafter defined (all such parties, the "Parties").

RECITALS

WHEREAS, the Parties are parties to that certain Second Amended and Restated Credit Agreement, dated as of June 5, 2017 (as amended, supplemented, modified or restated prior to the date hereof, the "Existing Agreement");

WHEREAS, certain loans, advances and/or other extensions of credit denominated in U.S. Dollars under the Existing Agreement bear interest or are permitted to bear interest, and have fees, commissions or other amounts based on the London Interbank Offered Rate administered by the ICE Benchmark Administration ("LIBOR") in accordance with the terms and conditions of the Existing Agreement (the "Affected Loans"); and

WHEREAS, applicable parties under the Existing Agreement have determined that LIBOR hardwired replacement provisions that include a replacement waterfall that provides for a transition to a successor rate shall be incorporated into the Existing Agreement with respect to Affected Loans for all purposes under the Existing Agreement and under any other agreement, instrument, certificate or document (other than any derivative, swap agreement, hedge agreement or ISDA confirm or other analogous or similar document executed in connection with any interest rate hedging or swap transactions) executed and delivered in connection with the Existing Agreement (together with the Existing Agreement, each as amended, supplemented, modified or restated prior to the date hereof, collectively, the "Existing Documents"), subject to the terms and conditions set forth in this Amendment.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and intending to be legally bound hereby, the Parties covenant and agree as follows:

1. Incorporation of Recitals. The foregoing recitals are incorporated herein by reference as if fully set forth herein.
2. Certain Definitions. Capitalized terms used in this Amendment but not otherwise defined herein or in Exhibit A shall have the meanings assigned to such terms in the Existing Agreement. Capitalized terms used in Exhibit A that are also used in the Existing Agreement shall supplement (but not replace) the defined terms in the Existing Agreement with respect to Affected Loans, unless otherwise stated therein.
3. Amendments. The Existing Agreement is hereby amended as set forth on Exhibit A attached hereto. Notwithstanding any provision of the Existing Agreement or any Existing Document to the contrary, the Parties hereby agree that the terms set forth on Exhibit A apply solely to Affected Loans on and after the Effective Date. For the avoidance of doubt, to the extent provisions in the Existing Agreement apply to Affected Loans and such provisions are not specifically addressed by Exhibit A, such

provisions in the Existing Agreement shall continue to apply to Affected Loans from and after the Effective Date. In the event of a conflict between the terms of this Amendment and the terms of the Existing Agreement or any other Existing Document, the terms of this Amendment shall govern and control. For the further avoidance of doubt, the provisions of this Amendment supersede and govern any provisions of the Existing Agreement relating to benchmark replacements as they apply on and after the Effective Date.

4. Representations and Warranties. The Borrower hereby represents and warrants that: (a) no Default (or similar defined term) or Potential Default exists or will exist immediately after giving effect to the transactions contemplated hereby, (b) all representations and warranties of Borrower contained in the Existing Agreement, in this Amendment and in the other Existing Documents are true and correct in all material respects (without duplication of any materiality qualifiers), (c) the execution, delivery and performance of this Amendment and any other document related hereto by the Borrower have been duly authorized by all necessary corporate or other organizational action, and (d) this Amendment and any other document related hereto have been duly executed and delivered by the Borrower.

5. Limitation; Effect of Amendment; No Novation. No provision of the Existing Agreement or any other Existing Document is amended or waived in any way other than as provided herein. Except as expressly set forth herein, all of the terms of the Existing Agreement and the other Existing Documents shall be and remain in full force and effect and are hereby ratified and confirmed, and constitute the legal, valid, binding, and enforceable obligations of the parties thereto. As of the Effective Date, each reference in the Existing Agreement to “this Agreement,” “hereunder,” “hereof,” “herein,” or words of like import, and each reference in the other Existing Documents to the Existing Agreement (including, without limitation, by means of words like “thereunder,” “thereof”, “therein” and words of like import), shall mean and be a reference to the Existing Agreement as amended by this Amendment. The Borrower and each Guarantor hereby confirms that the Existing Agreement and each other Existing Document have at all times, since the date of the execution and delivery of such documents, remained in full force and effect and the obligations thereunder are continued as amended by this Amendment. The Borrower and each Guarantor acknowledges and agrees that the amendment of the Existing Agreement and each other Existing Document by this Amendment is not intended to constitute, nor does it constitute, a novation, interruption, suspension of continuity, satisfaction, discharge or termination of the obligations, loans, liabilities, or indebtedness under the Existing Agreement and each other Existing Document, and this Amendment, the Existing Agreement and each other Existing Document are entitled to all rights and benefits originally pertaining to the Existing Agreement and each other Existing Document.

6. Reaffirmation of Guarantees and Security Interests. The Borrower and each Guarantor hereby acknowledges its receipt of a copy of this Amendment and its review of the terms and conditions hereof and consents to the terms and conditions of this Amendment and the transactions contemplated thereby. The Borrower and each Guarantor hereby (a) affirms and confirms, as applicable, its guarantees, pledges, grants and other undertakings under the Existing Agreement and each other Existing Document, each as amended by this Amendment, to which it is a party and (b) agrees that (i) the Existing Agreement and each other Existing Document, each as amended by this Amendment, to which it is a party continue to be in full force and effect and (ii) all guarantees, pledges, grants and other undertakings thereunder continue to be in full force and effect (with the same priority, as applicable) and accrue to the benefit of the applicable secured party or parties thereunder.

7. Further Assurances. The Borrower and each Guarantor agrees to execute such other documents, instruments and agreements and take such further actions reasonably requested by the Bank to effectuate the provisions of this Amendment.

8. Counterparts; Effectiveness.

(a) This Amendment may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. The Effective Date of this Amendment shall be completed by the Bank as of the date when this Amendment shall have been executed by the Parties.

(b) The words “execution,” “signed,” “signature,” and words of like import in this Amendment shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state Laws based on the Uniform Electronic Transactions Act. The Parties agree that this Amendment may, at the Bank’s option, be in the form of an electronic record and may be signed or executed using electronic signatures. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance by the Bank of a manually signed paper signature page which has been converted into electronic form (such as scanned into PDF format) for transmission, delivery and/or retention.

9. Section Headings. Section headings used in this Amendment are for convenience of reference only and shall not govern the interpretation of any of the provisions of this Amendment.

10. Severability. The provisions of this Amendment are intended to be severable. If any provision of this Amendment shall be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability thereof in any other jurisdiction or the remaining provisions hereof in any jurisdiction.

11. Fees and Costs. The Borrower will pay on demand all out-of-pocket fees, costs, and expenses of the Bank, including but not limited to the fees and expenses of outside counsel, in connection with the preparation, execution, and delivery of this Amendment.

12. Governing Law, Etc. The terms of the Existing Agreement relating to governing law, submission to jurisdiction, waiver of venue and waiver of jury trial are incorporated herein by reference, mutatis mutandis, and the Parties agree to such terms.

13. Ratification of Terms. The Borrower expressly ratifies and confirms the confession of judgment (if applicable) and dispute resolution, waiver of jury trial or arbitration provisions, as applicable, contained in the Existing Documents, all of which are incorporated herein by reference.

14. Construction. Reference to this Amendment means this Amendment, together with Exhibit A attached hereto. Exhibit A is hereby incorporated into, and deemed to be part of, this Amendment.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Parties, by their officers thereunto duly authorized, have executed this Amendment as of the day and year first above written.

BORROWER:

TWFG HOLDING COMPANY, LLC,
a Texas limited liability company

By: /s/ Richard F. Bunch, III

Name: Richard F. Bunch, III

Title: President

GUARANTORS:

TWFG GENERAL AGENCY, LLC,
a Texas limited liability company

By: /s/ Richard F. Bunch, III

Name: Richard F. Bunch, III

Title: President

TWFG INSURANCE SERVICES, LLC,
a Texas limited liability company

By: /s/ Richard F. Bunch, III

Name: Richard F. Bunch, III

Title: President

BANK:

PNC BANK, NATIONAL ASSOCIATION

By: /s/ Cindy Young

Name: Cindy Young

Title: President

Signature Page to Eighth Amendment to Second Amended and Restated Credit Agreement

**EXHIBIT A TO
EIGHTH AMENDMENT TO
SECOND AMENDED AND RESTATED CREDIT AGREEMENT**

This Exhibit A (this “Exhibit”) to Eighth Amendment to Second Amended and Restated Credit Agreement (the “Amendment”) provides a mechanism for determining an alternative rate of interest in the event that the London interbank offered rate is no longer available or in certain other circumstances. The Bank does not warrant or accept any responsibility for and shall not have any liability with respect to, the administration, submission or any other matter related to the London interbank offered rate or other rates in the definition of “LIBOR” (or any similar defined term) or with respect to any alternative or successor rate thereto, or replacement rate therefor. To the extent that any term or provision of this Exhibit is or may be inconsistent with any term or provision in the remainder of any Existing Document, the terms and provisions of this Exhibit shall control. Capitalized terms used in this Exhibit and not otherwise defined have the respective meanings given those terms in the Amendment to which this Exhibit is appended.

(a) **Announcements Related to LIBOR**. On March 5, 2021, the ICE Benchmark Administration, the administrator of LIBOR (the “IBA”) and the U.K. Financial Conduct Authority, the regulatory supervisor for the IBA, announced in a public statement the future cessation or loss of representativeness of overnight/Spot Next, 1-week, 1-month, 2-month, 3-month, 6-month and 12- month USD LIBOR tenor settings (collectively, the “Cessation Announcements”). The parties hereto acknowledge that, as a result of the Cessation Announcements, a Benchmark Transition Event occurred on March 5, 2021 with respect to USD LIBOR under clauses (1) and (2) of the definition of Benchmark Transition Event below; provided however, no related Benchmark Replacement Date occurred as of such date.

(b) **Benchmark Replacement**. Notwithstanding anything to the contrary herein or in any other Existing Document, if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any setting of the then-current Benchmark, then, (i) if a Benchmark Replacement is determined in accordance with clause (1) or (2) of the definition of “Benchmark Replacement” for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Existing Document in respect of such Benchmark setting and subsequent Benchmark settings without any amendment or further action or consent of any other party hereto or to any other Existing Document; and (ii) if a Benchmark Replacement is determined in accordance with clause (3) of the definition of “Benchmark Replacement” for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Existing Document in respect of any Benchmark setting at or after 5:00 p.m. (Eastern time) on the fifth (5th) Business Day after the date notice of such Benchmark Replacement is provided to the Borrower without any amendment hereto or to any other Existing Document, or further action or consent of the Borrower or any other party to any Existing Document.

(c) **Benchmark Replacement Conforming Changes**. In connection with the use, administration, adoption or implementation of a Benchmark Replacement, the Bank may make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Existing Document, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of the Borrower or any other party to any Existing Document.

(d) **Notices; Standards for Decisions and Determinations**. The Bank will promptly notify the Borrower of (i) the implementation of any Benchmark Replacement, (ii) the effectiveness of any

Benchmark Replacement Conforming Changes in connection with the use, administration, adoption or implementation of a Benchmark Replacement, (iii) the removal or reinstatement of any tenor of a Benchmark pursuant to paragraph (e) below and (iv) the commencement of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Bank pursuant to this Exhibit, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non- occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its sole discretion and without consent from the Borrower or any other party to any Existing Document.

(e) **Unavailability of Tenor of Benchmark.** Notwithstanding anything to the contrary herein or in any other Existing Document, at any time (including in connection with the implementation of a Benchmark Replacement), (i) if the then-current Benchmark is a term rate and either (A) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Bank in its reasonable discretion or (B) the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is or will be no longer representative, then the Bank may modify the definition of “Interest Period,” “Reference Period” or “Accrual Period” (or any similar terms that may appear in the Existing Documents) for any Benchmark settings at or after such time to remove such unavailable or non-representative tenor and (ii) if a tenor that was removed pursuant to clause (i) above either (A) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) or (B) is not, or is no longer, subject to an announcement that it is or will no longer be representative for a Benchmark (including a Benchmark Replacement), then the Bank may modify the definition of “Interest Period,” “Reference Period” or “Accrual Period” (or any similar terms that may appear in the Existing Documents) for all Benchmark settings at or after such time to reinstate such previously removed tenor.

(f) **Benchmark Unavailability Period.** Upon the Borrower’s receipt of notice of the commencement of a Benchmark Unavailability Period, the Borrower may revoke any request for a loan bearing interest based on USD LIBOR or advance of, conversion to or continuation of a loan bearing interest based on USD LIBOR to be made, converted or continued during any Benchmark Unavailability Period and, failing that, the Borrower will be deemed to have converted any such request into a request for a loan or advance of or conversion to a loan or advance at the Fallback Rate. During any Benchmark Unavailability Period or at any time that a tenor for the then-current Benchmark is not an Available Tenor, the component (if any) of the Fallback Rate based upon the then-current Benchmark or such tenor for such Benchmark, as applicable, will not be used in any determination of the Fallback Rate.

(g) **Certain Defined Terms.** As used in this Exhibit:

“**Available Tenor**” means, as of any date of determination and with respect to the then-current Benchmark, as applicable, (x) if the then-current Benchmark is a term rate or is based on a term rate, any tenor for such Benchmark that is or may be used for determining such Benchmark or the length of an “Interest Period,” “Reference Period” or “Accrual Period” (or any period described by similar terms that may appear in the Existing Documents) under the terms of the Existing Documents as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of “Interest Period,” “Reference Period” or “Accrual Period” (or any similar terms that may appear in the Existing Documents) pursuant to paragraph (e) of this Exhibit, or (y) if the then-current Benchmark is not a term rate nor based on a term rate, any payment period for interest calculated with reference to such Benchmark under the terms of the Existing Documents as of such date. For the

avoidance of doubt, the Available Tenor for the “Daily LIBOR Rate” (if such rate appears in the Existing Documents) is one month.

“Benchmark” means, initially, USD LIBOR; provided that if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to USD LIBOR or the then-current Benchmark, then “Benchmark” means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to paragraph (b) of this Exhibit.

“Benchmark Replacement” means, for any Available Tenor, the first alternative set forth in the order below that can be determined by the Bank on the applicable Benchmark Replacement Date; provided, however, if (i) the Borrower has outstanding an interest rate swap with the Bank on the Benchmark Replacement Date to hedge, in whole or part, the floating rate risk under any credit facility evidenced by the Existing Documents (each such swapped credit facility, a “Swapped Facility”), and (ii) such swap incorporates LIBOR fallback provisions with a Daily Simple SOFR rate as the primary alternative fallback rate for USD LIBOR, then for such Swapped Facility only, the Benchmark Replacement alternative set forth in clause (1) below shall not apply to such Swapped Facility and the alternative set forth below in clause (2) shall be the first alternative:

- (1) the sum of: (a) Term SOFR and (b) the related Benchmark Replacement Adjustment;
- (2) the sum of: (a) Daily Simple SOFR and (b) the related Benchmark Replacement Adjustment; and
- (3) the sum of: (a) the alternate benchmark rate that has been selected by the Bank as the replacement for the then-current Benchmark for the applicable Corresponding Tenor, giving due consideration to (i) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement for the then-current Benchmark for U.S. dollar-denominated syndicated or bilateral credit facilities at such time, and (b) the related Benchmark Replacement Adjustment;

provided that, in the case of clause (1), such Unadjusted Benchmark Replacement is displayed on a screen or other information service that publishes such rate from time to time as selected by the Bank in its reasonable discretion. If a Benchmark Replacement as determined above would be less than the Floor, such Benchmark Replacement will be deemed to be the Floor for the purposes hereof and of the other Existing Documents.

“Benchmark Replacement Adjustment” means, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement for any Available Tenor for any setting of such Unadjusted Benchmark Replacement, the first applicable alternative set forth in the order below that can be determined by the Bank:

(1) for purposes of clauses (1) and (2) of the definition of “Benchmark Replacement,” the applicable amount(s) set forth below:

Available Tenor	Benchmark Replacement Adjustment*
One-Month	0.11448% (11.448 basis points)
Three-Months	0.26161% (26.161 basis points)
Six-Months	0.42826% (42.826 basis points)
* These values represent the ARRC/ISDA recommended spread adjustment values available here: https://assets.bbhub.io/professional/sites/10/IBOR-Fallbacks-LIBOR-Cessation_Announcement_20210305.pdf .	

(2) for purposes of clause (3) of the definition of “Benchmark Replacement,” the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Bank for the applicable Corresponding Tenor, giving due consideration to (i) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body on the applicable Benchmark Replacement Date or (ii) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated syndicated or bilateral credit facilities;

provided that, if the then-current Benchmark is a term rate, more than one tenor of such Benchmark is available as of the applicable Benchmark Replacement Date and the applicable Unadjusted Benchmark Replacement will not be a term rate, the Available Tenor of such Benchmark for purposes of this definition of “Benchmark Replacement Adjustment” shall be deemed to be the Available Tenor that has approximately the same length (disregarding business day adjustments) as the payment period for interest calculated with reference to such Unadjusted Benchmark Replacement.

“Benchmark Replacement Conforming Changes” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “Base Rate,” the definition of “Business Day,” the definition of “Interest Period,” “Reference Period” or “Accrual Period” (or any similar terms that may appear in the Existing Documents), timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, length of lookback periods, the applicability of breakage provisions and other technical, administrative or operational matters) that the Bank decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Bank in a manner substantially consistent with market practice (or, if the Bank decides that adoption of any portion of such market practice is not administratively feasible or if the Bank determines that no market practice for the administration of such Benchmark Replacement exists, in such other manner of administration as the Bank decides is reasonably necessary in connection with the administration of the Existing Documents).

“Benchmark Replacement Date” means the earliest to occur of the following events with respect to the then-current Benchmark:

- (1) in the case of clause (1) or (2) of the definition of “Benchmark Transition Event,” the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Available Tenors of such Benchmark (or such component thereof); or
- (2) in the case of clause (3) of the definition of “Benchmark Transition Event,” the date determined by the Bank, which date shall promptly follow the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, (i) if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination and (ii) the “Benchmark Replacement Date” will be deemed to have occurred in the case of clause (1) or (2) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

“Benchmark Transition Event” means the occurrence of one or more of the following events with respect to the then-current Benchmark:

- (1) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);
- (2) a public statement or publication of information by a Governmental Authority having jurisdiction over the Bank, the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the Board of Governors of the Federal Reserve System, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); or
- (3) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof) or a Governmental Authority having jurisdiction over the Bank announcing that

all Available Tenors of such Benchmark (or such component thereof) are no longer representative.

For the avoidance of doubt, a “Benchmark Transition Event” will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

“Benchmark Unavailability Period” means the period (if any) (x) beginning at the time that a Benchmark Replacement Date pursuant to clauses (1) or (2) of that definition has occurred if, at such time, no Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Existing Document in accordance with this Exhibit, and (y) ending at the time that a Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Existing Document in accordance with this Exhibit.

“Corresponding Tenor” with respect to any Available Tenor means, as applicable, either a tenor (including overnight) or an interest payment period having approximately the same length (disregarding business day adjustment) as such Available Tenor.

“Daily Simple SOFR” means, for any day, SOFR, with the conventions for this rate (which may include a lookback) being established by the Bank in accordance with the conventions for this rate selected or recommended by the Relevant Governmental Body for determining “Daily Simple SOFR” for business loans; provided, that if the Bank decides that any such convention is not administratively feasible for the Bank, then the Bank may establish another convention in its reasonable discretion.

“Fallback Rate” means the alternative rate of interest that would have been applicable under the terms of the Existing Documents (absent this Exhibit) if the Bank had given notice that USD LIBOR had become unavailable (or had otherwise exercised its rights under the Existing Documents relating to LIBOR unavailability) or, if no such alternative rate can be determined, the “Base Rate” or any similar rate referenced in the Existing Documents or, in the absence thereof, an alternative value or rate (which may include a spread adjustment) determined by the Bank in its discretion.

“Floor” means the minimum rate of interest, if any, provided under the terms of the Existing Documents with respect to USD LIBOR or, if no minimum rate of interest is specified, zero.

“Governmental Authority” means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

“Reference Time” with respect to any setting of the then-current Benchmark means (1) if such Benchmark is USD LIBOR (other than the “Daily LIBOR Rate”), 11:00 a.m. (London time) on the day that is two London banking days preceding the date of such setting, and (2) if such Benchmark is not USD LIBOR or is the “Daily LIBOR Rate,” the time determined by the Bank in its reasonable discretion.

“Relevant Governmental Body” means the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or any successor thereto.

“SOFR” means, with respect to any Business Day, a rate per annum equal to the secured overnight financing rate for such Business Day published by the SOFR Administrator on the SOFR Administrator’s Website on the immediately succeeding Business Day.

“SOFR Administrator” means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

“SOFR Administrator’s Website” means the website of the Federal Reserve Bank of New York, currently at <http://www.newyorkfed.org>, or any successor source for the secured overnight financing rate identified as such by the SOFR Administrator from time to time.

“Term SOFR” means, for the applicable Corresponding Tenor as of the applicable Reference Time, the forward-looking term rate based on SOFR that has been selected or recommended by the Relevant Governmental Body.

“Unadjusted Benchmark Replacement” means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

“USD LIBOR” means, for purposes of this Exhibit only, any interest rate that is based on the London interbank offered rate for U.S. dollars.

NINTH AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT

THIS NINTH AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT (together with Annex A, this "Amendment") is dated as of May 23, 2023 (the "Effective Date") and is made by and among TWFG HOLDING COMPANY, LLC, a Texas limited liability company (the "Borrower"), TWFG GENERAL AGENCY, LLC, a Texas limited liability company ("General Agency"), TWFG INSURANCE SERVICES, LLC, a Texas limited liability company ("TWFG Insurance") and together with General Agency, collectively, the "Guarantors"), and PNC BANK, NATIONAL ASSOCIATION (the "Bank") under the Credit Agreement, as hereinafter defined (all such parties, the "Parties").

RECITALS

WHEREAS, the Parties are parties to that certain Second Amended and Restated Credit Agreement, dated as of June 5, 2017 (as amended, supplemented, modified or restated prior to the date hereof, the "Credit Agreement"), among Borrower and the Bank; and

WHEREAS, in connection with a new credit facility with Bank, Borrower and Bank have agreed to modify and amend the Credit Agreement in order to, among other things, amend certain financial covenants, subject to the terms and conditions set forth in this Amendment.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and intending to be legally bound hereby, the Parties covenant and agree as follows:

1. Amendments to Credit Agreement. The Credit Agreement (excluding exhibits and schedules thereto unless otherwise expressly stated in this Section 1) is hereby amended to read as reflected on Annex A, attached hereto. In the event of a conflict between the terms of this Amendment and the terms of the Credit Agreement or any other Loan Document, the terms of this Amendment shall govern and control.

2. Certain Definitions. Capitalized terms used in this Amendment (including on Annex A attached hereto) but not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement.

3. Representations and Warranties. The Borrower hereby represents and warrants that: (a) no Default (or similar defined term) or Potential Default exists or will exist immediately after giving effect to the transactions contemplated hereby, (b) all representations and warranties of Borrower contained in the Credit Agreement, in this Amendment and in the other Loan Documents are true and correct in all material respects (without duplication of any materiality qualifiers), (c) the execution, delivery and performance of this Amendment and any other document related hereto by the Borrower have been duly authorized by all necessary corporate or other organizational action, and (d) this Amendment and any other document related hereto have been duly executed and delivered by the Borrower.

4. Limitation; Effect of Amendment; No Novation. No provision of the Credit Agreement or any other Loan Document is amended or waived in any way other than as provided herein. Except as expressly set forth herein, all of the terms of the Credit Agreement and the other Loan Documents shall be and remain in full force and effect and are hereby ratified and confirmed, and constitute the legal, valid, binding, and enforceable obligations of the parties thereto. As of the Effective Date, each reference in the Credit Agreement to "this Agreement," "hereunder," "hereof," "herein," or words of like import, and each

reference in the other Loan Documents to the Credit Agreement (including, without limitation, by means of words like “thereunder,” “thereof,” “therein” and words of like import), shall mean and be a reference to the Credit Agreement as amended by this Amendment. The Borrower and each Guarantor hereby confirms that the Credit Agreement and each other Loan Document have at all times, since the date of the execution and delivery of such documents, remained in full force and effect and the obligations thereunder are continued as amended by this Amendment. The Borrower and each Guarantor acknowledges and agrees that the amendment of the Credit Agreement and each other Loan Document by this Amendment is not intended to constitute, nor does it constitute, a novation, interruption, suspension of continuity, satisfaction, discharge or termination of the obligations, loans, liabilities, or indebtedness under the Credit Agreement and each other Loan Document, and this Amendment, the Credit Agreement and each other Loan Document are entitled to all rights and benefits originally pertaining to the Credit Agreement and each other Loan Document.

5. Reaffirmation of Guarantees and Security Interests. The Borrower and each Guarantor hereby acknowledges its receipt of a copy of this Amendment and its review of the terms and conditions hereof and consents to the terms and conditions of this Amendment and the transactions contemplated thereby. The Borrower and each Guarantor hereby (a) affirms and confirms, as applicable, its guarantees, pledges, grants and other undertakings under the Credit Agreement and each other Loan Document, each as amended by this Amendment, to which it is a party and (b) agrees that (i) the Credit Agreement and each other Loan Document, each as amended by this Amendment, to which it is a party continue to be in full force and effect and (ii) all guarantees, pledges, grants and other undertakings thereunder continue to be in full force and effect (with the same priority, as applicable) and accrue to the benefit of the applicable secured party or parties thereunder.

6. Further Assurances. The Borrower and each Guarantor agrees to execute such other documents, instruments and agreements and take such further actions reasonably requested by the Bank to effectuate the provisions of this Amendment.

7. Counterparts; Effectiveness.

(a) This Amendment may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. The Effective Date of this Amendment shall be completed by the Bank as of the date when this Amendment shall have been executed by the Parties.

(b) The words “execution,” “signed,” “signature,” and words of like import in this Amendment shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state Laws based on the Uniform Electronic Transactions Act. The Parties agree that this Amendment may, at the Bank’s option, be in the form of an electronic record and may be signed or executed using electronic signatures. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance by the Bank of a manually signed paper signature page which has been converted into electronic form (such as scanned into PDF format) for transmission, delivery and/or retention.

8. Section Headings. Section headings used in this Amendment are for convenience of reference only and shall not govern the interpretation of any of the provisions of this Amendment.

9. Severability. The provisions of this Amendment are intended to be severable. If any provision of this Amendment shall be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability thereof in any other jurisdiction or the remaining provisions hereof in any jurisdiction.

10. Fees and Costs. The Borrower will pay on demand all out-of-pocket fees, costs, and expenses of the Bank, including but not limited to the fees and expenses of outside counsel, in connection with the preparation, execution, and delivery of this Amendment.

11. Governing Law, Etc. The terms of the Credit Agreement relating to governing law, submission to jurisdiction, waiver of venue and waiver of jury trial are incorporated herein by reference, *mutatis mutandis*, and the Parties agree to such terms.

12. Ratification of Terms. The Borrower expressly ratifies and confirms the confession of judgment (if applicable) and dispute resolution, waiver of jury trial or arbitration provisions, as applicable, contained in the Loan Documents, all of which are incorporated herein by reference.

13. Construction. Reference to this Amendment means this Amendment, together with Annex A attached hereto. Annex A is hereby incorporated into, and deemed to be part of, this Amendment.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Parties, by their officers thereunto duly authorized, have executed this Amendment as of the day and year first above written.

BORROWER:

TWFG HOLDING COMPANY, LLC,
a Texas limited liability company

By: /s/ Richard F. Bunch III

Richard F. Bunch III
President

GUARANTORS:

TWFG GENERAL AGENCY, LLC,
a Texas limited liability company

By: /s/ Richard F. Bunch III

Richard F. Bunch III
President

TWFG INSURANCE SERVICES, LLC,
a Texas limited liability company

By: /s/ Richard F. Bunch III

Richard F. Bunch III
President

BANK:

PNC BANK, NATIONAL ASSOCIATION

By: /s/ Cindy Young

Cindy Young

Senior Vice President

Signature Page to Ninth Amendment to Second Amended and Restated Credit Agreement

Annex A

[See attached]

Annex A

SECOND AMENDED AND RESTATED CREDIT AGREEMENT

between

TWFG HOLDING COMPANY, LLC
as Borrower

and

PNC BANK, NATIONAL ASSOCIATION
as Lender

dated effective as of June 5, 2017

TABLE OF CONTENTS

		Page
SECTION 1.	DEFINITIONS AND TERMS	1
1.1	Definitions	1
1.2	Interpretive Provisions	10
1.3	Accounting Terms	10
1.4	References to Documents	11
1.5	Time	11
SECTION 2.	LOANS	11
2.1	Term Loans	11
2.2	[Reserved]	11
2.3	[Reserved]	11
2.4	Voluntary Prepayment	11
2.5	[Reserved]	12
SECTION 3.	TERMS OF PAYMENT	12
3.1	Notes and General Payment Terms	12
3.2	Payments	12
3.3	Order of Application	13
3.4	Interest	14
3.5	Default Rate	14
3.6	Interest Calculations	14
3.7	Maximum Rate	14
3.8	Set off	15
3.9	Debit Account	15
SECTION 4.	LIBOR, BENCHMARK REPLACEMENT AND RELATED MATTERS	15
4.1	Benchmark Replacement	15
SECTION 5.	CONDITIONS PRECEDENT	15
5.1	[Reserved]	15
5.2	No Waiver	15
SECTION 6.	SECURITY AND GUARANTIES	15
6.1	Collateral	15
6.2	Financing Statements	16
6.3	Guaranties	16
6.4	Collateral Release and Termination of Guaranty	16
SECTION 7.	REPRESENTATIONS AND WARRANTIES	16
7.1	Existence, Good Standing, and Authority to do Business	16
7.2	Subsidiaries	16
7.3	Authorization, Compliance, and No Default	16
7.4	Enforceability	17

7.5	Litigation	17
7.6	Taxes	17
7.7	Environmental Matters	17
7.8	Ownership of Assets; Intellectual Property	17
7.9	Liens	17
7.10	Debt	17
7.11	Insurance	17
7.12	Place of Business; Real Property	17
7.13	Purpose of Credit Facilities	18
7.14	Trade Names	18
7.15	Transactions with Affiliates	18
7.16	Financial Information	18
7.17	Material Agreements	18
7.18	ERISA	18
7.19	Disclosure	19
7.20	Sanctions; Anti-Corruption	19
SECTION 8.	AFFIRMATIVE COVENANTS	19
8.1	Items to be Furnished	19
8.2	Books, Records and Inspections	20
8.3	Taxes	20
8.4	Compliance with Laws; Sanctions; Anticorruption	20
8.5	Maintenance of Existence, Assets, and Business	20
8.6	Insurance	20
8.7	Environmental Laws	21
8.8	ERISA	21
8.9	Use of Proceeds	21
8.10	Application of Insurance Proceeds	21
8.11	New Subsidiaries	21
8.12	Expenses	22
8.13	Further Assurances	22
SECTION 9.	NEGATIVE COVENANTS	22
9.1	Debt	22
9.2	Liens	22
9.3	Compliance	22
9.4	Dividends	22
9.5	Assignment	22
9.6	Fiscal Year and Accounting Methods	22
9.7	Sale of Assets	23
9.8	New Businesses	23
9.9	Transactions with Affiliates	23
9.10	[Reserved]	23
9.11	Acquisition, Mergers, and Dissolutions	23
9.12	Loans and Investments	23
9.13	Swap Agreements	23
SECTION 10.	FINANCIAL COVENANTS	23

SECTION 11.	DEFAULT	23
11.1	Payment of Obligation	23
11.2	Covenants	23
11.3	Debtor Relief	24
11.4	Judgments	24
11.5	False Information; Misrepresentation	24
11.6	Default Under Other Agreements	24
11.7	Validity and Enforceability of Loan Documents	24
11.8	Change of Management or Control	24
11.9	Material Adverse Event	24
11.10	Syndicated Credit Agreement	24
SECTION 12.	RIGHTS AND REMEDIES	25
12.1	Remedies Upon Default	25
12.2	Waivers	25
12.3	No Waiver	25
12.4	Performance by Lender	25
12.5	Cumulative Rights	25
SECTION 13.	MISCELLANEOUS	25
13.1	Governing Law	25
13.2	Invalid Provisions	25
13.3	Multiple Counterparts and Facsimile Signatures	26
13.4	Notice	26
13.5	Binding Effect; Survival	26
13.6	Amendments	26
13.7	Participants	26
13.8	Discharge Only Upon Payment in Full; Reinstatement in Certain Circumstances	26
13.9	Governing Law, Forum, and Venue	27
13.10	Waiver of Jury Trial	27
13.11	Indemnity	27
13.12	PATRIOT Act; KYC Information	28
13.13	Treatment of Certain Information, Confidentiality	28
13.14	Keepwell	29
13.15	Entirety	30

SCHEDULES AND EXHIBITS

SCHEDULE 1	Parties, Addresses, and Wiring Information
SCHEDULE 2	Existing Debt and Liens
SCHEDULE 3.2(b)	Term Loan B Amortization Schedule
SCHEDULE 3.2(c)	Term Loan C Amortization Schedule
SCHEDULE 5	Conditions Precedent
SCHEDULE 7.2	Subsidiaries
SCHEDULE 7.5	Litigation
SCHEDULE 7.12	Place of Business
SCHEDULE 7.14	Trade Names
SCHEDULE 7.15	[Reserved]
SCHEDULE 7.17	Material Agreements
EXHIBIT A-1	[Reserved]
EXHIBIT A-2	[Reserved]
EXHIBIT A-3	Term Note B
EXHIBIT A-4	Term Note C
EXHIBIT B-1	[Reserved]
EXHIBIT B-2	Guaranty
EXHIBIT C	Loan Request
EXHIBIT D	Compliance Certificate
EXHIBIT E	Security Agreement
EXHIBIT F	Benchmark Replacement

SECOND AMENDED AND RESTATED CREDIT AGREEMENT

THIS SECOND AMENDED AND RESTATED CREDIT AGREEMENT is entered into on June 30, 2017, and is dated effective for all purposes as of June 5, 2017, among TWFG HOLDING COMPANY, LLC, a Texas limited liability company (the "**Borrower**" and the "**Parent**"), and successor by conversion to RFB Interests, Inc., a Texas corporation, and PNC BANK, NATIONAL ASSOCIATION (the "**Lender**" or "**Bank**").

RECITALS

A. Borrower and Lender previously entered into that certain Amended and Restated Credit Agreement dated as of June 5, 2014 (the "**Existing Credit Agreement**"), which is amended and restated by this Agreement, as further amended, restated or supplemented from time to time.

B. Lender has made certain loans to Borrower under the terms of this Agreement which remain outstanding hereunder.

Accordingly, Borrower and Lender both agree as follows:

SECTION 1. **DEFINITIONS AND TERMS.**

1.1 **Definitions.** As used in the Loan Documents:

Affiliate means as to any Person, any other Person that directly or indirectly controls, or is controlled by, or is under common control with, that Person. For purposes of this definition (a) "***control***," "***controlled by***," and "***under common control with***" mean possession, directly or indirectly, of power to direct (or cause the direction of) management or policies of a Person, whether through ownership of Voting Interests or other ownership interests, by contract, or otherwise, and (b) the term "***Affiliate***" includes each officer and shareholder of Borrower, and each of the following as "***Affiliates***" of the others (i) each Guarantor, (ii) Borrower, (iii) any corporation, partnership or limited liability company whose primary shareholders, partners or members are the spouse, children or other family member of Richard F. Bunch, III and (iv) any trust whose primary beneficiaries are the spouse, children or other family member of Richard F. Bunch, III.

Agreement means this Second Amended and Restated Credit Agreement, and all exhibits and schedules to this Agreement, in each case as amended, supplemented or restated from time to time.

Applicable Margin means (a) with respect to the Term Loan B, 2.00%, and (b) with respect to the Term Loan C, 2.35%.

Benchmark has the meaning given such term on ***Exhibit F*** attached hereto.

Benchmark Replacement Conforming Changes is defined on ***Exhibit F*** attached hereto.

Beneficial Ownership Regulation means 31 C.F.R. § 1010.230.

Beneficial Ownership Certificate means a certification in Proper Form regarding beneficial ownership as required by the Beneficial Ownership Regulation.

Business Day means a day other than a Saturday, Sunday or a day on which Lender is closed for business; *provided* that, for the purposes of determining the LIBOR Rate, the term “Business Day” shall also exclude any day on which commercial banks are not open for dealings in U.S. dollar deposits in the London interbank market.

CA PFC means TWFG CA Premium Finance Company, a California corporation.

Cash Management Agreement means agreements or other arrangements under which Cash Management Products and Services are provided.

Cash Management Liabilities means the indebtedness, obligations and liabilities of any Company to any Cash Management Provider which provides any Cash Management Products and Services to such Company (including all obligations and liabilities owing in respect of any returned items deposited with such Cash Management Provider).

Cash Management Products and Services means the following products or services, (a) credit cards, (b) credit card processing services, (c) debit cards and stored value cards, (d) commercial cards, (e) ACH transactions, and (f) cash management and treasury management services and products, including controlled disbursement accounts or services, lockboxes, automated clearinghouse transactions, return items, overdrafts, and interstate depository network services.

Cash Management Provider means Lender, or any Affiliate of Lender, which provides Cash Management Products and Services to a Company under any Cash Management Agreement with a Company.

Change of Control has the meaning given such term in the Syndicated Credit Agreement.

Change of Management means Richard F. Bunch, III, ceases to be actively involved in the day-to-day management or operation of Borrower or any of its Subsidiaries.

Closing Date means June 5, 2017.

Collateral is defined in **Section 6.1**.

Commitment means Lender’s obligation and commitment to (a) [Reserved], (b) [Reserved], (c) the Term Loan B in a single advance in the Term Loan B Committed Amount, and (d) the Term Loan C in a single advance in the Term Loan C Committed Amount.

Commodity Exchange Act means the Commodity Exchange Act (7 U.S.C. § 1 *et seq.*).

Company or **Companies** means, at any time, Borrower and its Subsidiaries, other than Excluded Subsidiaries.

Compliance Certificate means a certificate substantially in the form of Exhibit D signed by a Responsible Officer whose primary duties involve financial and accounting matters for the Borrower.

Current Financials means, when determined, the consolidated financial statements of Borrower and its Subsidiaries most recently delivered to Lender under Section 8.12 of the Syndicated Credit Agreement.

Debt means “Indebtedness” as such term is defined in the Syndicated Credit Agreement.

Debtor Relief Laws means *Title 11 of the United States Code* and all other applicable liquidation, conservatorship, bankruptcy, fraudulent transfer, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, suspension of payments, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

Default is defined in *Section 11*.

Default Rate means, from day to day, an annual rate of interest equal to the applicable rate of interest for the Term Loan B and the Term Loan C, as the case may be, *plus 2.0%*, but in no event to exceed the Maximum Rate.

Dollar, Dollars or **\$** mean lawful money of the U.S.

Domestic Subsidiary means any Subsidiary of the Borrower that is organized under the Laws of the United States, a State thereof or the District of Columbia.

Employee Plan means a pension, profit-sharing, or stock bonus plan intended to qualify under Section 401(a) of the Tax Code, maintained or contributed to by any Company or any ERISA Affiliate, including any multiemployer plan within the meaning of Section 4001(a)(3) of ERISA.

Environmental Law means any Law that relates to the pollution or protection of the environment, the release of any materials into the environment, including those related to Hazardous Substances, air emissions and discharges to waste or public systems, or to health and safety.

ERISA means the *Employee Retirement Income Security Act of 1974*, as amended, and its related rules, regulations, and published interpretations.

ERISA Affiliate means any trade or business (whether or not incorporated) under common control with any Company within the meaning of Section 414(b) or (c) of the Tax Code (including any multiemployer plan within the meaning of Section 4001(a)(3) of ERISA).

Excluded Subsidiary means (a) PSN, CA PFC, and PFC, (b) any Domestic Subsidiary that is a direct or indirect Subsidiary of a Foreign Subsidiary, (c) any Foreign Subsidiary and (d) in the case of any obligation under any Excluded Swap Obligation, any Subsidiary of the Borrower that is a non-qualifying party with respect thereto; provided that Subsidiaries described in (b) through (c) shall only be Excluded Subsidiaries to the extent that, and for so long as any guaranty by such Subsidiary would have adverse tax consequences for the Borrower or any other Company or result in a violation of applicable Laws.

Excluded Swap Obligation means, with respect to Borrower and each Guarantor, any Swap Obligation if, and to the extent that, all or a portion of such Borrower or Guarantor’s guaranty of, or grant of a security interest to secure, such Swap Obligation (or any guaranty thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Borrower or Guarantor’s failure for any reason to constitute an “eligible contract participant” as defined in the Commodity Exchange Act (determined after giving effect to **Section 13.14** and any other “keepwell, support or other agreement” for the benefit of such Borrower or Guarantor and any and all guarantees of such Borrower or Guarantor’s Swap Obligations by other Companies) at the time such Borrower or

Guarantor's guaranty of, or grant of a security interest to secure, such Swap Obligation (or any guaranty thereof), becomes effective with respect to such Swap Obligation. If a Swap Obligation arises under a master agreement governing more than one transaction, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to transactions for which such guaranty or security interest is or becomes illegal for the reasons identified in the first sentence of this definition.

FCPA means the Foreign Corrupt Practices Act of 1977, as amended from time to time, and the rules and regulations promulgated thereunder.

Fifth Amendment Effective Date means December 4, 2020.

Foreign Subsidiary means any Subsidiary of the Borrower that is organized under the Laws of a jurisdiction other than the United States, a State thereof or the District of Columbia.

GAAP means generally accepted accounting principles in the U.S. set out in the opinions and pronouncements of the of the Accounting Principles Board of the American Institute of Certified Public Accountants and the Financial Accounting Standards Board as in effect from time to time.

General Agency means TWFG General Agency, LLC, a Texas limited liability company, and successor by conversion to TWFG General Agency, Inc., and a wholly-owned Subsidiary of Borrower.

Governmental Authority has the definition given such term on **Exhibit F** attached hereto.

Guarantor means General Agency, TWFG Insurance, and any other Person executing a Guaranty.

Guaranty means with respect to all Guarantors, a guaranty substantially in the form of **Exhibit B-2**.

Hazardous Substance means (a) any explosive or radioactive substance or waste, all hazardous or toxic substances, waste, or other pollutants, and any other substance the presence of which requires removal, remediation or investigation under any applicable Environmental Law, (b) any substance that is defined or classified as a hazardous waste, hazardous material, pollutant, contaminant, or toxic or hazardous substance under any applicable Environmental Law, or (c) petroleum, petroleum distillates, petroleum products, oil, polychlorinated biphenyls, radon gas, infectious medical wastes, and asbestos or asbestos-containing materials.

Insurance Proceeds means all cash and non-cash proceeds in respect of any insurance policy maintained by any Company under the terms of this Agreement excluding (a) any key man life insurance, and (b) provided no Potential Default or Default then exists or would result therefrom, any business interruption insurance proceeds.

Laws means, collectively, all international, foreign, Federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority (whether or not such orders, requests, licenses, authorizations, permits or agreements have the force of law).

Lender Swap Obligations means any and all Swap Obligations of the Companies and any of their respective Subsidiaries under any and all Swap Agreements with Lender or an Affiliate of Lender, including those Swap Agreements entered into by any of the Companies with Lender or an Affiliate of Lender prior to the Ninth Amendment Effective Date and for the purpose of hedging Borrower's interest rate exposure under the Notes, and excluding any Swap Agreements entered into in respect of the Syndicated Credit Agreement or entered into for the purpose of hedging Borrower's interest rate exposure under the Syndicated Credit Agreement.

Lender's Office means Lender's address, and, as appropriate, account as set out on *Schedule 1*, or such other address or account as Lender may from time to time notify Borrower.

Lien means any lien (statutory or other), mortgage, security interest, financing statement, collateral assignment, pledge, assignment, charge, hypothecation, deposit arrangement, or preference, priority or other security interest or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement, and any financing lease having substantially the same economic effect as any of the foregoing), or encumbrance of any kind, and any other right of or arrangement with any creditor (whether based on common law, constitutional provision, statute or contract) to have its claim satisfied out of any property or assets, or their proceeds, before the claims of the general creditors of the owner of the property or assets.

LIBOR or LIBOR Rate means, as of any date of determination, the London Interbank Offered Rate, as determined by ICE Benchmark Administration Limited (or any successor or substitute therefor acceptable to Lender) for U.S. dollar deposits for a one-month period (the "**Reference Period**"), as obtained by Lender from Reuters, Bloomberg or another commercially available source as may be designated by Lender from time to time (the "**Screen Rate**"), as of the date that is two (2) Business Days before each Payment Date; provided that such rate (or any then-current Benchmark) may be adjusted from time to time in Lender's sole discretion for then-applicable reserve requirements, deposit insurance assessment rates and other regulatory costs; and provided, further, that "LIBOR" shall not in any event include any rate that may be published at any time on a non-representative or "synthetic" basis pursuant to the exercise of any regulatory power of the U.K. Financial Conduct Authority ("**FCA**"). Notwithstanding the foregoing, LIBOR shall not in any event be less than 0.00%. The Screen Rate shall be re-set effective as of each Payment Date but shall initially be determined as if the Closing Date were a Payment Date.

Litigation means any action by or before any Governmental Authority, arbitrator, or arbitration panel.

Loan means any amount disbursed by Lender (a) to, or on behalf of, any Company under the Loan Documents, whether such amount constitutes an original disbursement of funds, or (b) in accordance with, and to satisfy the obligations of any Company under, any Loan Document.

Loan Date means the date on which funds are made available to Borrower in respect of a Loan.

Loan Documents means (a) this Agreement, certificates and requests delivered under this Agreement, and exhibits and schedules to this Agreement, (b) [Reserved], (c) the Term Note B, (d) the Term Note C, (e) [Reserved], (f) all Guaranties, (g) the Security Documents, (h) all other agreements, documents, and instruments in favor of Lender ever delivered in connection with or under this Agreement (excluding Swap Agreements), and (i) all renewals, extensions, amendments, modifications, supplements, restatements, and replacements of, or substitutions for, any of the foregoing.

Loan Request means a request substantially in the form of **Exhibit C**.

Material Adverse Event means any circumstance or event that, individually or collectively with other circumstances or events, could reasonably be expected to result in (a) impairment of the ability of any Company or Guarantor to perform any of its payment or other material obligations under any Loan Document, (b) impairment of the ability of Lender to enforce any Company or Guarantor's material obligations, or Lender's rights, under any Loan Document or in respect of the Obligation, (c) a material adverse effect upon the legality, validity, binding effect or enforceability against any Company or Guarantor of any Loan Document to which it is a party, and (d) a material and adverse change in, or a material adverse effect upon, the operations, business, properties, liabilities (actual or contingent), condition (financial or otherwise), or prospects of Borrower and its Subsidiaries as represented in the financial statements delivered to Lender on or about the Closing Date in respect of Borrower and its Subsidiaries.

Material Agreement means, for any Person, any agreement to which that Person is a party by which that Person is bound, or to which any assets of that Person may be subject, and that is not cancelable by that Person upon 30 or fewer days' notice without liability for further payment *other than* nominal penalty, and that requires that Person to pay more than \$100,000 in the aggregate during the term of such agreement.

Maximum Amount and **Maximum Rate** respectively mean the maximum non-usurious amount and the maximum non-usurious rate of interest that, under applicable Law, Lender is permitted to contract for, charge, take, reserve or receive on the Obligation.

Moody's means Moody's Investors Service, Inc. and any successor thereto.

Newco means The Woodlands Insurance Company, a Texas insurance corporation.

Ninth Amendment Effective Date means May 23, 2023.

Notes means all of, and Note means any of, the Term Note B and the Term Note C.

Obligation means all present and future Debt, liabilities and obligations (including the Loans and all Lender Swap Obligations (other than Excluded Swap Obligations)), whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, and all renewals, increases and extensions thereof, or any part thereof, now or in the future owed to Lender by any Company, whether under any Loan Document or under any other financing, promissory note, or other extension of credit by Lender to any Company, whether now or hereafter entered into between Lender and any other Company (and as may be renewed, extended, increased or modified from time to time), *together with* all interest accruing thereon, reasonable fees, costs and expenses payable under the Loan Documents or otherwise, or in connection with the enforcement of rights under the Loan Documents or otherwise, including (a) fees and expenses under **Section 8.12**, and (b) interest and fees that accrue after the commencement by or against any Company or any Affiliate thereof of any proceeding under any Debtor Relief Law naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding; provided that, all debt, obligations and liabilities incurred by Borrower or any other Company under the Syndicated Credit Agreement and the loan documents related thereto, shall be excluded from the "Obligation" as defined in this Agreement.

OFAC means the U.S. Department of the Treasury's Office of Foreign Assets Control.

Pari Passu Intercreditor Agreement means that certain Pari Passu Intercreditor Agreement dated May 23, 2023, among Lender, PNC Bank, National Association, as administrative agent under the Syndicated Credit Agreement, Borrower and the other Companies party thereto (as amended, restated or supplemented from time to time).

PATRIOT Act means the USA PATRIOT Act, Title III of Pub. L. 107-56, signed into law October 26, 2001.

Payment Date means the 5th day of each month; *provided*, that if in any month such date is not a Business Day, the Payment Date for such month shall be the next succeeding Business Day.

Permitted Debt means any “Indebtedness” as defined in the Syndicated Credit Agreement and which is permitted to be incurred by any Company under the terms of the Syndicated Credit Agreement.

Permitted Liens means any “Permitted Liens” as defined in the Syndicated Credit Agreement and which are permitted to exist under the terms of the Syndicated Credit Agreement.

Person means any individual, partnership, limited partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, syndicate, Governmental Authority or other entity or organization of whatever nature.

PBGC means Pension Benefit Guaranty Corporation, or any successor thereof, established under ERISA.

PFC means TWFG Premium Finance, LLC, a Texas limited liability company, and successor by conversion to TWFG Premium Finance Company, a Texas corporation, and a wholly owned Subsidiary of Borrower.

Potential Default means the occurrence of any event or the existence of any circumstance that would, with the giving of notice or lapse of time or both, become a Default.

Prepayment Date means the date on which Lender received the prepayment.

Proper Form means in form and substance satisfactory to Lender and its legal counsel.

PSN means PSN Business Processing Inc., a Philippines corporation.

Qualified ECP means, in respect of any Swap Obligations, each Borrower or Guarantor that has total assets exceeding \$10,000,000.00 at the time the relevant guaranty or grant of the relevant security interest becomes effective with respect to such Swap Obligation or that otherwise constitutes an “eligible contract participant” under the Commodity Exchange Act or any regulations promulgated thereunder and can cause another Person to qualify as an “eligible contract participant” at such time by entering into a keepwell under Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

Reference Period is defined in the definition of “LIBOR Rate”.

Representatives means representatives, officers, directors, employees, consultants, contractors, attorneys and Lender.

Responsible Officer means the president, chief executive officer, chief financial officer, treasurer, controller, chief accounting officer, or chief operating officer of the Borrower.

S&P means Standard & Poor's Ratings Group (a division of The McGraw-Hill Companies, Inc.).

Sanctions is defined in *Section 7.20*.

Screen Rate is defined in the definition of "LIBOR Rate".

Security Agreement means each Security Agreement in substantially the form of *Exhibit E*, and executed by any Company, as debtor, and by Lender, as secured party, granting Lender a Lien on, and security interest in, among other things, such Company's accounts receivable, inventory, equipment, goods, general intangibles, intellectual property, chattel paper, instruments, life insurance policies and documents.

Security Documents means all Security Agreements and all documents executed in connection therewith to create or perfect a Lien on the Collateral (including any assignment of life insurance policy as collateral).

Subsidiary of a Person means a corporation, partnership, joint venture, limited liability company, or other business entity of which a majority of the Voting Interests are at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person.

Swap Agreement means any master agreement or other agreement, including confirmations, governing or evidencing (a) any derivative transaction (including any swap, cap, floor, collar, forward or option), with respect to one or more interest rates or other rates or financial indices, currencies, equity interests or returns, credit or other obligations, commodities, volatility or other phenomena, or otherwise, (b) any spot, forward or other foreign exchange transaction, (c) any option or other derivative transaction with respect to, and any combination of, one or more transactions referenced in this definition, and (d) any transaction similar to any such transactions, in each case whether or not entered into under or subject to any master agreement.

Swap Obligations means all obligations and other liabilities under any Swap Agreement, whether absolute or contingent and without regard to when or how they are created, arise, are evidenced or are acquired.

Swap Termination Value means, as to one or more Swap Agreements and after taking into account the effect of any legally enforceable netting agreement relating to such Swap Agreements, the close out or termination value(s) determined pursuant to the terms of the Swap Agreements.

Syndicated Credit Agreement means that certain Credit Agreement dated as of May 23, 2023, by and among TWFG Holding Company, LLC, as borrower, the guarantors from time to time party thereto, the lenders from time to time party thereto and PNC Bank, National Association, as administrative agent, providing for an initial \$50,000,000 revolving credit facility, which may be increased pursuant to an accordion as provided therein (as amended, restated or supplemented from time to time).

Tax Code means the *Internal Revenue Code of 1986*, as amended, and related rules, regulations and published interpretations.

Taxes means, for any Person, taxes, assessments or other governmental charges or levies imposed upon that Person, its income, or any of its properties, franchises or assets.

Term B Principal Amount means, when determined, the outstanding principal balance of the Term Note B.

Term C Principal Amount means, when determined, the outstanding principal balance of the Term Note C.

Term Loan B is defined in **Section 2.1(b)**.

Term Loan B Committed Amount means \$4,000,000.00.

Term Loan B Maturity Date means July 30, 2024.

Term Loan C Committed Amount means \$13,000,000.00.

Term Loan C is defined in **Section 2.1(c)**.

Term Loan C Maturity Date means December 6, 2027.

Term Note B means a promissory note substantially in the form of **Exhibit A-3**, executed by Borrower and made payable to Lender in the original principal amount of the Term Loan B Committed Amount, together with all renewals, extensions, modifications, amendments, supplements, restatements and replacements of, or substitutions for, each such promissory note.

Term Note C means a promissory note substantially in the form of **Exhibit A-4**, executed by Borrower and made payable to Lender in the original principal amount of the Term Loan C Committed Amount, together with all renewals, extensions, modifications, amendments, supplements, restatements and replacements of, or substitutions for, each such promissory note.

Third Amendment Effective Date means July 30, 2019.

Total Commitment means the *sum* of (a) the Term Loan B Committed Amount, *plus* (b) the Term Loan C Committed Amount.

Total Credit Exposure means, when determined, the *sum* of (a) the Term B Principal Amount, *plus* (b) the Term C Principal Amount.

TWFG Insurance means TWFG Insurance Services, LLC, a Texas limited liability company, and successor by conversion to TWFG Insurance Services, Inc., and a wholly owned Subsidiary of Borrower.

TWIH means The Woodlands Insurance Holdings, LLC, a Texas limited liability company.

UCC means the Uniform Commercial Code, as adopted in Texas and as amended from time to time.

U.S. means United States of America.

Voting Interests of any Person means the capital stock (or other equity interest) of such Person having ordinary voting power for the election of directors (or other governing body).

1.2 **Interpretive Provisions.** Terms used but not defined in this Agreement, but which are defined in the UCC, have the meaning given them in the UCC.

(a) The meanings of words and defined terms are equally applicable to the singular and plural forms of the defined terms and words. Defined terms in respect of one gender include each other gender where appropriate. Derivatives of defined terms have corresponding meanings.

(b) Any conflict or ambiguity between this Agreement and any other Loan Document is controlled by the terms and provisions of this Agreement.

(c) The headings and captions used in this Agreement and the other Loan Documents are for convenience only and will not be deemed to limit, amplify or modify the terms of this Agreement or the Loan Documents.

(d) Article, Section, Exhibit and Schedule references are to the Loan Document in which such reference appears, unless otherwise indicated.

(e) In the computation of periods of time from a specified date to a later specified date, the word "**from**" means "**from and including**," the words "**to**" and "**until**" each mean "**to but excluding**," and the word "**through**" means "**to and including**."

(f) The words "**herein**," "**hereto**," "**hereof**" and "**hereunder**" and words of similar import when used in any Loan Document shall refer to such Loan Document as a whole and not to any particular provision of such Loan Document.

(g) The term "**including**" is by way of example and not limitation.

1.3 **Accounting Terms.** All accounting terms not specifically or completely defined in this Agreement shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP, with all accounting principles being consistently applied from period to period and on a basis consistent with the most recent reviewed or audited financial statements of either Borrower. While Borrower has any Subsidiaries, all accounting and financial terms and financial calculations (including the calculation of all financial covenants, ratios, and related definitions) in respect of Borrower or any Company are on a consolidated and consolidating basis for all Companies, unless otherwise indicated.

(a) If at any time any change in GAAP would affect the computation of any financial ratio or requirement set out in any Loan Document, and either Borrower or Lender shall so request, Lender and Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of Lender); *provided that*, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP as in effect prior to such change and (ii) the Borrower shall provide to Lender financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP.

1.4 References to Documents. Unless otherwise expressly provided in this Agreement, (a) references to corporate formation or governance documents, contractual agreements (including this Agreement and the Loan Documents) and other contractual instruments shall be deemed to include all subsequent amendments, restatements, extensions, supplements and other modifications thereto, but only to the extent that such amendments, restatements, extensions, supplements and other modifications are not prohibited by any Loan Document; and (b) references to any Law shall include all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting such Law.

1.5 Time. Unless otherwise indicated, all time references (e.g., 11:00 a.m.) are to Central time (daylight or standard, as applicable).

SECTION 2. LOANS.

2.1 Term Loans.

(a) [Reserved].

(b) On the Third Amendment Effective Date, Lender made a single advance Loan to Borrower in an amount equal to the Term Loan B Committed Amount which, when paid or prepaid, may not be reborrowed (the “**Term Loan B**”).

(c) On the Fifth Amendment Effective Date, Lender made a single advance Loan in an amount equal to the Term Loan C Committed Amount which, when paid or prepaid, may not be reborrowed (the “**Term Loan C**”).

2.2 [Reserved].

2.3 [Reserved].

2.4 Voluntary Prepayment.

(a) Borrower may voluntarily prepay all or any part of the Term B Principal Amount or Term C Principal Amount at any time, subject to the following conditions:

(i) Lender must receive Borrower’s written or telephonic prepayment notice by 10:00 a.m. on the prepayment date;

(ii) Borrower’s prepayment notice shall (A) specify the prepayment date, (B) specify the amount of the Loan to be prepaid, (C) specify whether the Term B Principal Amount or the Term C Principal Amount is being prepaid, and (D) constitute an irrevocable and binding obligation of Borrower to make a prepayment in such amount on the designated prepayment date;

(iii) each partial prepayment under this *clause (a)* must be in a minimum amount of not less than (A) \$100,000 or a greater integral multiple of \$10,000 or (B) if less than the requested minimum amount, the outstanding balance of the Term B Principal Amount, the Term C Principal Amount, as the case may be;

(iv) [Reserved];

(v) [Reserved];

(vi) if the Term B Principal Amount is being prepaid all accrued and unpaid interest on the portion of the Term B Principal Amount prepaid, together with the prepayment fee described in clause (c) below, must also be paid in full on the prepayment date and each partial prepayment of the Term Loan B shall be applied to the Term Loan B's scheduled principal payments in the inverse order of their maturity; and

(vii) if the Term C Principal Amount is being prepaid all accrued and unpaid interest on the portion of the Term C Principal Amount prepaid, together with the prepayment fee described in clause (c) below, must also be paid in full on the prepayment date and each partial prepayment of the Term Loan C shall be applied to the Term Loan C's scheduled principal payments in the inverse order of their maturity.

(b) [Reserved].

(c) [Reserved].

(d) Notwithstanding anything to the contrary contained in this Agreement, any notice of prepayment under *Section 2.4(a)* may state that it is conditioned upon the effectiveness of other credit facilities the proceeds of which will be used to prepay in full all outstanding Obligations hereunder (other than (A) contingent indemnification obligations and (B) Cash Management Liabilities as to which arrangements satisfactory to the applicable Cash Management Provider shall have been made), in which case such notice may be revoked or postponed by the Borrower (by written notice to Lender on or prior to the specified effective date) if the conditions to effectiveness of such other credit facility are not satisfied.

2.5 [Reserved].

SECTION 3. TERMS OF PAYMENT

3.1 Notes and General Payment Terms.

(a) The Term Loan B shall be evidenced by the Term Note B. The Term Loan C shall be evidenced by the Term Note C.

(b) Borrower must make each payment on the Obligation, without offset, counterclaim or deduction to Lender's Office, in funds that will be available for immediate use by Lender by 4:00 pm on the day due. Payments received after such time (and payments received on a day which is not a Business Day) will be deemed received on the next Business Day but interest shall continue to accrue during such period.

(c) If any payment or prepayment to be made by Borrower shall come due on a day other than a Business Day, payment shall be made on the next following Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be.

3.2 Payments.

(a) [Reserved].

(b) Term Loan B.

(i) Accrued and unpaid interest on the Term B Principal Amount shall be due and payable beginning on September 5, 2019, and continuing on each Payment Date thereafter until the Term Loan B Maturity Date (or earlier upon the acceleration of maturity of the Term Loan B in accordance with **Section 12** of this Agreement).

(ii) Principal payments on the Term B Principal Amount shall be due and payable beginning on September 5, 2019, and continuing on each Payment Date thereafter, in the applicable amount set forth on **Schedule 3.2(b)** until the Term Loan B Maturity Date (or earlier upon the acceleration of maturity of the Term Loan B in accordance with **Section 12** of this Agreement).

(iii) All outstanding principal and all accrued and unpaid interest in respect of the Term Loan B is due and payable in full on the Term Loan B Maturity Date (or earlier upon the acceleration of maturity of the Term Loan B in accordance with **Section 12** of this Agreement).

(c) [Reserved].

(d) Term Loan C.

(i) Accrued and unpaid interest on the Term C Principal Amount shall be due and payable beginning on January 5, 2021, and continuing on each Payment Date thereafter until the Term Loan C Maturity Date (or earlier upon the acceleration of maturity of the Term Loan C in accordance with **Section 12** of this Agreement).

(ii) Principal payments on the Term C Principal Amount shall be due and payable beginning on January 5, 2021, and continuing on each Payment Date thereafter, in the applicable amount set forth on **Schedule 3.2(c)** until the Term Loan C Maturity Date (or earlier upon the acceleration of maturity of the Term Loan C in accordance with **Section 12** of this Agreement).

(iii) All outstanding principal and all accrued and unpaid interest in respect of the Term Loan C is due and payable in full on the Term Loan C Maturity Date (or earlier upon the acceleration of maturity of the Term Loan C in accordance with **Section 12** of this Agreement).

3.3 Order of Application.

(a) All payments and prepayments shall be applied as specified in this Agreement and, if not specified, shall be applied in the following order: (i) to all fees, expenses, late charges, collection costs, and other charges, costs and expenses for which Lender has not been paid or reimbursed under the Loan Documents, (ii) [Reserved], (iii) to the accrued and unpaid interest on the Term B Principal Amount, (iv) to the accrued and unpaid interest on the Term C Principal Amount, (v) [Reserved], (vi) [Reserved], (vii) to the Term B Principal Amount, (viii) to the Term C Principal Amount, (ix) [Reserved] and (x) to the remaining Obligation in the order and manner Lender deems appropriate in its sole discretion.

(b) All proceeds from the exercise of any rights shall be applied at Lender's discretion among principal, interest, fees, expenses, late charges, collection costs, and other charges, costs and expenses, for which Lender has not been paid or reimbursed under the Loan Documents, subject in all respects to the Pari Passu Intercreditor Agreement.

3.4 Interest. Except as otherwise provided in this Agreement, Loans under the Term Loan B shall accrue interest at a rate per annual equal to the *lesser* of (a) the *sum* of the LIBOR Rate *plus* the Applicable Margin, and (b) the Maximum Rate. Except as otherwise provided in this Agreement, Loans under the Term Loan C shall accrue interest at a rate per annual equal to the *lesser* of (a) the *sum* of the LIBOR Rate *plus* the Applicable Margin, and (b) the Maximum Rate. Each change in the LIBOR Rate or the Maximum Rate is effective as of the date of such change without notice to Borrower or any other Person.

3.5 Default Rate. To the extent permitted by Law, while a Default exists, the Obligation shall accrue interest at the *lesser of* (a) the Default Rate and (b) the Maximum Rate, until all past due amounts are paid (whether payment is made before or after entry of a judgment or the Default is otherwise cured or waived). Subject to **Section 3.8**, if a Default exists, Lender may, in its sole discretion, to the extent permitted by Law, add accrued and unpaid interest to the Term B Principal Amount, Term C Principal Amount and such amount will accrue interest until paid at the applicable interest rate. During the existence of a Default, interest payable at the Default Rate shall be payable from time to time on written demand from Lender to Borrower.

3.6 Interest Calculations. Interest on Loans and on the amount of all fees and other amounts due under the Loan Documents will be calculated on the basis of actual number of days elapsed (including the first day but excluding the last day), but computed as if each calendar year consisted of 360 days (unless computation would result in an interest rate in excess of the Maximum Rate, in which event the computation is made on the basis of a year of 365 or 366 days, as the case may be). All interest rate determinations and calculations by Lender are conclusive and binding, absent manifest error.

3.7 Maximum Rate. It is the intention of the parties to comply with applicable usury laws. The parties agree that the total amount of interest contracted for, charged, collected or received by Lender under this Agreement shall not exceed the Maximum Rate. To the extent, if any, that Chapter 303 of the Texas Finance Code (the "**Finance Code**") is relevant to Lender for purposes of determining the Maximum Rate, the parties elect to determine the Maximum Rate under the Finance Code pursuant to the "weekly ceiling" from time to time in effect, as referred to and defined in § 303.001-303.016 of the Finance Code; subject, however, to any right Lender subsequently may have under applicable Law to change the method of determining the Maximum Rate. Notwithstanding any contrary provisions contained herein, (a) the Maximum Rate shall be calculated on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be; (b) in determining whether the interest hereunder exceeds interest at the Maximum Rate, the total amount of interest shall be spread throughout the entire term of this Agreement until its payment in full; (c) if at any time the interest rate chargeable under this Agreement would exceed the Maximum Rate, thereby causing the interest payable under this Agreement to be limited to the Maximum Rate, then any subsequent reductions in the interest rate(s) shall not reduce the rate of interest charged under this Agreement below the Maximum Rate until the total amount of interest accrued from and after the date of this Agreement equals the amount of interest which would have accrued if the interest rate(s) had at all times been in effect; (d) if Lender ever charges or receives anything of value which is deemed to be interest under applicable Texas law, and if the occurrence of any event, including acceleration of maturity of obligations owing to Lender, should cause such interest to exceed the maximum lawful amount, any amount which exceeds interest at the Maximum

Rate shall be applied to the reduction of the unpaid principal balance under this Agreement or any other indebtedness owed to Lender by the Borrower, and if this Agreement and such other indebtedness are paid in full, any remaining excess shall be paid to the Borrower; and (e) Chapter 346 of the Finance Code shall not be applicable to this Agreement or the indebtedness outstanding hereunder.

3.8 **Set off.** While a Default exists, Lender (and each of its Affiliates) is hereby authorized at any time and from time to time, to the fullest extent permitted by Law, to set off and apply (a) any and all deposits (general or special, time or demand, provisional or final) at any time held by Lender (or its Affiliates) and (b) any other Debt at any time owing by Lender (or any of its Affiliates) to or for the credit or the account of any Company, against the Obligation even if Lender has not made demand under this Agreement and the Obligation is unmatured. Lender agrees to promptly notify the applicable Company after any such set off and application is made; *provided that*, the failure to give such notice shall not affect the validity of such set off and application. The rights of Lender under this **Section 3.8** are in addition to other rights and remedies (including other rights of set off) that Lender may have and is in all respects subject to the Pari Passu Intercreditor Agreement.

3.9 **Debit Account.** Borrower agrees that the interest and principal payments and any fees will be deducted automatically on the due date from any of Borrower's accounts with Lender as designated in writing by Borrower. This authorization shall not affect the obligation of Borrower to pay such sums when due, without notice, if there are insufficient funds in such account to make such payment in full on the due date thereof, or if Lender fails to debit such account.

SECTION 4. **LIBOR, BENCHMARK REPLACEMENT AND RELATED MATTERS.**

4.1 **Benchmark Replacement.**

Exhibit F attached hereto provides a mechanism for determining an alternative rate of interest in the event that the London interbank offered rate is no longer available or in certain other circumstances. Lender does not warrant or accept any responsibility for and shall not have any liability with respect to, the administration, submission or any other matter related to the London interbank offered rate or other rates in the definition of "LIBOR" (or any similar defined term) or with respect to any alternative or successor rate thereto, or replacement rate therefor. To the extent that any term or provision of **Exhibit F** is or may be inconsistent with any term or provision in the remainder of this Agreement or any Loan Document, the terms and provisions of **Exhibit F** shall control.

SECTION 5. **CONDITIONS PRECEDENT.**

5.1 **[Reserved].**

5.2 **No Waiver.** Each condition precedent in this Agreement (including matters listed on **Schedule 5**) is material to the transactions contemplated by this Agreement, and time is of the essence with respect to each condition precedent. Lender may make any Loan without all conditions being satisfied, but such Loan shall not be deemed a waiver of any condition precedent for any subsequent Loan.

SECTION 6. **SECURITY AND GUARANTIES.**

6.1 **Collateral.** The complete payment and performance of the Obligation shall be secured by all of the items and types of property (collectively, the "**Collateral**") described as collateral in the Security

Agreement. Each Company shall execute all applicable Security Documents necessary to pledge all of the Collateral it owns.

6.2 Financing Statements. Each Company hereby authorizes Lender to file, and agrees to execute, in Proper Form, if requested, financing statements, continuation statements, or termination statements, or take other action reasonably requested by Lender relating to the Collateral, including any Lien search required by Lender.

6.3 Guaranties. Each Subsidiary of Borrower (excluding Newco, PFC, CA PFC, TWIH, and PSN) shall guaranty the complete payment and performance of the Obligation (including the Term Loan B and the Term Loan C) by executing and delivering a Guaranty to Lender on the Closing Date or within ten (10) Business Days after such Company is created or acquired.

6.4 Collateral Release and Termination of Guaranty. The pledge of Borrower's equity interests by Richard F. Bunch, III in favor of Lender made in connection with the Existing Credit Agreement is expressly released and terminated as of the Closing Date and Lender claims no further interest in such pledge of Borrower's equity interests by Richard F. Bunch, III, excluding only those obligations which expressly survive termination and release. The pledge of equity interests by Borrower in favor of Lender made in connection with the Existing Credit Agreement is expressly released and terminated as of the Closing Date and Lender claims no further interest in such pledge of equity interests by Borrower, excluding only those obligations which expressly survive termination and release. The pledge of equity interests by TWFG Insurance in favor of Lender made in connection with the Existing Credit Agreement is expressly released and terminated as of the Closing Date and Lender claims no further interest in such pledge of equity interests by TWFG Insurance, excluding only those obligations which expressly survive termination and release. TWFG Insurance Services CA1, LLC, formerly a California limited liability company, has been dissolved and cancelled, and Lender hereby releases TWFG Insurance Services CA1, LLC from its guaranty executed in connection with the Existing Credit Agreement, and Lender claims no further interest in such guaranty, excluding only those obligations which expressly survive termination and release.

SECTION 7. REPRESENTATIONS AND WARRANTIES. Borrower represents and warrants, to Lender as follows:

7.1 Existence, Good Standing, and Authority to do Business. Borrower is a Texas limited liability company duly organized, validly existing, and in good standing under the Laws of the jurisdiction in which it is organized. Each other Company is duly organized, validly existing, and in good standing under the Laws of the jurisdiction in which it is organized. In each state in which each Company does business, each Company has all necessary permits, licenses, franchises, patents, copyrights, trademarks and trade names, or rights to conduct its business, and has the necessary corporate, company, or partnership authority to own its assets and conduct its business.

7.2 Subsidiaries. Other than those listed on *Schedule 7.2*, Borrower has no Subsidiaries. *Schedule 7.2* lists the name, address, entity type and jurisdiction of organization of each Company, the number of issued and outstanding shares (or other equity interests) of such Company, and the percentage ownership of each other Company.

7.3 Authorization, Compliance, and No Default. The execution and delivery by each Company of the Loan Documents to which it is a party and each Company's performance of its obligations under the Loan Documents are within such Company's powers, have been duly authorized, do

not conflict with any of its organizational documents, do not conflict with any Law, agreement, or obligation by which such Company is bound, do not require any consent or approval of any Person or Governmental Authority that has not been obtained and remains in full force and effect, and do not violate, result in a breach of or constitute a default under any Material Agreement to which any Company is a party or by which it or its property is bound.

7.4 Enforceability. Each Loan Document has been executed and delivered by each Company which is a party to it, and the Loan Documents constitute the legal, valid, and binding obligation of each Company, enforceable against each Company in accordance with their respective terms, except as enforceability may be limited by applicable Debtor Relief Laws and general principles of equity.

7.5 Litigation. Except as disclosed on **Schedule 7.5**, no Company is subject to, or aware of the threat of, any Litigation involving any Company which, (a) purports to affect or pertain to this Agreement, any other Loan Document, or any of the transactions contemplated by the Loan Documents, or (b) if determined adversely to any Company could reasonably be expected to result in a Material Adverse Event.

7.6 Taxes. All Tax returns of each Company required to be filed have been timely filed (or extensions have been granted) and all Taxes imposed upon any Company that are due and payable have been paid before delinquency, *other than* Taxes which are being contested in good faith by lawful proceedings diligently conducted, against which reserve or other provision required by GAAP has been made.

7.7 Environmental Matters. No facility of any Company is used for, or to the knowledge of any Company has been used for, storage, treatment, or disposal of any Hazardous Substance in violation of any applicable Environmental Law, other than violations that individually or collectively would not constitute a Material Adverse Event. No Company knows of any environmental condition or circumstance adversely affecting its assets, properties, or operations that could reasonably be expected to result in a Material Adverse Event.

7.8 Ownership of Assets; Intellectual Property. Each Company has (a) indefeasible title to its real property, (b) a vested leasehold interest in all of its leased property, and (c) good and marketable title to its personal property, all as reflected on the Current Financials (except for property that has been disposed of as permitted by **Section 9.7**). Each Company is conducting its business without infringement or claim of infringement of any license, patent, copyright, service mark, trademark, trade name, trade secret or other intellectual property right of others, *other than* any infringements or claims that, if successfully asserted against or determined adversely to any Company, could not, individually or collectively, reasonably be expected to result in a Material Adverse Event.

7.9 Liens. No Lien exists on any asset of any Company, *other than* Permitted Liens.

7.10 Debt. No Company is an obligor on any Debt, *other than* Permitted Debt.

7.11 Insurance. The Companies maintain the insurance required under **Section 8.6**.

7.12 Place of Business; Real Property. The location of each Company's place of business or chief executive office is set out on **Schedule 7.12**. The books and records of each Company are located at its place of business or chief executive office. All of each Company's assets (*other than* inventory on consignment, in transit, or in the possession of a Person under the terms of a contract with a Company)

are at one or more of the locations set out on **Schedule 7.12**. Except as described on **Schedule 7.12**, no Borrower has no ownership, leasehold, or other interest in real estate.

7.13 **Purpose of Credit Facilities**. Borrower has used the proceeds of Term Loan B and Term Loan C to fund acquisitions and for general corporate purposes. No part of the proceeds of the Term Loan B or the Term Loan C will be used, directly or indirectly, for a purpose that violates any Law, including the provisions of *Regulation U*.

7.14 **Trade Names**. Except as disclosed on **Schedule 7.14**, no Company has used or transacted business under any other corporate or trade name in the five-year period preceding the Closing Date (including names of all Persons with which any Company has merged or consolidated, or from which any Company has acquired all or substantially all of such Person's assets).

7.15 **Transactions with Affiliates**. Except as permitted under the terms of the Syndicated Credit Agreement, no Company is a party to an agreement or transaction with any of its Affiliates (excluding other Companies), *other than* transactions in the ordinary course of business and upon fair and reasonable terms not materially less favorable than it could obtain or could become entitled to in an arm's-length transaction with a Person that was not its Affiliate.

7.16 **Financial Information**. Each material fact or condition relating to the Loan Documents or the Companies' financial condition, business, property, or prospects has been disclosed to Lender in writing. All financial and other information supplied to Lender is sufficiently complete to give Lender accurate knowledge of each Company's financial condition, including all material contingent liabilities. Since the date of the most recent financial statement provided to Lender, there has been no material adverse change in the business condition (financial or otherwise), operations, properties or prospects of the Companies. Each financial statement supplied to Lender (i) was prepared in accordance with GAAP consistently throughout the period covered thereby, except as otherwise expressly noted therein and (ii) fairly present the financial condition of Borrower and its Subsidiaries as of the date thereof and their results of operations for the period covered thereby in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein.

7.17 **Material Agreements**. No Company is a party to any Material Agreement, *other than* the Loan Documents, the Syndicated Credit Agreement and the Material Agreements described on attached **Schedule 7.17**. No Company has breached or is in default under any Material Agreement or obligation.

7.18 **ERISA**.

(a) Each Employee Plan (i) (other than a multiemployer plan) is in compliance in all material respects with the applicable provisions of ERISA, the Tax Code and other federal or state law, (ii) has received a favorable determination letter from the IRS and to the best knowledge of the Borrower, nothing has occurred which would cause the loss of such qualification.

(b) Each Company has fulfilled its obligations, if any, under the minimum funding standards of ERISA and the Tax Code with respect to each Employee Plan, and has not incurred any liability with respect to any Employee Plan under Title IV of ERISA.

(c) There are no claims, actions, or Litigation (including by any Governmental Authority), and there has been no prohibited transaction or violation of the fiduciary

responsibility rules, with respect to any Employee Plan which is or could reasonably be expected to be a Material Adverse Event.

(d) With respect to any Employee Plan subject to Title IV of ERISA: (i) no reportable event has occurred under Section 4043(c) of ERISA for which the PBGC requires 30 day notice, (ii) no action by Borrower or any ERISA Affiliate to terminate or withdraw from any Employee Plan has been taken and no notice of intent to terminate an Employee Plan has been filed under Section 4041 of ERISA, (iii) no termination proceeding has been commenced with respect to an Employee Plan under Section 4042 of ERISA, and no event has occurred or condition exists which might constitute grounds for the commencement of such a proceeding.

7.19 Disclosure. Borrower has disclosed to the Lender all agreements, instruments, and corporate or other restrictions to which it or any of its Subsidiaries is subject, and all other matters known to it (other than general economic conditions), that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Event. No report, financial statement, certificate or other information furnished (whether in writing or orally) by or on behalf of Borrower or any of its Subsidiaries to the Lender in connection with the transactions contemplated hereby or delivered hereunder or under any other Loan Document contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not materially misleading; provided that, with respect to projected financial information, Borrower represents only that such information was prepared in good faith based on assumptions believed to be reasonable at the time.

7.20 Sanctions; Anti-Corruption.

(a) None of Borrower, any Guarantor or any Subsidiary, nor any director, officer, employee, agent, or affiliate of Borrower, Guarantor or any of Subsidiary is a Person that is, or is owned or Controlled by Persons that are: (i) the subject or target of any sanctions administered or enforced by OFAC, the U.S. Department of State, the United Nations Security Council, the European Union, His Majesty's Treasury, or other relevant sanctions authority (collectively, "**Sanctions**"), or (ii) located, organized or resident in a country or territory that is, or whose government is, the subject of Sanctions.

(b) Borrower, each Guarantor and each Subsidiary, and their respective directors, managers, partners, officers and employees and, to the knowledge of Borrower and each Guarantor, the agents of Borrower, each Guarantor and each Subsidiary, are in compliance with all applicable Sanctions and with the FCPA and any other applicable anti-corruption law, in all material respects. Borrower, Guarantors and each Subsidiary have instituted and maintain policies and procedures designed to ensure continued compliance with applicable Sanctions, the FCPA and any other applicable anti-corruption laws.

SECTION 8. AFFIRMATIVE COVENANTS. Until the Obligation is paid in full, Borrower agrees as follows:

8.1 Items to be Furnished. Borrower shall cause the following to be furnished to Lender:

(a) All financial statements, certificates, reports, notices and information required to be delivered by Borrower or any Company under the Syndicated Credit Agreement.

(b) Promptly upon reasonable request by Lender, information and documents not otherwise required to be furnished under the Loan Documents respecting the business affairs, assets and liabilities of the Companies.

8.2 Books, Records and Inspections. Each Company shall maintain books, records, and accounts necessary to prepare the financial statements required by **Section 8.1**. Upon reasonable notice, each Company shall allow Lender (or its Representatives) during business hours or at other reasonable times to inspect each Company's properties, any and all Collateral and examine, audit, and make copies of books and records. If any of the Collateral, Companies' properties, books or records are in the possession of a third party, the applicable Company shall authorize that third party to permit Lender or its Representatives to have access to perform inspections or audits and to respond to Lender's requests for information concerning such properties, books and records. Lender may discuss, from time to time, any of the Companies' affairs, conditions and finances with its directors, officers, and certified public accountants.

8.3 Taxes. Each Company will promptly pay when due any and all Taxes, *other than* Taxes which are being contested in good faith by lawful proceedings diligently conducted, against which reserve or other provision required by GAAP has been made, and in respect of which levy and execution of any Lien are stayed.

8.4 Compliance with Laws; Sanctions; Anticorruption.

(a) Each Company shall comply in all material respects of the requirements of all Laws (including fictitious or trade name statutes) and all orders, writs, injunctions and decrees applicable to it or its business or property, except in such instances in which (i) such requirement is deemed contested in good faith by lawful proceedings diligently conducted, against which reserve or other provision required by GAAP has been made, and (ii) the failure to comply would not result in a Material Adverse Event.

(b) Each Company (i) will comply, in all material respects, with (A) all Sanctions, (B) the Patriot Act, and (C) the Beneficial Ownership Regulation and (ii) will maintain in effect policies and procedures designed to promote compliance by Borrower and each Guarantor, each Subsidiary, and their respective directors, managers, partners, officers, employees, and agents with applicable Sanctions, Patriot Act requirements, Beneficial Ownership Regulation, the FCPA, and any other applicable anti-corruption laws.

8.5 Maintenance of Existence, Assets, and Business. Each Company will (a) maintain its existence and good standing in its state of organization and its authority to transact business and good standing in all other jurisdictions where the nature and extent of its business and properties require due qualification and good standing, (b) maintain all licenses, permits and franchises necessary for its business where failure to do so is a Material Adverse Event, and (c) keep all of its assets that are useful in and necessary to its business in good working order and condition (ordinary wear and tear excepted) and make all necessary repairs and replacements. So long as either Term Loan B or Term Loan C is outstanding, each Company shall establish and maintain its primary deposit accounts with Lender.

8.6 Insurance. Each Company shall maintain (a) insurance satisfactory to Lender as to amount, nature and carrier covering property damage (including loss of use and occupancy) to any of the Companies' properties, public liability insurance including coverage for contractual liability, product liability and workers' compensation, and any other insurance which is usual for the Companies' business.

Each policy shall provide for at least thirty (30) days prior notice to Lender of any cancellation thereof, and (b) insurance policies covering the tangible property comprising the Collateral. Each insurance policy must be for the full replacement cost of the Collateral and include a replacement cost endorsement in an amount acceptable to Lender. The insurance must be issued by an insurance company acceptable to Lender and must include a lender's loss payable endorsement in favor of Lender in a form acceptable to Lender. Upon Lender's request, Borrower shall deliver to Lender a copy of each insurance policy, or, if permitted by Lender, a certificate of insurance listing all insurance in force. Borrower shall maintain at all times for the benefit of Lender and the administrative agent under the Syndicated Credit Agreement, a key man life insurance policy on Richard F. Bunch, III providing for coverage in an amount not less than \$10,000,000.

8.7 Environmental Laws. Each Company shall conduct its business so as to comply with all applicable Environmental Laws, shall promptly take corrective action to remedy any violation of any Environmental Law, and shall immediately notify Lender of any claims or demands by any Governmental Authority or Person with respect to any Environmental Law or Hazardous Substance. All environmental costs, including but not limited to, costs for testing as required by any Governmental Authority or the Lender shall be paid by the Borrower.

8.8 ERISA. Promptly during each year (a) pay contributions adequate to meet at least the minimum funding standards under ERISA with respect to each and every Employee Plan, (b) file each annual report required to be filed pursuant to ERISA in connection with each Employee Plan for each year, and (c) notify Lender within ten (10) days of the occurrence of any reportable event under Section 4043(c) of ERISA that might constitute grounds for termination of any capital Employee Plan by the Pension Benefit Guaranty Corporation or for the appointment by the appropriate United States District Court of a trustee to administer any Employee Plan.

8.9 Use of Proceeds. Borrower shall use the proceeds of the Term Loan B or the Term Loan C only for the purposes represented in this Agreement.

8.10 Application of Insurance Proceeds. Lender and each Company agree that all Insurance Proceeds shall be paid by the insurers directly to Lender (as loss payee or additional insured),

(a) If any Insurance Proceeds are paid to any Company, such Insurance Proceeds shall be received only in trust for Lender, shall be segregated from other funds of the Companies and shall promptly be paid over to Lender in the same form as received (with any necessary endorsement).

(b) Notwithstanding anything to the contrary in this **Section 8.10**, reimbursement under any liability insurance maintained by any Company may be paid directly to the Person who incurred the liability, cost, or expense covered by such insurance.

(c) Any Insurance Proceeds shall be applied to the repayment of the outstanding principal amount of the Loans in accordance with **Section 3.3**, with the excess, if any, payable to Borrower.

8.11 New Subsidiaries. Each created or acquired Subsidiary which is a subsidiary guarantor under the Syndicated Credit Agreement is also required to become a guarantor and to comply with **Section 6** hereunder.

8.12 Expenses. Borrower shall promptly pay upon demand (a) all reasonable costs, fees and expenses paid or incurred by Lender (including those incurred under **Section 6**) in connection with the with the negotiation, preparation, delivery and execution of any Loan Document, and any related or subsequent amendment, waiver, or consent (including in each case, the reasonable fees and expenses of Lender's counsel), (b) all due diligence, closing, and post-closing costs including filing fees, recording costs, lien searches, corporate due diligence, third-party expenses, annual field audits, and other related due diligence, closing and post-closing costs and expenses, and (c) all costs, fees and expenses of Lender incurred in connection with the enforcement of the Loan Documents or the exercise of any rights arising under the Loan Documents or the negotiation, workout, or restructure and any action taken in connection with any Debtor Relief Laws (including in each case, the reasonable fees and expenses of Lender's counsel), all of which shall be a part of the Obligation and shall accrue interest, if not paid upon demand, at the Default Rate until repaid.

8.13 Further Assurances. Each Company shall take such action as Lender may reasonably request to carry out the intent of this Agreement and the terms of the Loan Documents (including to perfect and protect its security interests and Liens), including executing, acknowledging, authorizing, delivering or recording or filing additional instruments or documents. Because Borrower agrees that Lender's remedies at Law for failure of Borrower to comply with the provisions of this **Section 8.13** would be inadequate and that failure would not be adequately compensable in damages, Borrower agrees that the covenants of this **Section 8.13** may be specifically enforced.

SECTION 9. **NEGATIVE COVENANTS**. Until the Obligation is paid in full, Borrower agrees as follows:

9.1 Debt. No Company may create, incur, or permit any Debt except Permitted Debt.

9.2 Liens. No Company shall create, incur, or permit any Lien upon any of its assets, except Permitted Liens. No Company shall enter into any agreement (other than the Syndicated Credit Agreement and the Loan Documents) prohibiting the creation or assumption of any Lien upon its assets or revenues or prohibiting or restricting the ability of Borrower or any Company to amend or otherwise modify this Agreement or any other Loan Document.

9.3 Compliance. No Company may violate the provisions of any Laws applicable to it, any agreement to which it is a party, or the provisions of its organizational documents, if such violations individually or collectively would constitute a Material Adverse Event. No Company will modify, repeal, replace or amend any provision of its organizational or governing documents in any manner except as permitted under the Syndicated Credit Agreement.

9.4 Dividends. Except as permitted under the Syndicated Credit Agreement, no Company may declare or make any dividend or other distribution.

9.5 Assignment. Except as permitted under the Syndicated Credit Agreement, no Company nor any Guarantor may assign or transfer any of its rights, duties or obligations under any of the Loan Documents, whether by contract, operation of law, merger or otherwise.

9.6 Fiscal Year and Accounting Methods. Except as permitted under the Syndicated Credit Agreement, no Company may change its fiscal year or its method of accounting (*other than* immaterial changes in methods or as required by GAAP).

9.7 Sale of Assets. Except as permitted under the Syndicated Credit Agreement, no Company may make any Disposition or enter into any agreement to make any Disposition.

9.8 New Businesses. No Company may engage in any business except as permitted under the Syndicated Credit Agreement.

9.9 Transactions with Affiliates. Except as permitted under the Syndicated Credit Agreement, no Company may enter into any Material Agreement or any material transaction with any of its Affiliates *other than* transactions in the ordinary course of business which are upon fair and reasonable terms not materially less favorable to such Company than such Company could obtain in an arms' length transaction with a Person that was not an Affiliate.

9.10 [Reserved].

9.11 Acquisition, Mergers, and Dissolutions. Except as permitted under the Syndicated Credit Agreement, no Company may (whether in one transaction or a series of transactions) (a) acquire all or any substantial portion of the equity interests issued by any other Person, (b) acquire all or any substantial portion of the assets of any other Person, (c) merge, combine, or consolidate with any other Person (and so long as Borrower is the surviving entity in any merger to which it is a party), (d) liquidate, wind up or dissolve (or suffer any liquidation or dissolution), or (e) cease or suspend operations.

9.12 Loans and Investments. Except as permitted under the Syndicated Credit Agreement, no Company may extend credit to, or make any investment in, or purchase or commit to purchase any equity interests in, any other Person.

9.13 Swap Agreements. No Borrower or Guarantor will, and no Borrower or Guarantor will permit any Subsidiary to, enter into any Swap Agreement, except for Swap Agreements with Lender or an Affiliate of Lender or as permitted under the Syndicated Credit Agreement, in any case which are entered into solely for interest rate hedging in the ordinary course of business and not for speculative purposes.

SECTION 10. **FINANCIAL COVENANTS**. Until the Obligation is paid in full, the Companies agree to comply with the financial covenants set forth in Sections 9.13 and 9.14 of Syndicated Credit Agreement.

SECTION 11. **DEFAULT**. The term "Default" means the occurrence of any one or more of the following events:

11.1 Payment of Obligation. The failure of Borrower, any Company or any Guarantor to pay any part of the Obligation when and as required to be paid under the Loan Documents or under any other written agreement with Lender.

11.2 Covenants. The failure of any Company or any Guarantor to punctually and properly perform, observe and comply with:

(a) Any covenant, agreement, or condition contained in (i) **Sections 6.1, 6.3, 8.2, 8.6, 8.8, or 8.9**, and such failure continues for 10 days or (ii) **Sections 9 and 10**, or

(b) Any other covenant, agreement, or condition contained in any Loan Document, (*other than* the covenants to pay the Obligation as set out in **Section 11.1** above, the covenants in

clause (a) preceding and as set out below in this **Section 11**), and such failure continues for 30 days.

11.3 **Debtor Relief.** Any Company or any Guarantor (a) voluntarily seeks, consents to, or acquiesces in the benefit of any Debtor Relief Law, (b) becomes a party to or is made the subject of any proceeding provided for by any Debtor Relief Law (*other than* as a creditor or claimant), and (i) the petition is not controverted within 10 days and is not dismissed within 60 days, or (ii) an order for relief is entered under *Title 11 of the United States Code*, (c) makes an assignment for the benefit of creditors, or (d) fails (or admits in writing its inability) to pay its debts generally as they become due.

11.4 **Judgments.** There is entered against any Company or any Guarantor (a) a final non-appealable judgment or arbitration award for the payment of money or (b) one or more non-monetary final non-appealable judgments that could be, or could reasonably be expected to be, individually or in the aggregate, a Material Adverse Event, and, in either case enforcement of such judgment or award is not stayed.

11.5 **False Information; Misrepresentation.** Any information given to Lender by any Company or any Guarantor is false or any representation or warranty made to Lender by any Company or any Guarantor, or contained in any Loan Document, at any time proves to have been incorrect in any material respect when made.

11.6 **Default Under Other Agreements.** (a) Any default that exists under any one or more agreements which permits any Persons to cause any Debt which (individually or in the aggregate under one or more agreements) exceeds \$1,000,000 to become due and payable by any Company before its stated maturity.

(b) Any Company breaches or defaults under any term, condition, provision, representation or warranty contained in any Material Agreement, including any agreement with Lender (other than the Loan Documents), and such Company fails for 5 Business Days to commence and thereafter diligently pursue a cure.

11.7 **Validity and Enforceability of Loan Documents.** Any Lien granted under any Security Documents ceases to be a first priority Lien on the Companies' assets. Any Loan Document at any time after its execution and delivery (a) ceases to be in effect in any material respect or is declared by a Governmental Authority to be null and void, or (b) its validity or enforceability is contested by a Company or a Company denies that it has any further liability or obligations under any Loan Document.

11.8 **Change of Management or Control.** (a) A Change of Management occurs, or (b) a Change of Control occurs.

11.9 **Material Adverse Event.** A Material Adverse Event exists.

11.10 **Syndicated Credit Agreement.** The occurrence of any "Event of Default" under or as defined in the Syndicated Credit Agreement.

SECTION 12. **RIGHTS AND REMEDIES.**

12.1 **Remedies Upon Default.**

(a) If a Default exists under **Section 11.3**, the Commitment to extend credit under this Agreement automatically terminates and the unpaid balance of the Obligation automatically becomes due and payable without any action of any kind.

(b) If a Default exists, Lender may do any one or more of the following: (i) if the maturity of the Obligation has not already been accelerated under **Section 12.1(a)**, declare the unpaid balance of the Obligation immediately due and payable and to the extent permitted by applicable Law, the Obligation shall accrue interest at the Default Rate; (ii) terminate the commitment to extend credit under this Agreement; (iii) reduce any claim to judgment; (iv) exercise the rights of set-off or banker's Lien under **Section 3.9** to the extent of the full amount of the Obligation; and (v) exercise any and all other legal or equitable rights afforded by the Loan Documents, the Laws of the State of Texas, or any other applicable jurisdiction.

12.2 **Waivers.** To the extent permitted by Law, each Company waives presentment and demand for payment, protest, notice of intention to accelerate, notice of acceleration and notice of protest and nonpayment, and agrees that its liability with respect to all or any part of the Obligation is not affected by any renewal or extension in the time of payment of all or any part of the Obligation, by any indulgence, or by any release or change in any security for the payment of all or any part of the Obligation.

12.3 **No Waiver.** No waiver of any Default shall be deemed to be a waiver of any other then- existing or subsequent Default. No delay or omission by Lender in exercising any right under the Loan Documents will impair that right or be construed as a waiver thereof or any acquiescence therein, nor will any single or partial exercise of any right preclude other or further exercise thereof or the exercise of any other right. The acceptance by Lender of any partial payment shall not be deemed to be a waiver of any Default then existing.

12.4 **Performance by Lender.** If any covenant, duty or agreement of any Company is not performed in accordance with the terms of the Loan Documents, Lender may, but is not obligated to, perform or attempt to perform that covenant, duty or agreement on behalf of that Company (and any amount expended by Lender in its performance or attempted performance is payable on demand, becomes part of the Obligation, and bears interest at the Default Rate from the date of Lender's expenditure until paid).

12.5 **Cumulative Rights.** All rights available to Lender under the Loan Documents are cumulative of, and in addition to, all other rights granted at law or in equity, whether or not the Obligation is due and payable and whether or not Lender has instituted any suit for collection, foreclosure, or other action in connection with the Loan Documents.

SECTION 13. **MISCELLANEOUS.**

13.1 **Governing Law.** Each Loan Document must be construed, and its performance enforced, under Texas law.

13.2 **Invalid Provisions.** If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining

provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall engage in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

13.3 Multiple Counterparts and Facsimile Signatures. Each Loan Document may be executed in any number of counterparts with the same effect as if all signatories had signed the same document. All counterparts must be construed together to constitute one and the same instrument. Loan Documents may be transmitted and signed by facsimile or portable documents format (PDF) and shall have the same effect as manually-signed originals and shall be binding on all Companies and Lender.

13.4 Notice. Unless otherwise provided in this Agreement, all notices or consents required under this Agreement shall be personally delivered or sent by first class mail, postage prepaid, or by overnight courier, or sent by facsimile. Notices and other communications shall be effective (a) if mailed, upon the earlier of receipt or five (5) days after deposit in the U.S. mail, first class, postage prepaid, (b) if faxed, when transmitted, or (c) if hand-delivered, by courier or otherwise (including telegram, lettergram or mailgram), when delivered. Until changed by notice pursuant to this Agreement, the addresses and facsimile numbers for each party is set out on **Schedule 1**. Lender shall be entitled to rely and act upon any notices (including telephonic Loan Requests) purportedly given by or on behalf of Borrower even if (i) such notices were not made in a manner specified in this Section, were incomplete or were not preceded or followed by any other form of notice specified in this Section, or (ii) the terms of the notice, as understood by the recipient, varied from any confirmation of the notice. Borrower shall indemnify Lender and its Affiliates and representatives from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of Borrower. All telephonic notices to and other communications with Lender may be recorded by Lender, and each of the parties to this Agreement hereby consents to such recording.

13.5 Binding Effect; Survival. This Agreement is binding upon, and inures to the benefit of, the parties hereto and their respective successors and permitted assigns. Unless otherwise provided, all covenants, agreements, indemnities, representations and warranties made in any of the Loan Documents survive and continue in effect as long as the Commitment is in effect or the Obligation is outstanding.

13.6 Amendments. The Loan Documents may be amended, modified, supplemented or be the subject of a waiver only by a writing executed by Lender and Borrower; *provided that*, this **Section 13.6** shall not be applicable to any amendment or modification in connection with any Benchmark Replacement or Benchmark Replacement Conforming Changes pursuant to **Section 4**.

13.7 Participants. Lender may, at any time, sell to one or more Persons (each a "**Participant**") participating interests in the Obligation; *provided that*, (a) Lender remains the holder of the Term B Principal Amount or the Term C Principal Amount, as the case may be, (b) Lender's obligations under this Agreement remain unchanged and Lender remains solely responsible for the performance of those obligations, and (c) each Company continues to deal solely and directly with Lender regarding the Loan Documents. Lender may furnish any information concerning the Companies in its possession from time to time to assignees and Participants (including prospective assignees and Participants).

13.8 Discharge Only Upon Payment in Full; Reinstatement in Certain Circumstances. Each Company's obligations under the Loan Documents remain in full force and effect until the Total Commitment is terminated and the Obligation is paid in full (except for provisions under the Loan

Documents which by their terms expressly survive payment of the Obligation and termination of the Loan Documents). If at any time any payment of the principal of or interest on any Note or any other amount payable by any Company or any other obligor on the Obligation under any Loan Document is rescinded or must be restored or returned upon the insolvency, bankruptcy or reorganization of Borrower or otherwise, the obligations of each Company under the Loan Documents with respect to that payment shall be reinstated as though the payment had been due but not made at that time.

13.9 Governing Law, Forum, and Venue.

(a) Each Loan Document must be construed, and its performance enforced, under Texas law.

(b) Any suits, claims or causes of action arising directly or indirectly from this agreement or the other loan documents may be brought in a court of appropriate jurisdiction in Harris County, Texas and objections to venue and personal jurisdiction in such forum are hereby expressly waived.

(c) Each Company hereby acknowledges that (i) the negotiation, execution, and delivery of the loan documents constitute the transaction of business within the state of Texas, (ii) any cause of action arising under any of said Loan Documents will be a cause of action arising from such transaction of business, and (iii) each Company understands, anticipates, and foresees that any action for enforcement of payment of the obligation or the Loan Documents may be brought against it in the state of Texas. To the extent allowed by law, each Company hereby submits to jurisdiction in the state of Texas for any action or cause of action arising out of or in connection with the obligation or the Loan Documents and waives any and all rights under the laws of any state or jurisdiction to object to jurisdiction or venue within Harris County, Texas; notwithstanding the foregoing, nothing contained in this *Section 13.9* shall prevent Lender from bringing any action or exercising any rights against Borrower, any Guarantor, any collateral, or Borrower's or any Guarantor's properties in any other county, state, or jurisdiction. Initiating such action or proceeding or taking any such action in any other state or jurisdiction shall in no event constitute a waiver by Lender of any of the foregoing.

13.10 Waiver of Jury Trial. **EACH PARTY TO THIS AGREEMENT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING UNDER ANY LOAN DOCUMENT OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO ANY LOAN DOCUMENT, OR THE TRANSACTIONS RELATED THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER FOUNDED IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION 13.10 WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.**

13.11 Indemnity. **WHETHER OR NOT THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT ARE CONSUMMATED, BORROWER SHALL INDEMNIFY AND HOLD HARMLESS LENDER AND ITS AFFILIATES AND REPRESENTATIVES (COLLECTIVELY**

THE “INDEMNITEES”) FROM AND AGAINST ANY AND ALL LIABILITIES, OBLIGATIONS, LOSSES, DAMAGES, PENALTIES, CLAIMS, DEMANDS, ACTIONS, JUDGMENTS, SUITS, COSTS, EXPENSES AND DISBURSEMENTS (INCLUDING FEES AND EXPENSES OF COUNSEL) OF ANY KIND OR NATURE WHATSOEVER WHICH MAY AT ANY TIME BE IMPOSED ON, INCURRED BY OR ASSERTED AGAINST ANY SUCH INDEMNITEE IN ANY WAY RELATING TO OR ARISING OUT OF OR IN CONNECTION WITH (A) THE EXECUTION, DELIVERY, ENFORCEMENT, PERFORMANCE OR ADMINISTRATION OF ANY LOAN DOCUMENT OR ANY OTHER AGREEMENT, LETTER OR INSTRUMENT DELIVERED IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED THEREBY OR THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED THEREBY, (B) ANY COMMITMENT, LOAN OR THE USE OR PROPOSED USE OF THE PROCEEDS THEREFROM, (C) ANY ACTUAL OR ALLEGED PRESENCE OR RELEASE OF HAZARDOUS SUBSTANCE ON OR FROM ANY PROPERTY CURRENTLY OR FORMERLY OWNED OR OPERATED BY BORROWER, ANY SUBSIDIARY OR ANY OTHER COMPANY, OR ANY LIABILITY IN RESPECT OF ANY ENVIRONMENTAL LAW RELATED IN ANY WAY TO BORROWER, ANY SUBSIDIARY OR ANY OTHER COMPANY, OR (D) ANY ACTUAL OR PROSPECTIVE LITIGATION, CLAIM, OR INVESTIGATION RELATING TO ANY OF THE FOREGOING, WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY (INCLUDING ANY INVESTIGATION OF, PREPARATION FOR, OR DEFENSE OF ANY PENDING OR THREATENED CLAIM, INVESTIGATION, LITIGATION OR PROCEEDING) AND REGARDLESS OF WHETHER ANY INDEMNITEE IS A PARTY THERETO (ALL THE FOREGOING, COLLECTIVELY, THE “INDEMNIFIED LIABILITIES”), IN ALL CASES, WHETHER OR NOT CAUSED BY OR ARISING, IN WHOLE OR IN PART, OUT OF THE NEGLIGENCE OF THE INDEMNITEE; PROVIDED THAT, SUCH INDEMNITY SHALL NOT, AS TO ANY INDEMNITEE, BE AVAILABLE TO THE EXTENT THAT SUCH LIABILITIES, OBLIGATIONS, LOSSES, DAMAGES, PENALTIES, CLAIMS, DEMANDS, ACTIONS, JUDGMENTS, SUITS, COSTS, EXPENSES OR DISBURSEMENTS ARE DETERMINED BY A COURT OF COMPETENT JURISDICTION BY FINAL AND NONAPPEALABLE JUDGMENT TO HAVE RESULTED FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SUCH INDEMNITEE. ALL AMOUNTS DUE UNDER THIS SECTION SHALL BE PAYABLE WITHIN 10 BUSINESS DAYS AFTER DEMAND. THE AGREEMENTS IN THIS SECTION SHALL SURVIVE THE RESIGNATION OF LENDER, THE REPLACEMENT OF LENDER, THE TERMINATION OF THE COMMITMENT AND THE REPAYMENT, SATISFACTION OR DISCHARGE OF THE OBLIGATION.

13.12 PATRIOT Act; KYC Information. Lender hereby notifies Borrower and each Guarantor that pursuant to the requirements of the PATRIOT Act, it is required to obtain, verify and record information that identifies each Borrower and Guarantor, which information includes the name and address of each Borrower and Guarantor and other information that will allow Lender to identify Borrower and each Guarantor in accordance with the PATRIOT Act. Borrower and each Guarantor shall, and shall cause each Subsidiary to, promptly following a request by Lender, provide all documentation and other information that Lender requests in order to comply with its ongoing obligations under applicable “know your customer” and anti-money laundering rules and regulations, including the PATRIOT Act and Beneficial Ownership Regulations.

13.13 Treatment of Certain Information, Confidentiality. Lender agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to Lender or its Affiliates and the partners, directors, managers, partners, officers, employees, agents, trustees, administrators, managers, advisors and representatives of Lender or its Affiliates (each a

“**Related Party**” and collectively, its “**Related Parties**”) (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent required or requested by any regulatory authority purporting to have jurisdiction over Lender or its Related Parties (including any self-regulatory authority), (c) to the extent required by applicable Laws or by any subpoena or similar legal process, (d) to any other party hereto or any other Borrower or Guarantor, (e) in connection with the exercise of any remedies under this Agreement or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights and obligations under this Agreement, or (ii) any actual or prospective party (or its Related Parties) to any Swap Agreement or other transaction under which payments are to be made by reference to Borrower or any Guarantor and their obligations, this Agreement, or payments under this Agreement, (g) on a confidential basis to (i) any rating agency in connection with rating Borrower or any Guarantor or the Loans or (ii) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers with respect to the Loans, (h) with the consent of Borrower or any Guarantor, or (i) to the extent such Information (A) becomes publicly available other than as a result of a breach of this Section, or (B) becomes available to Lender or any of its Affiliates on a non-confidential basis from a source other than Borrower or any Guarantor. In addition, Lender may disclose the existence of this Agreement and information about this Agreement to market data collectors, similar service providers to the lending industry and service providers to Lender in connection with the administration of this Agreement, the other Loan Documents, and the Commitments.

For purposes of this Section, “**Information**” means all information received from Borrower or any Guarantor relating to such Borrower or Guarantor or any of their respective businesses, other than any such information that is available to Lender on a non-confidential basis prior to disclosure by Borrower or any Guarantor; *provided that*, in the case of information received from Borrower or any Guarantor or any Subsidiary after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

13.14 **Keepwell.** If Borrower or any Guarantor is a Qualified ECP, then jointly and severally, together with each other Qualified ECP, such Borrower or Guarantor hereby absolutely unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time by each other Borrower or Guarantor to honor all of its obligations under the applicable Guaranty or other Loan Document in respect of Swap Obligations; *provided that*, such Borrower or Guarantor shall only be liable for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Section, or otherwise under this Agreement, voidable under applicable Law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amounts. The obligations of Borrower or each Guarantor under this Section shall remain in full force and effect until all Obligations (other than contingent Obligations with respect to indemnity and reimbursement of expenses as to which no claim has been asserted) have been paid in full in cash or have been cash collateralized to the satisfaction of Lender and all Commitments shall have terminated. Borrower and each Guarantor intend that this Section constitute, and shall be deemed to constitute, a “keepwell, support, or other agreement” for the benefit of each such other Borrower or Guarantor for all purposes of Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

13.15 Entirety. **THE LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS BY THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.**

[Signatures appear on following page.]

EXECUTED as of the day and year set out in the Preamble.

BORROWER:

TWFG HOLDING COMPANY, LLC,
a Texas limited liability company and successor by conversion to RFB
Interests, Inc.

By: _____

Richard F. Bunch III
President

Signature Page to Second Amended and Restated Credit Agreement

LENDER:

PNC BANK, NATIONAL ASSOCIATION

By: _____

Cindy Young

Senior Vice President

Signature Page to Second Amended and Restated Credit Agreement

CREDIT AGREEMENT

by and among

TWFG HOLDING COMPANY, LLC

and

THE GUARANTORS PARTY HERETO

and

THE LENDERS PARTY HERETO

and

PNC BANK, NATIONAL ASSOCIATION,
as Administrative Agent, Swingline Loan Lender and Issuing Lender

PNC CAPITAL MARKETS LLC,
as Sole Lead Arranger and Sole Bookrunner

Dated as of May 23, 2023

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE 1 CERTAIN DEFINITIONS	1
1.1 Certain Definitions	1
1.2 “Construction”	33
1.3 “Accounting Principles; Changes in GAAP”	34
1.4 Benchmark Replacement Notification	34
ARTICLE 2 REVOLVING CREDIT AND SWINGLINE LOAN FACILITY	34
2.1 Revolving Credit Commitments	34
2.2 Nature of Lenders’ Obligations with Respect to Revolving Credit Loans	35
2.3 Commitment Fees	35
2.4 Termination or Reduction of Revolving Credit Commitments	35
2.5 Revolving Credit Loan Requests; Loan Conversions and Renewals; Swingline Loan Requests	36
2.6 Making Revolving Credit Loans and Swingline Loans; Presumptions by the Administrative Agent; Repayment of Revolving Credit Loans; Borrowings to Repay Swingline Loans	36
2.7 Notes	38
2.8 Letter of Credit Subfacility	39
2.9 Defaulting Lenders	45
2.10 Incremental Revolving Credit Increase	47
ARTICLE 3 RESERVED	49
ARTICLE 4 INTEREST RATES	49
4.1 Interest Rate Options	49
4.2 Conforming Changes Relating to the Term SOFR Rate and Daily SOFR	50
4.3 Interest After Default	51
4.4 Rate Unascertainable; Increased Costs; Illegality; Benchmark Replacement Setting	51
4.5 Selection of Interest Rate Options	56
ARTICLE 5 PAYMENTS; TAXES; YIELD MAINTENANCE	57
5.1 Payments	57
5.2 Voluntary Prepayments	57
5.3 Reserved	58
5.4 Pro Rata Treatment of Lenders	58
5.5 Sharing of Payments by Lenders	58
5.6 Administrative Agent’s Clawback	59

5.7	Interest Payment Dates	59
5.8	Increased Costs	60
5.9	Taxes	61
5.10	Indemnity	64
5.11	Settlement Date Procedures	65
5.12	Cash Collateral	65
5.13	Replacement of a Lender	66
5.14	Designation of a Different Lending Office	67
ARTICLE 6 REPRESENTATIONS AND WARRANTIES		67
6.1	Organization and Qualification; Power and Authority; Compliance With Laws; Title to Properties; Event of Default	67
6.2	Borrower; Subsidiaries and Owners; Investment Companies	68
6.3	Validity and Binding Effect	68
6.4	No Conflict; Material Agreements; Consents	68
6.5	Litigation	69
6.6	Financial Statements	69
6.7	Accuracy of Financial Statements	69
6.8	Margin Stock	69
6.9	Full Disclosure	70
6.10	Taxes	70
6.11	Patents, Trademarks, Copyrights, Licenses, Etc	70
6.12	Liens in the Collateral	70
6.13	Insurance	70
6.14	ERISA Compliance	71
6.15	Environmental Matters	71
6.16	Solvency	72
6.17	Sanctions and other Anti-Terrorism Laws	72
6.18	Anti-Corruption Laws	72
6.19	Certificate of Beneficial Ownership	73
ARTICLE 7 CONDITIONS OF LENDING AND ISSUANCE OF LETTERS OF CREDIT		73
7.1	Initial Loans and Letters of Credit	73
7.2	Each Loan or Letter of Credit	74
ARTICLE 8 AFFIRMATIVE COVENANTS		75
8.1	Preservation of Existence, Etc	75
8.2	Payment of Liabilities, Including Taxes, Etc	75
8.3	Maintenance of Insurance	75
8.4	Maintenance of Properties and Leases	76
8.5	Inspection Rights	76
8.6	Keeping of Records and Books of Account	76

8.7	Compliance with Laws; Use of Proceeds	76
8.8	Additional Subsidiaries; Further Assurances	77
8.9	Sanctions and other Anti-Terrorism Laws; Anti-Corruption Laws	78
8.10	Reserved	78
8.11	Keepwell	78
8.12	Reporting Requirements	78
8.13	Certificates; Notices; Additional Information	79
8.14	Certificate of Beneficial Ownership and Other Additional Information	80
8.15	Post-Closing Covenant	81
ARTICLE 9 NEGATIVE COVENANTS		81
9.1	Indebtedness	81
9.2	Liens	82
9.3	Loans and Investments	82
9.4	Dividends and Related Distributions	82
9.5	Liquidations, Mergers, Consolidations, Acquisitions	83
9.6	Dispositions of Assets or Subsidiaries	83
9.7	Affiliate Transactions	83
9.8	Subsidiaries, Partnerships and Joint Ventures	83
9.9	Continuation of or Change in Business	83
9.10	Fiscal Year	83
9.11	Changes to Material Documents	83
9.12	Permitted Joint Venture	84
9.13	Minimum Consolidated Debt Service Coverage Ratio	84
9.14	Maximum Consolidated Leverage Ratio	84
9.15	Limitation on Negative Pledges and Restrictive Agreements	84
9.16	Reserved	84
9.17	Agreements Restricting Dividends	85
9.18	Sanctions and other Anti-Terrorism Laws	85
9.19	Anti-Corruption Laws	85
ARTICLE 10 DEFAULT		85
10.1	Events of Default	85
10.2	Consequences of Event of Default	87
10.3	Application of Proceeds	88
ARTICLE 11 THE ADMINISTRATIVE AGENT		90
11.1	Appointment and Authority	90
11.2	Rights as a Lender	90
11.3	Exculpatory Provisions	90
11.4	Reliance by Administrative Agent	91
11.5	Delegation of Duties	91

11.6	Resignation of Administrative Agent	92
11.7	Non-Reliance on Administrative Agent and Other Lenders	93
11.8	No Other Duties, Etc	93
11.9	Administrative Agent's Fee	93
11.10	Administrative Agent May File Proofs of Claim	93
11.11	Collateral and Guaranty Matters	94
11.12	No Reliance on Administrative Agent's Customer Identification Program	94
11.13	Lender Provided Interest Rate Hedges and Other Lender Provided Financial Service Products	95
11.14	ERISA Matters	95
11.15	Erroneous Payments	96

ARTICLE 12 MISCELLANEOUS **99**

12.1	Modifications, Amendments or Waivers	99
12.2	No Implied Waivers; Cumulative Remedies	100
12.3	Expenses; Indemnity; Damage Waiver	101
12.4	Holidays	102
12.5	Notices; Effectiveness; Electronic Communication	103
12.6	Severability	104
12.7	Duration; Survival	104
12.8	Successors and Assigns	105
12.9	Confidentiality	109
12.10	Counterparts; Integration; Effectiveness; Electronic Execution	110
12.11	CHOICE OF LAW; SUBMISSION TO JURISDICTION; WAIVER OF VENUE; SERVICE OF PROCESS; WAIVER OF JURY TRIAL	110
12.12	Mutual Negotiations	111
12.13	Acknowledgement and Consent to Bail-In of Affected Financial Institutions	111
12.14	USA PATRIOT Act Notice	112
12.15	Acknowledgement Regarding Any Supported QFCs	112

LIST OF SCHEDULES AND EXHIBITS

SCHEDULES

SCHEDULE 1.1(B)	-	COMMITMENTS OF LENDERS AND ADDRESSES FOR NOTICES
SCHEDULE 1.1(D)	-	PERMITTED LIENS
SCHEDULE 6.2	-	SUBSIDIARIES
SCHEDULE 6.15	-	ENVIRONMENTAL DISCLOSURES
SCHEDULE 8.15	-	POST-CLOSING COVENANT
SCHEDULE 9.1	-	EXISTING INDEBTEDNESS
SCHEDULE 9.7	-	TRANSACTIONS WITH AFFILIATES

EXHIBITS

EXHIBIT A	-	ASSIGNMENT AND ASSUMPTION AGREEMENT
EXHIBIT B	-	GUARANTOR JOINDER
EXHIBIT C	-	REVOLVING CREDIT NOTE
EXHIBIT D	-	SWINGLINE LOAN NOTE
EXHIBIT E	-	[RESERVED]
EXHIBIT F	-	PERMITTED ACQUISITION CERTIFICATE
EXHIBIT G	-	LOAN REQUEST
EXHIBIT H	-	SWINGLINE LOAN REQUEST
EXHIBIT I	-	COMPLIANCE CERTIFICATE
EXHIBIT P-1	-	U.S. TAX COMPLIANCE CERTIFICATE (For Foreign Lenders That Are Not Partnerships For U.S. Federal Income Tax Purposes)
EXHIBIT P-2	-	U.S. TAX COMPLIANCE CERTIFICATE (For Foreign Participants That Are Not Partnerships For U.S. Federal Income Tax Purposes)
EXHIBIT P-3	-	U.S. TAX COMPLIANCE CERTIFICATE (For Foreign Participants That Are Partnerships For U.S. Federal Income Tax Purposes)
EXHIBIT P-4	-	U.S. TAX COMPLIANCE CERTIFICATE (For Foreign Lenders That Are Partnerships For U.S. Federal Income Tax Purposes)

CREDIT AGREEMENT

THIS CREDIT AGREEMENT is dated as of May 23, 2023 and is made by and among TWFG HOLDING COMPANY, LLC, a Texas limited liability company (the “Borrower”), the GUARANTORS (as hereinafter defined), the LENDERS (as hereinafter defined), and PNC BANK, NATIONAL ASSOCIATION, in its capacity as the Administrative Agent (as hereinafter defined), Swingline Loan Lender (as hereinafter defined) and Issuing Lender (as hereinafter defined).

The Borrower has requested the Lenders to provide a revolving credit facility to the Borrower in an aggregate principal amount not to exceed \$50,000,000, including therein a Swingline Loan (as hereinafter defined) subfacility and a Letter of Credit (as hereinafter defined) subfacility. In consideration of their mutual covenants and agreements hereinafter specified and intending to be legally bound hereby, the parties hereto covenant and agree as follows:

ARTICLE 1 CERTAIN DEFINITIONS

1.1 Certain Definitions. In addition to words and terms defined elsewhere in this Agreement, the following words and terms shall have the following meanings, respectively, unless the context hereof clearly requires otherwise:

“Acquisition” means any transaction, or any series of related transactions, by which any Loan Party or any of its Subsidiaries (a) acquires any going business or all or substantially all of the assets of any firm, corporation or limited liability company, or division thereof, whether through purchase of assets, merger or otherwise, (b) directly or indirectly acquires (in one transaction or as the most recent transaction in a series of transactions) at least a majority (in number of votes) of the securities of a corporation which have ordinary voting power for the election of directors (other than securities having such power only by reason of the happening of a contingency) or a majority (by percentage or voting power) of the outstanding ownership interests of a partnership or limited liability company, (c) acquires a majority of assets and liabilities (including its book of business) from a Person (the “Target Branch”) pursuant to a purchase and sale agreement and following such acquisition (i) enters into a branch office agreement to govern the rights of the Target Branch to conduct its business using the TWFG brand and for tax purposes, and (ii) TWFG Insurance Services and the Target Branch enter into a tax partnership based on the foregoing arrangement, or (d) consummates a Branch Consolidation.

“Acquisition Quarter” means as is specified in Section 9.14.

“Administrative Agent” means PNC Bank, National Association, in its capacity as administrative agent hereunder or any successor administrative agent.

“Administrative Agent’s Fee” means as is specified in Section 11.9.

“Administrative Agent’s Letter” means as is specified in Section 11.9.

“Administrative Questionnaire” means an administrative questionnaire in a form supplied by the Administrative Agent.

“Affected Financial Institution” means (a) any EEA Financial Institution or (b) any UK Financial Institution.

“Affiliate” means, with respect to a specified Person, another Person that directly or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

“Agent Parties” means as is specified in Section 12.5(d)(ii).

“Agreement” shall mean this Credit Agreement, as the same may be amended, supplemented, modified or restated from time to time, including all schedules and exhibits.

“Anti-Corruption Laws” means the United States Foreign Corrupt Practices Act of 1977, as amended, the UK Bribery Act 2010, and any other similar anti-corruption Laws or regulations administered or enforced in any jurisdiction in which the Borrower or any of its Subsidiaries conduct business.

“Anti-Terrorism Law” means any Law in force or hereinafter enacted related to terrorism, money laundering, or economic sanctions, including the Bank Secrecy Act, 31 U.S.C. § 5311 *et seq.*, the USA PATRIOT Act, the International Emergency Economic Powers Act, 50 U.S.C. 1701, *et seq.*, the Trading with the Enemy Act, 50 U.S.C. App. 1, *et seq.*, 18 U.S.C. § 2332d, and 18 U.S.C. § 2339B.

“Applicable Margin” means the corresponding percentages per annum as specified under and in accordance with the terms set forth below based on the Consolidated Leverage Ratio:

Level	I	II	III	IV
Consolidated Leverage Ratio	Less than or equal to 1.00 to 1.0	Greater than 1.0 to 1.0 but less than or equal to 1.50 to 1.0	Greater than 1.50 to 1.0 but less than or equal to 2.0 to 1.0	Greater than 2.0 to 1.0
Commitment Fee	0.20%	0.25%	0.30%	0.35%
Letter of Credit Fee	2.00%	2.25%	2.50%	2.75%
Applicable Margin for Swingline Loans bearing interest at the Base Rate Option	1.00%	1.25%	1.50%	1.75%
Applicable Margin for Revolving Credit Loans bearing interest at the Base Rate Option	1.00%	1.25%	1.50%	1.75%
Applicable Margin for Revolving Credit Loans bearing interest at the Daily SOFR Option	2.00%	2.25%	2.50%	2.75%
Applicable Margin for Revolving Credit Loans bearing interest at the Term SOFR Option	2.00%	2.25%	2.50%	2.75%

For purposes of determining the Applicable Margin, the Commitment Fee and the Letter of Credit Fee:

(a) The Applicable Margin, the Commitment Fee and the Letter of Credit Fee shall be determined on the Closing Date based on the Consolidated Leverage Ratio computed on such date pursuant to a Compliance Certificate to be delivered on the Closing Date.

(b) The Applicable Margin, the applicable Commitment Fee and the Letter of Credit Fee shall be recomputed as of the end of each fiscal quarter ending after the Closing Date based on the Consolidated Leverage Ratio as of such quarter end. Any increase or decrease in the Applicable Margin, the Commitment Fee or the Letter of Credit Fee computed as of a quarter end shall be effective on the date on which the Compliance Certificate evidencing such computation is due to be delivered under Section 8.13(a). If a Compliance Certificate is not delivered when due in accordance with such Section 8.13(a), then the rates in Level IV shall apply as of the first Business Day after the date on which such Compliance Certificate was required to have been delivered and shall remain in effect until the date on which such Compliance Certificate is delivered.

(c) If, as a result of any restatement of or other adjustment to the financial statements of the Borrower or for any other reason, the Borrower or the Lenders determine that (i) the Leverage Ratio as calculated by the Borrower as of any applicable date was inaccurate and (ii) a proper calculation of the Leverage Ratio would have resulted in higher pricing for such period, the Borrower shall immediately and retroactively be obligated to pay to the Administrative Agent for the account of the applicable Lenders, promptly on demand by the Administrative Agent (or, after the occurrence of an actual or deemed entry of an order for relief with respect to the Borrower under the Bankruptcy Code of the United States, automatically and without further action by the Administrative Agent, any Lender or the Issuing Lender), an amount equal to the excess of the amount of interest and fees that should have been paid for such period over the amount of interest and fees actually paid for such period. This paragraph shall not limit the rights of the Administrative Agent, any Lender or the Issuing Lender, as the case may be, under Section 2.8 or Section 4.3 or Article 10. The Borrower's obligations under this paragraph shall survive the termination of the Commitments and the repayment of all other Obligations hereunder.

"Approved Advisor" means Borrower's financial advisor, TAG Consulting Services, LLC, Deloitte or another financial advisor or consultant to Borrower which is approved by the Administrative Agent.

"Approved Fund" means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"Asset Disposition" means the sale, transfer, license, lease or other disposition of any property by any Loan Party or any Subsidiary thereof, including, in each case, by way of an LLC Division (or the granting of any option or other right to do any of the foregoing), including any issuance of Equity Interests by any Subsidiary of the Borrower to any Person that is not a Loan Party or any Subsidiary thereof. The term "Asset Disposition" shall not include (a) the sale of inventory in the ordinary course of business, (b) the transfer of assets to the Borrower or any Guarantor pursuant to any other transaction permitted pursuant to Section 9.5, (c) the write-off, discount, sale or other disposition of defaulted or past-due receivables and similar obligations in the ordinary course of business and not undertaken as part of an accounts receivable financing transaction, (d) the disposition of any Swap, (e) dispositions of investments in cash and Cash Equivalents, (f) the transfer by any Loan Party of its assets to any other Loan Party, (g) the transfer by any non-Loan Party Subsidiary of its assets to any Loan Party (provided that in connection with any transfer described in this clause (g), such Loan Party shall not pay more than an amount equal to

the fair market value of such assets as determined in good faith at the time of such transfer), (h) the transfer by any non- Loan Party Subsidiary of its assets to any other non-Loan Party Subsidiary, and (i) the transfer, exchange or exercise of a put option with respect to Equity Interests, tax partnership agreements, branch office agreements or other property made in order to consummate a Qualified IPO Transaction.

“Assignment and Assumption Agreement” means an assignment and assumption entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 12.8), and accepted by the Administrative Agent, in substantially the form of Exhibit A or any other form approved by the Administrative Agent.

“Authorized Officer” means, with respect to any Loan Party, the Chief Executive Officer, President, Chief Financial Officer, Treasurer or Assistant Treasurer of such Loan Party, any manager or the members (as applicable) in the case of any Loan Party which is a limited liability company, or such other individuals, designated by written notice to the Administrative Agent from the Borrower, authorized to execute notices, reports and other documents on behalf of such Loan Party required hereunder. The Borrower may amend such list of individuals from time to time by giving written notice of such amendment to the Administrative Agent.

“Available Tenor” means as is specified in Section 4.4(d)(vi).

“Bail-In Action” shall mean the exercise of any Write-down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

“Bail-In Legislation” means (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

“Base Rate” means, for any day, a fluctuating per annum rate of interest equal to the highest of (i) the Overnight Bank Funding Rate, plus 0.5%, (ii) the Prime Rate, and (iii) the Daily Simple SOFR, plus 1.00%, so long as Daily Simple SOFR is offered, ascertainable and not unlawful; provided, however, if the Base Rate as determined above would be less than zero, then such rate shall be deemed to be zero. Any change in the Base Rate (or any component thereof) shall take effect at the opening of business on the day such change occurs. Notwithstanding anything to the contrary contained herein, in the case of any event specified in Section 4.4(a) or Section 4.4(b), to the extent any such determination affects the calculation of the Base Rate, the definition hereof shall be calculated without reference to clause (iii) until the circumstances giving rise to such event no longer exist.

“Base Rate Loan” means a Loan that bears interest based on the Base Rate.

“Base Rate Option” means the option of the Borrower to have Loans bear interest at the rate and under the terms specified in Section 4.1(b).

“Benchmark” means as is specified in Section 4.4(d)(vi).

“Benchmark Replacement” means as is specified in Section 4.4(d)(vi).

“Benchmark Replacement Adjustment” means as is specified in Section 4.4(d)(vi).

“Benchmark Replacement Date” means as is specified in Section 4.4(d)(vi).

“Benchmark Transition Event” means as is specified in Section 4.4(d)(vi).

“Benchmark Unavailability Period” means as is specified in Section 4.4(d)(vi).

“Beneficial Owner” shall mean, for each Borrower, each of the following: (a) each individual, if any, who, directly or indirectly, owns 25% or more of such Borrower’s Equity Interests; and (b) a single individual with significant responsibility to control, manage, or direct such Borrower.

“Borrower” means as is specified in the introductory paragraph.

“Borrowing Date” means, with respect to any Loan, the date of the making, renewal or conversion thereof, which shall be a Business Day.

“Borrowing Tranche” means specified portions of Revolving Credit Loans or Swingline Loans, as the context may require, consisting of simultaneous loans under the same Interest Rate Option, and in the case of Term SOFR Rate Loans, have the same Interest Period. For the avoidance of doubt, all Revolving Credit Loans to which a Daily SOFR Option applies shall constitute one Borrowing Tranche.

“Branch Consolidation” means any transaction, or any series of related transactions, by which any Loan Party acquires the business of an existing TWFG branch and after giving effect to such transaction, the business of such TWFG branch is consolidated with and into the business and operations of the Loan Parties and no longer exists as a separate branch office.

“Business Day” means any day other than a Saturday or Sunday or a legal holiday on which commercial banks are authorized or required to be closed, or are in fact closed, for business in Pittsburgh, Pennsylvania (or, if otherwise, the Lending Office of the Administrative Agent); provided that, when used in connection with an amount that bears interest at a rate based on SOFR or any direct or indirect calculation or determination of SOFR, the term “Business Day” means any such day that is also a U.S. Government Securities Business Day.

“Capital Expenditures” means for any period, with respect to any Person, the aggregate of all expenditures by such Person for the acquisition or leasing (pursuant to a capital lease) of fixed or capital assets or additions to equipment (including replacements, capitalized repairs and improvements during such period) which are required to be capitalized under GAAP on a consolidated balance sheet of such Person.

“Cash Collateralize” means, to deposit in a Controlled Account or to pledge and deposit with or deliver to the Administrative Agent, for the benefit of one or more of the Issuing Lender or the Lenders, as collateral for Letter of Credit Obligations or obligations of Lenders to fund participations in respect of Letter of Credit Obligations, cash or deposit account balances or, if the Administrative Agent and each applicable Issuing Lender shall agree in their sole discretion, other credit support, in each case pursuant to documentation in form and substance satisfactory to the Administrative Agent and each applicable Issuing Lender.

“Cash Collateral” shall have a meaning correlative to the foregoing and shall include the proceeds of such cash collateral and other credit support.

“Cash Equivalents” means, collectively, such items described in clauses (a), (b), (c) and (d) of the definition of Permitted Investments.

“Cash Management Agreements” means as is specified in Section 2.6(f).

“Cash Management Bank” means any Person that, at the time it enters into an Other Lender Provided Financial Service Product, is a Lender or an Affiliate of a Lender, in its capacity as a party to such Other Lender Provided Financial Service Product.

“Certificate of Beneficial Ownership” means, for each Borrower, a certificate in form and substance acceptable to the Administrative Agent (as amended or modified by the Administrative Agent from time to time in its sole discretion), certifying, among other things, the Beneficial Owner of such Borrower.

“CEA” means the Commodity Exchange Act (7 U.S.C. §1 *et seq.*), as amended from time to time, and any successor statute.

“CFC Debt” means intercompany loans, Indebtedness or receivables owed or treated as owed by one or more Foreign Subsidiaries.

“CFTC” means the Commodity Futures Trading Commission.

“Change in Law” means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any Law, (b) any change in any Law or in the administration, interpretation, implementation or application thereof by any Official Body or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of Law) by any Official Body; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, regulations, guidelines, interpretations or directives thereunder or issued in connection therewith (whether or not having the force of Law) and (y) all requests, rules, regulations, guidelines, interpretations or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities (whether or not having the force of Law), in each case pursuant to Basel III, shall in each case be deemed to be a Change in Law regardless of the date enacted, adopted, issued, promulgated or implemented.

“Change of Control” means the occurrence of any of the following:

(a) prior to the consummation of a Qualified IPO Transaction: (i) any change in the ownership of Borrower’s Equity Interests (on a fully diluted basis) such that Bunch Family Holdings, LLC ceases to directly and indirectly own and Control at all times at least a majority of the Equity Interests of Borrower, (ii) any change in the ownership of Bunch Family Holdings, LLC’s Equity Interests (on a fully diluted basis) such that Richard F. Bunch, III ceases to Control by contract, ownership or otherwise, the percentage of outstanding Equity Interests of Bunch Family Holdings, LLC necessary at all times to elect a majority of its board of managers or to appoint and elect its managing member, (iii) the Borrower shall cease to own, free and clear of all Liens or other encumbrances, at least 100% of the outstanding voting Equity Interests of each Guarantor on a fully diluted basis, (iv) Richard F. Bunch III ceases to be actively involved in the day-to-day management or operation of Borrower or any of its Subsidiaries, or (v) any

sale, lease, transfer, conveyance or other disposition (in one transaction or a series of related transactions) of all or substantially all of the properties or assets of Borrower and its Subsidiaries taken as a whole to any Person or group or related Persons for purposes of Section 13(d) of the Exchange Act (a “Group”) together with any Affiliates thereof; and

(b) on and after the consummation of a Qualified IPO Transaction: (i) any change in the ownership of Borrower’s Equity Interests (on a fully diluted basis) such that Holdings ceases to be the non-economic managing member of Borrower or Holdings ceases to own all of the class A common units of Borrower, (ii) the acquisition, in one or more transactions, of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of the Equity Interests of Holdings by any Person or Group (other than Richard F. Bunch, III and his Affiliates) that, as a result of such acquisition, either (x) beneficially owns (within the meaning of Rule 13d-3 under the Exchange Act), directly or indirectly, 35% or more of Holdings’ then outstanding Equity Interest or Voting Stock or (y) otherwise has the ability to elect, directly or indirectly, a majority of the members of the board of directors of Holdings, including, without limitation, by the acquisition of revocable proxies for the election of directors, (iii) the Borrower shall cease to own, free and clear of all Liens or other encumbrances, at least 100% of the outstanding voting Equity Interests of each Guarantor (other than Holdings) on a fully diluted basis, and (iv) Richard F. Bunch III ceases to be actively involved in the day-to-day management or operation of Holdings or Borrower, or any of their respective Subsidiaries.

“CIP Regulations” means as is specified in Section 11.12.

“Class”, when used in reference to any Loan, refers to whether such Loan, or the advances comprising such Loans, are Revolving Credit Loans or Swingline Loans and, when used in reference to any Lender, refers to whether such Lender has any outstanding Revolving Credit Loans or Revolving Commitments.

“Closing Date” means May 23, 2023.

“Code” means the Internal Revenue Code of 1986, as the same may be amended or supplemented from time to time, and any successor statute of similar import, and the rules and regulations thereunder, as from time to time in effect.

“Collateral” means the personal property of any Person granted as collateral to secure the Obligations for the benefit of the Secured Parties.

“Collateral Agent” means PNC Bank, National Association, in its capacity as collateral agent hereunder or any successor collateral agent.

“Collateral Documents” means the Security Agreement and any other agreement, document or instrument granting a Lien in Collateral for the benefit of the Secured Parties.

“Commitment” means, as to any Lender, its Revolving Credit Commitment, and, in the case of PNC (in its capacity as the Swingline Loan Lender), its Swingline Loan Commitment (but not the aggregate of its Revolving Credit Commitment and its Swingline Loan Commitment), and Commitments means the aggregate of the Revolving Credit Commitments of all of the Lenders.

“Commitment Fee” means as is specified in Section 2.3.

“Communications” means as is specified in Section 12.5(d)(ii).

“Compliance Certificate” means as is specified in Section 8.13(a).

“Conforming Changes” means, with respect to the Term SOFR Rate or Daily SOFR or any Benchmark Replacement in relation thereto, any technical, administrative or operational changes (including changes to the definition of “Base Rate,” the definition of “Business Day,” the definition of “Interest Period,” the definition of “U.S. Government Securities Business Day,” timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, the applicability and length of lookback periods, the applicability of breakage provisions, and other technical, administrative or operational matters) that the Administrative Agent decides may be appropriate to reflect the adoption and implementation of the Term SOFR Rate or Daily SOFR or such Benchmark Replacement and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent determines that no market practice for the administration of the Term SOFR Rate or Daily SOFR or the Benchmark Replacement exists, in such other manner of administration as the Administrative Agent decides is reasonably necessary in connection with the administration of this Agreement and the other Loan Documents).

“Connection Income Taxes” means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

“Consolidated Debt Service Coverage Ratio” means, as of any date of determination, the ratio of (a) (i) Consolidated EBITDA, less (ii) the aggregate amount of all non-financed cash Capital Expenditures, less (iii) the aggregate amount of all Restricted Payments including Permitted Tax Distributions, less (iv) the aggregate amount of federal, state, local and foreign Taxes paid in cash to (b) the sum of (i) Consolidated Interest Expense, plus (ii) current maturities of long-term Indebtedness, in each case, of or by the Borrower and its Subsidiaries for the most recently completed Measurement Period.

“Consolidated EBITDA” means, for any period of determination, the sum of the following determined on a consolidated basis, without duplication, for the Borrower and its Subsidiaries in accordance with GAAP: (a) Consolidated Net Income for such period plus (b) the sum of the following, without duplication, to the extent deducted in determining Consolidated Net Income for such period: (i) income tax expense determined in accordance with GAAP, (ii) Consolidated Interest Expense, (iii) depreciation and amortization expense determined in accordance with GAAP, (iv) IPO Transaction Costs in an aggregate amount not to exceed \$5,000,000 during the term of this Agreement, (v) any non-cash charges, expenses or losses for such period (excluding write-downs of accounts receivable and any other non-cash charges, expenses or losses to the extent representing accruals of or reserves for cash expenses in any future period or an amortization of a prepaid cash expense), minus (c) the sum of the following, without duplication, to the extent included in determining Consolidated Net Income for such period: (i) interest income, (ii) any unusual or extraordinary gains and (iii) non-cash gains or non-cash items increasing Consolidated Net Income. For purposes of this Agreement, Consolidated EBITDA shall be adjusted on a Pro Forma Basis for any period of measurement during which any Permitted Acquisition or Historical Acquisition (including any Branch Consolidation) has occurred, so long as all adjustments made on a Pro Forma Basis (as set forth in the definition of Pro Forma Basis) are specifically identified and described in each Compliance Certificate to the satisfaction of the Administrative Agent.

“Consolidated Interest Expense” means, for any Measurement Period, the sum of (a) all interest, premium payments, debt discount, fees, charges and related expenses in connection with borrowed money

(including capitalized interest) or in connection with the deferred purchase price of assets, in each case to the extent treated as interest in accordance with GAAP, (b) all interest paid or payable with respect to discontinued operations and (c) the portion of rent expense under capitalized leases that is treated as interest in accordance with GAAP, in each case, of or by the Borrower and its Subsidiaries on a consolidated basis for the most recently completed Measurement Period.

“Consolidated Leverage Ratio” means, as of any date of determination, the ratio of (a) consolidated Funded Debt (with all items included under clause (d) of the definition of Indebtedness being included to seek determination at their respective Hedge Termination Value) of Borrower and its Subsidiaries on such date to (b) Consolidated EBITDA for the four fiscal quarters most recently ended.

“Consolidated Net Income” means, at any date of determination, the net income (or loss) of the Borrower and its Subsidiaries on a consolidated basis for the most recently completed Measurement Period; provided that Consolidated Net Income shall exclude (a) extraordinary gains and extraordinary losses for such Measurement Period, (b) the net income of any Subsidiary during such Measurement Period to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary of such income is not permitted by operation of the terms of its organizational documents or any agreement, instrument or Law applicable to such Subsidiary during such Measurement Period, except that the Borrower’s equity in any net loss of any such Subsidiary for such Measurement Period shall be included in determining Consolidated Net Income, and (c) any income (or loss) for such Measurement Period of any Person if such Person is not a Subsidiary, except that the Borrower’s equity in the net income of any such Person for such Measurement Period shall be included in Consolidated Net Income up to the aggregate amount of cash actually distributed by such Person during such Measurement Period to the Borrower or a Subsidiary as a dividend or other distribution (and in the case of a dividend or other distribution to a Subsidiary, such Subsidiary is not precluded from further distributing such amount to the Borrower as described in clause (b) of this proviso).

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlling” and “Controlled” have meanings correlative thereto.

“Controlled Account” means each deposit account that is subject to an account control agreement in form and substance satisfactory to the Administrative Agent and each applicable Issuing Lender.

“Covered Entity” means (a) the Borrower, each of Borrower’s Subsidiaries, all Guarantors and all pledgors of Collateral, and (b) each Person that, directly or indirectly, controls a Person described in clause (a) above. For purposes of this definition, control of a Person means the direct or indirect (x) ownership of, or power to vote, 25% or more of the issued and outstanding equity interests having ordinary voting power for the election of directors of such Person or other Persons performing similar functions for such Person, or (y) power to direct or cause the direction of the management and policies of such Person whether by ownership of equity interests, contract or otherwise.

“Daily 1M SOFR” means, for any day, the rate per annum determined by the Administrative Agent (rounded upwards, at the Administrative Agent’s discretion, to the nearest 1/100th of 1%) equal to the Term SOFR Reference Rate for such day for a one (1) month period, as published by the Term SOFR Administrator; provided, that if Daily 1M SOFR, determined as provided above, would be less than the SOFR Floor, then Daily 1M SOFR shall be deemed to be the SOFR Floor. The rate of interest will be adjusted automatically as of each Business Day based on changes in Daily 1M SOFR without notice to the Borrower.

“Daily Simple SOFR” means, for any day (a “SOFR Rate Day”), the interest rate per annum determined by the Administrative Agent (rounded upwards, at the Administrative Agent’s discretion, to the nearest 1/100th of 1%) equal to SOFR for the day (the “SOFR Determination Date”) that is 2 Business Days prior to (i) such SOFR Rate Day if such SOFR Rate Day is a Business Day or (ii) the Business Day immediately preceding such SOFR Rate Day if such SOFR Rate Day is not a Business Day, in each case, as such SOFR is published by the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate) on the website of the Federal Reserve Bank of New York, currently at <http://www.newyorkfed.org>, or any successor source identified by the Federal Reserve Bank of New York or its successor administrator for the secured overnight financing rate from time to time. If Daily Simple SOFR as determined above would be less than the SOFR Floor, then Daily Simple SOFR shall be deemed to be the SOFR Floor. If SOFR for any SOFR Determination Date has not been published or replaced with a Benchmark Replacement by 5:00 p.m. (Pittsburgh, Pennsylvania time) on the second Business Day immediately following such SOFR Determination Date, then SOFR for such SOFR Determination Date will be SOFR for the first Business Day preceding such SOFR Determination Date for which SOFR was published in accordance with the definition of “SOFR”; provided that SOFR determined pursuant to this sentence shall be used for purposes of calculating Daily Simple SOFR for no more than 3 consecutive SOFR Rate Days. If and when Daily Simple SOFR as determined above changes, any applicable rate of interest based on Daily Simple SOFR will change automatically without notice to the Borrower, effective on the date of any such change.

“Daily SOFR” means Daily 1M SOFR.

“Daily SOFR Loan” means a Loan that bears interest based on Daily SOFR.

“Daily SOFR Option” means the option of the Borrower to have Revolving Credit Loans bear interest at the rate and under the terms specified in Section 4.1(a)(i).

“Debtor Relief Laws” means the Bankruptcy Code of the United States of America, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect.

“Defaulting Lender” means, subject to Section 2.9(b), any Lender that (a) has failed to (i) fund all or any portion of its Loans within two (2) Business Days of the date such Loans were required to be funded hereunder unless such Lender notifies the Administrative Agent and the Borrower in writing that such failure is the result of such Lender’s determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to the Administrative Agent, the Issuing Lender, the Swingline Loan Lender or any other Lender any other amount required to be paid by it hereunder (including in respect of its participation in Letters of Credit or Swingline Loans) within two (2) Business Days of the date when due, (b) has notified the Borrower, the Administrative Agent, the Issuing Lender or the Swingline Loan Lender in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lender’s obligation to fund a Loan hereunder and states that such position is based on such Lender’s determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within three (3) Business Days after written request by the Administrative Agent or the Borrower, to confirm in writing to the Administrative Agent and the Borrower that it will comply with its prospective funding obligations hereunder (provided that such Lender shall cease to be a Defaulting

Lender pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent and the Borrower), or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity, or (iii) become the subject of a Bail-In Action; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by an Official Body so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Official Body) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under any one or more of clauses (a) through (d) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 2.9(b)) upon delivery of written notice of such determination to the Borrower, the Issuing Lender, the Swingline Loan Lender and each Lender.

“Designated Companies” means TWFG Premium Finance, LLC, a Texas limited liability company, and TWFG CA Premium Finance Company, a California corporation.

“Dollar”, “Dollars”, “U.S. Dollars” and the symbol “\$” means, in each case, lawful money of the United States of America.

“Domestic Subsidiary” means any Subsidiary of the Borrower that is organized under the Laws of the United States, a State thereof or the District of Columbia.

“Drawing Date” means as is specified in Section 2.8(c).

“EEA Financial Institution” means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“EEA Member Country” means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“EEA Resolution Authority” means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

“Effective Date” means the date indicated in a document or agreement to be the date on which such document or agreement becomes effective, or, if there is no such indication, the date of execution of such document or agreement.

“Effective Federal Funds Rate” means for any day the rate per annum (based on a year of 360 days and actual days elapsed and rounded upward to the nearest 1/100 of 1% announced by the Federal Reserve Bank of New York (or any successor) on such day as being the weighted average of the rates on overnight federal funds transactions arranged by federal funds brokers on the previous trading day, as

computed and announced by such Federal Reserve Bank (or any successor) in substantially the same manner as such Federal Reserve Bank computes and announces the weighted average it refers to as the “Effective Federal Funds Rate” as of the date of this Agreement; provided that if such Federal Reserve Bank (or its successor) does not announce such rate on any day, the “Effective Federal Funds Rate” for such day shall be the Effective Federal Funds Rate for the last day on which such rate was announced. Notwithstanding the foregoing, if the Effective Federal Funds Rate as determined under any method above would be less than zero percent (0.00%), such rate shall be deemed to be zero percent (0.00%) for purposes of this Agreement.

“Eligible Assignee” means any Person that meets the requirements to be an assignee under Section 12.8(b)(iv), (v) and (vi) (subject to such consents, if any, as may be required under Section 12.8(b)(iii)).

“Eligible Contract Participant” means an “eligible contract participant” as defined in the CEA and regulations thereunder.

“Eligibility Date” means, with respect to each Loan Party and each Swap, the date on which this Agreement or any other Loan Document becomes effective with respect to such Swap (for the avoidance of doubt, the Eligibility Date shall be the Effective Date of such Swap if this Agreement or any other Loan Document is then in effect with respect to such Loan Party, and otherwise it shall be the Effective Date of this Agreement and/or such other Loan Document(s) to which such Loan Party is a party).

“Embargoed Property” means any property; (a) beneficially owned, directly or indirectly, by a Sanctioned Person; (b) that is due to or from a Sanctioned Person; (c) in which a Sanctioned Person otherwise holds any interest; (d) that is located in a Sanctioned Jurisdiction; or (e) that otherwise would cause any actual or possible violation by the Lenders, the Administrative Agent, or the Collateral Agent of any applicable Anti-Terrorism Law if the Lenders or the Administrative Agent were to obtain an encumbrance on, lien on, pledge of, or security interest in such property, or provide services in consideration of such property.

“Environmental Laws” means all applicable federal, state, local, tribal, territorial and foreign Laws (including common law), constitutions, statutes, treaties, regulations, rules, ordinances and codes and any consent decrees, settlement agreements, judgments, orders, directives, policies or programs issued by or entered into with an Official Body pertaining or relating to: (a) pollution or pollution control; (b) protection of human health from exposure to regulated substances; (c) protection of the environment and/or natural resources; (d) employee safety in the workplace; (e) the presence, use, management, generation, manufacture, processing, extraction, treatment, recycling, refining, reclamation, labeling, packaging, sale, transport, storage, collection, distribution, disposal or release or threat of release of regulated substances; (f) the presence of contamination; (g) the protection of endangered or threatened species; and (h) the protection of environmentally sensitive areas.

“Environmental Liability” means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Borrower, any other Loan Party or any of their respective Subsidiaries directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“Equity Interests” means, with respect to any Person, all of the shares of capital stock of (or other ownership or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

“ERISA” means the Employee Retirement Income Security Act of 1974, as the same may be amended or supplemented from time to time, and any successor statute of similar import, and the rules and regulations thereunder, as from time to time in effect.

“ERISA Event” means (a) with respect to a Pension Plan, a reportable event under Section 4043 of ERISA as to which event (after taking into account notice waivers provided for in the regulations) there is a duty to give notice to the PBGC; (b) a withdrawal by the Borrower or any member of the ERISA Group from a Pension Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by the Borrower or any member of the ERISA Group from a Multiemployer Plan, notification that a Multiemployer Plan is in reorganization, or occurrence of an event described in Section 4041A(a) of ERISA that results in the termination of a Multiemployer Plan; (d) the filing of a notice of intent to terminate a Pension Plan, the treatment of a Pension Plan amendment as a termination under Section 4041(e) of ERISA, or the commencement of proceedings by the PBGC to terminate a Pension Plan; (e) an event or condition which constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan or Multiemployer Plan; (f) the determination that any Pension Plan or Multiemployer Plan is considered an at-risk plan or a plan in endangered or critical status within the meaning of Sections 430.431 and 432 of the Code or Sections 303, 304 and 305 of ERISA; or (g) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Borrower or any member of the ERISA Group.

“ERISA Group” means, at any time, the Borrower and all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control and all other entities which, together with the Borrower, are treated as a single employer under Section 414 of the Code or Section 4001(b)(1) of ERISA.

“Erroneous Payment” has the meaning assigned to it in Section 11.15(a).

“Erroneous Payment Deficiency Assignment” has the meaning assigned to it in Section 11.15(d).

“Erroneous Payment Impacted Class” has the meaning assigned to it in Section 11.15(d).

“Erroneous Payment Return Deficiency” has the meaning assigned to it in Section 11.15(d).

“Erroneous Payment Subrogation Rights” has the meaning assigned to it in Section 11.15(d).

“EU Bail-In Legislation Schedule” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

“Event of Default” means any of the events described in Section 10.1.

“Excluded Hedge Liability or Liabilities” means, with respect to each Loan Party, each of its Swap Obligations if, and only to the extent that, all or any portion of this Agreement or any other Loan Document that relates to such Swap Obligation is or becomes illegal under the CEA, or any rule, regulation or order of the CFTC, solely by virtue of such Loan Party’s failure to qualify as an Eligible Contract Participant on the Eligibility Date for such Swap. Notwithstanding anything to the contrary contained in the foregoing or in any other provision of this Agreement or any other Loan Document, the foregoing is subject to the following provisos: (a) if a Swap Obligation arises under a master agreement governing more than one Swap, this definition shall apply only to the portion of such Swap Obligation that is attributable to Swaps for which such guaranty or security interest is or becomes illegal under the CEA, or any rule, regulations or order of the CFTC, solely as a result of the failure by such Loan Party for any reason to qualify as an Eligible Contract Participant on the Eligibility Date for such Swap, (b) if a guarantee of a Swap Obligation would cause such obligation to be an Excluded Hedge Liability but the grant of a security interest would not cause such obligation to be an Excluded Hedge Liability, such Swap Obligation shall constitute an Excluded Hedge Liability for purposes of the guaranty but not for purposes of the grant of the security interest, and (c) if there is more than one Loan Party executing this Agreement or the other Loan Documents and a Swap Obligation would be an Excluded Hedge Liability with respect to one or more of such Persons, but not all of them, the definition of Excluded Hedge Liability or Liabilities with respect to each such Person shall only be deemed applicable to (i) the particular Swap Obligations that constitute Excluded Hedge Liabilities with respect to such Person, and (ii) the particular Person with respect to which such Swap Obligations constitute Excluded Hedge Liabilities.

“Excluded Subsidiary” means (a) PSN and each of the Designated Companies, (b) any Domestic Subsidiary that is a direct or indirect Subsidiary of a Foreign Subsidiary, (c) any Foreign Subsidiary and (d) in the case of any obligation under any Excluded Hedge Liability, any Subsidiary of the Borrower that is a Non-Qualifying Party with respect thereto; provided that Subsidiaries described in (b) through (c) shall only be Excluded Subsidiaries to the extent that, and for so long as any guaranty by such Subsidiary would have adverse tax consequences for the Borrower or any other Loan Party or result in a violation of applicable Laws.

“Excluded Taxes” means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the Laws of, or having its principal office or, in the case of any Lender, its applicable Lending Office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in such Loan or Commitment (other than pursuant to an assignment request by the Borrower under Section 5.13) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 5.9(g), amounts with respect to such Taxes were payable either to such Lender’s assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Recipient’s failure to comply with Section 5.9(g), and (d) any U.S. federal withholding Taxes imposed under FATCA (except to the extent imposed due to the failure of the Borrower to provide documentation or information to the IRS).

“Existing PNC Swap Agreements” means those certain interest rate swap agreements and swap transactions entered into between PNC and Borrower prior to the Closing Date in connection with the Existing PNC Term Loans and for the purpose of hedging Borrower’s interest rate exposure under the Existing PNC Term Loans.

“Existing PNC Term Loans” means those certain term loans made by PNC to Borrower prior to the Closing Date which are more particularly described on Schedule 9.1.

“Expiration Date” means, with respect to the Revolving Credit Commitments, May 23, 2028, as such date may be extended with respect to certain Lenders’ Revolving Credit Commitments subject to Section 12.1.

“Facilities” means the Revolving Credit Facility.

“Facility Termination Date” means the date as of which all of the following shall have occurred: (a) the aggregate Commitments have been terminated, (b) all Obligations have been paid in full (other than (i) contingent indemnification obligations that are not yet due and (ii) obligations and liabilities under any Lender Provided Interest Rate Hedge and any Other Lender Provided Financial Service Product), and (c) all Letters of Credit have terminated or expired (other than Letters of Credit as to which other arrangements with respect thereto reasonably satisfactory to the Administrative Agent (to the extent the Administrative Agent is a party to such arrangements) and the Issuing Lender, including the provision of cash collateral, shall have been made).

“FATCA” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code.

“Floor” means as is specified in Section 4.4(d)(vi).

“Foreign Lender” means (i) if the Borrower is a U.S. Person, a Lender that is not a U.S. Person, and (ii) if the Borrower is not a U.S. Person, a Lender that is resident or organized under the Laws of a jurisdiction other than that in which the Borrower is resident for tax purposes.

“Foreign Subsidiary” means any Subsidiary of the Borrower that is organized under the Laws of a jurisdiction other than the United States, a State thereof or the District of Columbia.

“Fronting Exposure” means, at any time there is a Defaulting Lender, (a) with respect to the Issuing Lender, such Defaulting Lender’s Ratable Share of the outstanding Letter of Credit Obligations with respect to Letters of Credit issued by such Issuing Lender other than Letter of Credit Obligations as to which such Defaulting Lender’s participation obligation has been reallocated to other Lenders or Cash Collateralized in accordance with the terms hereof, and (b) with respect to any Swingline Loan Lender, such Defaulting Lender’s Ratable Share of outstanding Swingline Loans made by such Swingline Loan Lender other than Swingline Loans as to which such Defaulting Lender’s participation obligation has been reallocated to other Lenders.

“Fund” means any Person (other than a natural Person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans, bonds and similar extensions of credit in the ordinary course of its activities.

“Funded Debt” as to any Person, means all Indebtedness of such Person that matures more than one (1) year from the date of its creation or matures within one (1) year from such date but is renewable or extendible, at the option of such Person, to a date more than one (1) year from such date or arises under a revolving credit or similar agreement that obligates the lender or lenders to extend credit during a period of more than one (1) year from such date, including all current maturities and current sinking fund payments in respect of such Indebtedness whether or not required to be paid within one (1) year from the date of its creation and, in the case of the Borrower, Indebtedness in respect of the Loans. For the avoidance of doubt, any office building lease entered into by any Loan Party, as tenant, with a commercial landlord in the ordinary course of business, will be excluded from Funded Debt so long as the Administrative Agent is satisfied that such office building lease is an operating lease and not a capital lease.

“GAAP” means generally accepted accounting principles as are in effect from time to time, subject to the provisions of Section 1.3, and applied on a consistent basis both as to classification of items and amounts.

“Guarantors” means, collectively, (a) TWFG Insurance Services, (b) TWFG General Agency, (c) any other direct or indirect Subsidiary of the Borrower (other than Excluded Subsidiaries), (d) prior to or upon the consummation of a Qualified IPO Transaction, Holdings, and (e) any other Person that is from time to time party to the Guaranty Agreement or any other agreement pursuant to which it guarantees the Obligations or any portion thereof.

“Guarantee” and “Guaranty” means, with respect to any Person, any obligation of such Person guaranteeing or in effect guaranteeing any liability or obligation of any other Person in any manner, whether directly or indirectly. The amount of obligations under a Guaranty shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guaranty is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the Administrative Agent in good faith.

“Guaranty Agreement” means the Guaranty Agreement, dated of even date herewith, executed and delivered by each of the Guarantors in favor of the Administrative Agent for the benefit of the Secured Parties.

“Guaranty Joinder” means a joinder by a Person as a Guarantor under the Loan Documents in substantially the form of Exhibit B.

“Hazardous Materials” means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

“Hedge Bank” means any Person that, at the time it enters into Lender Provided Interest Rate Hedge, is a Lender or an Affiliate of a Lender, in its capacity as a party to such Lender Provided Interest Rate Hedge.

“Hedge Liabilities” means the Interest Rate Hedge Liabilities.

“Hedge Termination Value” means, in respect of any one or more interest rate hedges, commodity hedges and/or foreign currency hedges, after taking into account the effect of any legally enforceable netting agreement relating to such interest rate hedges, commodity hedges and/or foreign

currency hedges, (a) for any date on or after the date such interest rate hedges, commodity hedges and/or foreign currency hedges have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such interest rate hedges, commodity hedges and/or foreign currency hedges, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such interest rate hedges, commodity hedges and/or foreign currency hedges (which may include an interest rate hedge bank, a commodity hedge bank or foreign currency hedge bank, as applicable).

“Historical Acquisition” means an Acquisition by any Loan Party of a branch office, division, line of business or other business unit from a Person which occurred on or after July 1, 2022 and prior to the Closing Date, and in each case that is a type of business (or assets used in a type of business) permitted to be engaged in by the Borrower and its Subsidiaries pursuant to the terms of this Agreement.

“Holdings” means a Delaware corporation which is formed to be the parent holding company of Borrower, and (a) that is a corporation for U.S. federal income tax purposes and (b) whose assets would include units in Borrower, and (c) that will have its class A common shares registered on Form S-1 with the SEC.

“Increased Amount Date” means as is specified in Section 2.10.

“Incremental Lender” means as is specified in Section 2.10.

“Incremental Revolving Credit Commitment” means as is specified in Section 2.10.

“Incremental Revolving Credit Increase” means as is specified in Section 2.10.

“IPO Transaction Costs” means the documented costs, fees and out-of-pocket expenses incurred by Borrower directly in connection with the consummation of a Qualified IPO Transaction and which are reasonably acceptable to the Administrative Agent.

“Indebtedness” means, as to any Person at any time, any and all indebtedness, obligations or liabilities (whether matured or unmatured, liquidated or unliquidated, direct or indirect, absolute or contingent, or joint or several) of such Person for or in respect of (a) borrowed money, (b) obligations evidenced by notes, bonds, debentures or similar instruments, (c) obligations (contingent or otherwise) under any acceptance, letter of credit or similar facilities, (d) obligations under any currency swap agreement, interest rate swap, cap, collar or floor agreement or other interest rate or currency risk management device, (e) any other transaction (including without limitation forward sale or purchase agreements, capitalized leases and conditional sales agreements) having the commercial effect of a borrowing of money entered into by such Person to finance its operations or capital requirements (but not including trade payables and accrued expenses incurred in the ordinary course of business which are not represented by a promissory note or other evidence of indebtedness and which are not more than sixty (60) days past due), (f) any Guaranty of Indebtedness of a type referred to in clause (a) through (e) above, and (g) all obligations of the kind referred to in clauses (a) through (f) above secured by (or for which the holder of such obligation has an existing right, contingent or otherwise, to be secured by) any Lien on property (including accounts and contract rights) owned by such Person, whether or not such Person has assumed or become liable for the payment of such obligation. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person’s ownership interest in or

other relationship with such entity, except to the extent the terms of such Indebtedness expressly provide that such Person is not liable therefor.

“Indemnified Taxes” means (i) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document, and (ii) to the extent not otherwise described in the preceding clause (i), Other Taxes.

“Indemnitee” means as is specified in Section 12.3(b).

“Information” means all information received from the Loan Parties or any of their Subsidiaries relating to the Loan Parties or any of such Subsidiaries or any of their respective businesses, other than any such information that is available to the Administrative Agent, any Lender or the Issuing Lender on a non-confidential basis prior to disclosure by the Loan Parties or any of their Subsidiaries, provided that, in the case of information received from the Loan Parties or any of their Subsidiaries after the date of this Agreement, such information is clearly identified at the time of delivery as confidential.

“Insolvency Proceeding” means, with respect to any Person, (a) a case, action or proceeding with respect to such Person (i) before any court or any other Official Body under any bankruptcy, insolvency, reorganization or other similar Law now or hereafter in effect, or (ii) for the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator, conservator (or similar official) of any Loan Party or otherwise relating to the liquidation, dissolution, winding-up or relief of such Person, or (b) any general assignment for the benefit of creditors, composition, marshaling of assets for creditors, or other, similar arrangement in respect of such Person’s creditors generally or any substantial portion of its creditors; undertaken under any Law.

“Interest Period” means the period of time selected by the Borrower in connection with (and to apply to) any election permitted hereunder by the Borrower to have Revolving Credit Loans bear interest under the Term SOFR Rate Option. Subject to the last sentence of this definition, such period shall be, in each case, subject to the availability thereof, one month. Such Interest Period shall commence on the effective date of such Term SOFR Rate Option, which shall be (i) the Borrowing Date if the Borrower is requesting new Loans, or (ii) the date of renewal or conversion to the Term SOFR Rate Option if the Borrower is renewing or converting to the Term SOFR Rate Option applicable to outstanding Loans. Notwithstanding the second sentence hereof: (A) any Interest Period which would otherwise end on a date which is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day, (B) with respect to Revolving Credit Loans, the Borrower shall not select, convert to or renew an Interest Period for any portion of the Loans that would end after the Expiration Date, and (C) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period.

“Interest Rate Hedge” means an interest rate exchange, collar, cap, swap, floor, adjustable strike cap, adjustable strike corridor, cross-currency swap or similar agreements entered into by any Loan Party in order to provide protection to, or minimize the impact upon, such Loan Party of increasing floating rates of interest applicable to Indebtedness.

“Interest Rate Hedge Liabilities” means as is specified in the definition of Lender Provided Interest Rate Hedge.

“Interest Rate Option” means any Term SOFR Rate Option, Daily SOFR Option or Base Rate Option.

“Investment” means, as to any Person, any direct or indirect acquisition or investment by such Person, whether by means of (a) the purchase or other acquisition of Equity Interests of another Person, (b) a loan, advance or capital contribution to, Guarantee or assumption of debt of, or purchase or other acquisition of any other debt or interest in, another Person (including any partnership or joint venture interest in such other Person and any arrangement pursuant to which the investor guarantees Indebtedness of such other Person), or (c) the purchase or other acquisition (in one transaction or a series of transactions) of assets of another Person which constitute all or substantially all of the assets of such Person or of a division, line of business or other business unit of such Person. For purposes of covenant compliance, the amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment.

“IRS” means the United States Internal Revenue Service.

“Issuing Lender” means a PNC, in its individual capacity as issuer of Letters of Credit hereunder.

“Joint Venture” means a corporation, partnership, limited liability company or other entity in which any Person other than the Loan Parties and their Subsidiaries holds, directly or indirectly, an equity interest.

“Law” means any law(s) (including common law), constitution, statute, treaty, regulation, rule, ordinance, opinion, issued guidance, release, ruling, order, executive order, injunction, writ, decree, bond, judgment, authorization or approval, lien or award of or any settlement arrangement, by agreement, consent or otherwise, with any Official Body, foreign or domestic.

“Lender Joinder Agreement” means a joinder agreement in form and substance reasonably satisfactory to the Administrative Agent delivered in connection with any Incremental Loan Commitments pursuant to Section 2.10.

“Lead Arranger” means PNC Capital Markets LLC, in its capacity as sole lead arranger and bookrunner.

“Lender Provided Interest Rate Hedge” means an Interest Rate Hedge which is entered into between any Loan Party and any Hedge Bank (excluding the Existing PNC Swap Agreements) that: (a) is documented in a standard International Swaps and Derivatives Association Master Agreement or another reasonable and customary manner, (b) provides for the method of calculating the reimbursable amount of the provider’s credit exposure in a reasonable and customary manner, and (c) is entered into for hedging (rather than speculative) purposes. The liabilities owing to the Hedge Bank providing any Lender Provided Interest Rate Hedge (the “Interest Rate Hedge Liabilities”) by any Loan Party that is party to such Lender Provided Interest Rate Hedge shall, for purposes of this Agreement and all other Loan Documents, be “Obligations” of such Person and of each other Loan Party, be guaranteed obligations under any Guaranty Agreement and secured obligations under any other Loan Document, as applicable, except to the extent constituting Excluded Hedge Liabilities of such Person. The Liens securing the Hedge Liabilities shall be pari passu with the Liens securing all other Obligations under this Agreement and the other Loan Documents, subject to the express provisions of Section 10.3.

“Lenders” means the financial institutions named on Schedule 1.1(B), and their respective successors and assigns as permitted hereunder, each of which is referred to herein as a Lender. For the

purpose of any Loan Document which provides for the granting of a security interest or other Lien to the Lenders or to the Administrative Agent for the benefit of the Secured Parties as security for the Obligations, “Lenders” shall include any Affiliate of a Lender to which such Obligation is owed. Unless the context requires otherwise, the term “Lenders” includes the Swingline Loan Lender, but not the Issuing Lender.

“Lending Office” means, as to the Administrative Agent, the Issuing Lender or any Lender, the office or offices of such Person described as such in such Lender’s Administrative Questionnaire, or such other office or offices as such Person may from time to time notify the Borrower and the Administrative Agent.

“Letter of Credit” means as is specified in Section 2.8(a).

“Letter of Credit Borrowing” means as is specified in Section 2.8(c)(iii).

“Letter of Credit Fee” means as is specified in Section 2.8(b).

“Letter of Credit Obligation” means, as of any date of determination, the aggregate amount available to be drawn under all outstanding Letters of Credit on such date (if any Letter of Credit shall increase in amount automatically in the future, such aggregate amount available to be drawn shall currently give effect to any such future increase) plus the aggregate Reimbursement Obligations and Letter of Credit Borrowings on such date.

“Letter of Credit Sublimit” means as is specified in Section 2.8(a)(i).

“Lien” means any mortgage, deed of trust, pledge, lien, security interest, charge or other encumbrance or security arrangement of any nature whatsoever, whether voluntarily or involuntarily given, including any conditional sale or title retention arrangement, and any assignment, deposit arrangement or lease intended as, or having the effect of, security and any filed financing statement or other notice of any of the foregoing (whether or not a lien or other encumbrance is created or exists at the time of the filing).

“LLC Division” means, in the event a Borrower or Guarantor is a limited liability company, (a) the division of any such Borrower or Guarantor into two or more newly formed limited liability companies (whether or not such Borrower or Guarantor is a surviving entity following any such division) pursuant to Section 18-217 of the Delaware Limited Liability Company Act or any similar provision under any similar act governing limited liability companies organized under the Laws of any other State or Commonwealth or of the District of Columbia, or (b) the adoption of a plan contemplating, or the filing of any certificate with any applicable Official Body that results or may result in, any such division.

“Loan Documents” means this Agreement, the Administrative Agent’s Letter, the Collateral Documents, the Guaranty Agreement, the Notes, the Pari Passu Intercreditor Agreement, any fee letter, and any other instruments, certificates or documents delivered in connection herewith or therewith.

“Loan Parties” means the Borrower and the Guarantors.

“Loan Request” means as is specified in Section 2.5(a).

“Loans” means, collectively, and “Loan” means, separately, all Revolving Credit Loans and Swingline Loans or any Revolving Credit Loan or Swingline Loan.

“Material Adverse Change” means any set of circumstances or events which (a) has or could reasonably be expected to have any material adverse effect whatsoever upon the validity or enforceability of this Agreement or any other Loan Document, (b) is or could reasonably be expected to be material and adverse to the business, properties, assets, financial condition, results of operations or prospects of the Loan Parties taken as a whole, (c) impairs materially or could reasonably be expected to impair materially the ability of the Loan Parties taken as a whole to duly and punctually pay or perform any of the Obligations, or (d) impairs materially or could reasonably be expected to impair materially the ability of the Administrative Agent or any of the Lenders, to the extent permitted, to enforce their legal remedies pursuant to this Agreement or any other Loan Document.

“Measurement Period” means, at any date of determination, the most recently completed four (4) fiscal quarters of the Borrower for which financial statements have been delivered pursuant to Section 8.12 (or, prior to the first delivery thereof after the Closing Date, the most recent Statements).

“Minimum Collateral Amount” means, at any time, (a) with respect to Cash Collateral consisting of cash or deposit account balances, an amount equal to 105% of the Fronting Exposure of the Issuing Lender with respect to Letters of Credit issued and outstanding at such time and (b) otherwise, an amount determined by the Administrative Agent and the Issuing Lender in their sole discretion.

“Multiemployer Plan” means any employee pension benefit plan which is a “multiemployer plan” within the meaning of Section 401(a)(3) of ERISA and to which the Borrower or any member of the ERISA Group is then making or accruing an obligation to make contributions or, within the preceding five (5) plan years, has made or had an obligation to make such contributions, or to which the Borrower or any member of the ERISA Group has any liability (contingent or otherwise).

“Net Debt” means the difference (if positive) of (a) all consolidated Funded Debt (with all items included under clause (d) of the definition of Indebtedness being included to seek determination at their respective Hedge Termination Value) less (b) all cash and Cash Equivalents of Borrower and its Subsidiaries.

“Non-Consenting Lender” means any Lender that does not approve any consent, waiver or amendment that (a) requires the approval of all or all affected Lenders in accordance with the terms of Section 12.1 and (b) has been approved by the Required Lenders.

“Non-Defaulting Lender” means, at any time, each Lender that is not a Defaulting Lender at such time.

“Non-Qualifying Party” means any Loan Party that fails for any reason to qualify as an Eligible Contract Participant on the Effective Date of the applicable Swap.

“Notes” means collectively, and Note means separately, the promissory notes in the form of Exhibit C evidencing the Revolving Credit Loans and in the form of Exhibit D evidencing the Swingline Loan.

“Obligation” means any obligation or liability of any of the Loan Parties or other credit support providers specified in the Loan Documents, howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent, now or hereafter existing, or due or to become due, under or in connection with (a) this Agreement, the Notes, the Letters of Credit, the Administrative Agent’s Letter or any other Loan Document whether to the Administrative Agent, any of the Lenders or their Affiliates or other persons provided for under such Loan Documents, (b) any Lender Provided Interest Rate Hedge, (c)

any Erroneous Payment Subrogation Rights, and (d) any Other Lender Provided Financial Service Product. Notwithstanding anything to the contrary contained in the foregoing, the Obligations shall not include any Excluded Hedge Liabilities.

“OFAC” means the Office of Foreign Assets Control of the United States Department of the Treasury.

“Official Body” means the government of the United States of America or any other nation, or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank) and any group or body charged with setting financial accounting or regulatory capital rules or standards (including the Financial Accounting Standards Board, the Bank for International Settlements or the Basel Committee on Banking Supervision or any successor or similar authority to any of the foregoing).

“Order” means as is specified in Section 2.8(h).

“Other Connection Taxes” means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

“Other Lender Provided Financial Service Product” means agreements or other arrangements entered into between any Loan Party and any Cash Management Bank that provides any of the following products or services to any of the Loan Parties: (a) credit cards, (b) credit card processing services, (c) debit cards, (d) purchase cards, (e) ACH transactions, or (f) cash management, including controlled disbursement, overdraft lines, accounts or services.

“Other Taxes” means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 5.13).

“Overnight Bank Funding Rate” means for any day, the rate comprised of both overnight federal funds and overnight eurocurrency borrowings by U.S.-managed banking offices of depository institutions, as such composite rate shall be determined by the Federal Reserve Bank of New York, as set forth on its public website from time to time, and as published on the next succeeding Business Day as the overnight bank funding rate by the Federal Reserve Bank of New York (or by such other recognized electronic source (such as Bloomberg) selected by the Administrative Agent for the purpose of displaying such rate); provided, that if such day is not a Business Day, the Overnight Bank Funding Rate for such day shall be such rate on the immediately preceding Business Day; provided, further, that if such rate shall at any time, for any reason, no longer exist, a comparable replacement rate determined by the Administrative Agent at such time (which determination shall be conclusive absent manifest error). If the Overnight Bank Funding Rate determined as above would be less than zero, then such rate shall be

deemed to be zero. The rate of interest charged shall be adjusted as of each Business Day based on changes in the Overnight Bank Funding Rate without notice to the Borrower.

“Pari Passu Intercreditor Agreement” means that certain Pari Passu Intercreditor Agreement dated May 23, 2023, among (a) Administrative Agent, (b) PNC, as lender of the Existing PNC Term Loans, and (c) Borrower and the other Loan Parties, as amended, restated or supplemented from time to time.

“Participant” means as is specified in Section 12.8(d).

“Participant Register” means as is specified in Section 12.8(d).

“Participation Advance” means as is specified in Section 2.8(c)(iii).

“Payment Date” means the first day of each calendar quarter after the Closing Date and on the Expiration Date or upon acceleration of the Notes.

“PBGC” means the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA or any successor.

“Pension Plan” means at any time an “employee pension benefit plan” (as such term is defined in Section 3(2) of ERISA) (including a “multiple employer plan” as described in Sections 4063 and 4064 of ERISA, but not a Multiemployer Plan) which is covered by Title IV of ERISA or is subject to the minimum funding standards under Section 412 or Section 430 of the Code and either (a) is sponsored, maintained or contributed to by any member of the ERISA Group for employees of any member of the ERISA Group, (b) has at any time within the preceding five years been sponsored, maintained or contributed to by any entity which was at such time a member of the ERISA Group for employees of any entity which was at such time a member of the ERISA Group, or in the case of a “multiple employer” or other plan described in Section 4064(a) of ERISA, has made contributions at any time during the immediately preceding five plan years or (c) or to which the Borrower or any member of the ERISA Group may have any liability (contingent or otherwise).

“Permitted Acquisition” means an Acquisition (the Person or division, line of business or other business unit of the Person to be acquired in such Acquisition shall be referred to herein as the “Target”) by any Loan Party, in each case that is a type of business (or assets used in a type of business) permitted to be engaged in by the Loan Parties pursuant to the terms of this Agreement, in each case so long as:

(a) no Potential Default or Event of Default shall then exist or would exist after giving effect thereto;

(b) (i) if such Acquisition involves the acquisition of Equity Interests of any Person, such Person shall not be an Excluded Subsidiary, and (ii) if such Acquisition is an acquisition of assets, such assets shall be acquired by one or more Loan Parties;

(c) Administrative Agent shall obtain a first priority perfected security interest in all real (if applicable) and personal property (including, without limitation, Equity Interests) acquired with respect to the Target and a Guaranty Joinder and it shall have received all required joinder documentation from the Target and each of its applicable Subsidiaries in compliance with Section 8.8;

(b) the Administrative Agent and the Lenders shall have received not less than ten (10) Business Days prior to the consummation of any such Acquisition with a purchase price in excess of

\$20,000,000, a Permitted Acquisition Certificate executed by the chief executive officer or chief financial officer of the Borrower certifying that such Permitted Acquisition complies with the requirements of this Agreement, together with financial statements of the Target for its most recent fiscal year-end and for any fiscal quarters ended within the fiscal year to date (and for any such Acquisition which is a “significant acquisition” under the SEC rules applicable to Borrower, such financial statements shall be audited financial statements);

(c) the Target shall have earnings before interest, taxes, depreciation and amortization for the four (4) fiscal quarter period prior to the acquisition date, in an amount greater than \$0;

(d) such Acquisition shall not be a “hostile” Acquisition and shall have been approved by the board of directors (or equivalent) and/or shareholders (or equivalent) of the applicable Loan Party and the Target; and

(g) any earnouts or similar cash deferred or contingent obligations of any Loan Party in connection with such Acquisition shall be subordinated to the Obligations in a manner and to the extent reasonably satisfactory to the Administrative Agent.

“Permitted Acquisition Certificate” means a certificate substantially the form of Exhibit F or any other form approved by the Administrative Agent.

“Permitted Investments” means:

(a) direct obligations of the United States of America or any agency or instrumentality thereof or obligations backed by the full faith and credit of the United States of America maturing in 180 days or less from the date of acquisition;

(b) commercial paper maturing in 180 days or less rated not lower than A-1, by Standard & Poor’s or P-1 by Moody’s Investors Service, Inc. on the date of acquisition;

(c) demand deposits, time deposits or certificates of deposit maturing within one year in commercial banks whose obligations are rated A-1, A or the equivalent or better by Standard & Poor’s on the date of acquisition;

(d) money market or mutual funds whose investments are limited to those types of investments described in clauses (a)-(c) above; and

(e) investments made under the Cash Management Agreements or under cash management agreements with any other Lenders.

“Permitted Joint Venture” means (a) TWFG-Nikuichis, LLC, a Texas limited liability company, whose members are Nikuichis, LLC, a California limited liability company, and TWFG Insurance Services, and (b) any other Joint Venture of TWFG Insurance Services to the extent approved by the Required Lenders.

“Permitted Liens” means:

(a) Liens for taxes, assessments, or similar charges, incurred in the ordinary course of business and which are not yet due and payable;

(b) Pledges or deposits made in the ordinary course of business to secure payment of workmen's compensation, or to participate in any fund in connection with workmen's compensation, unemployment insurance, old-age pensions or other social security programs;

(c) Liens of mechanics, materialmen, warehousemen, carriers, or other like Liens, securing obligations incurred in the ordinary course of business that are not yet due and payable and Liens of landlords securing obligations to pay lease payments that are not yet due and payable or in default;

(d) Good-faith pledges or deposits made in the ordinary course of business to secure performance of bids, tenders, contracts (other than for the repayment of borrowed money or as security for Hedge Liabilities or margining related to commodities hedges) or leases, not in excess of the aggregate amount due thereunder, or to secure statutory obligations, or surety, appeal, indemnity, performance or other similar bonds required in the ordinary course of business;

(e) Encumbrances consisting of zoning restrictions, easements or other restrictions on the use of real property, none of which materially impairs the use of such property or the value thereof, and none of which is violated in any material respect by existing or proposed structures or land use;

(f) Liens in the Collateral in favor of the Secured Parties;

(g) Any Lien existing on the date of this Agreement and described on Schedule 1.1(D), provided that the principal amount secured thereby is not hereafter increased, and no additional assets become subject to such Lien; and

(h) purchase money security interests and capitalized leases; provided that (i) the aggregate amount of loans and deferred payments secured by such purchase money security interests and capitalized leases shall not exceed \$500,000 in the aggregate (excluding for the purpose of this computation any loans or deferred payments secured by Liens described on Schedule 1.1(D)), and (ii) such Liens shall be limited to the assets acquired with such purchase money financing or leased pursuant to such capital lease.

"Permitted Tax Distributions" means, for so long as the Borrower is treated as a partnership for federal income tax purposes, aggregate cash distributions by the Borrower to its partners in amounts sufficient to allow such partners to pay their estimated and final federal, state and local income tax liabilities, based on the Effective Tax Rate (as defined herein), deemed to arise from the taxable income of the Borrower (such taxable income calculated taking into account any additional deductions or losses available to a partner as a result of any basis adjustment pursuant to Section 743 of the Code and taking into account losses, if any, of the Borrower from prior periods which are permitted to be applied by the partners to offset income in the current period, such losses to be applied on a partner-by-partner basis so that the excess losses of one partner shall not be netted hereunder against the taxable income of another partner) without regard to the amount of the partners' actual federal, state and local income tax liabilities. Such distributions may be made not more frequently than quarterly with respect to each period for which an installment of estimated tax would be required to be paid by the partners of the Borrower (and then, not more than thirty (30) days prior to the due date of the taxes which are the subject of such distribution), except that an additional final distribution may be made after the final taxable income of the Borrower for any fiscal year has been determined in an amount equal to the excess of the income tax liability of the partners of the Borrower as computed herein with respect to the immediately preceding taxable year over the aggregate amount of any prior Permitted Tax Distributions made to the partners with respect to such taxable year; provided that the maximum aggregate amount of Permitted Tax Distributions for any such

period made to each partner shall not exceed the product of (a) the taxable income of the Borrower (calculated as described above) allocable to such partner (taking into account any additional deductions or losses available to the partners as a result of any basis adjustment pursuant to Section 743 of the Code and taking into account losses, if any, of the distributing Person from prior periods which are permitted to be applied by such partner to offset income in the current period) for such period, multiplied by (b) the Effective Tax Rate allocable to such partner. The “Effective Tax Rate” shall be equal to the sum of (i) the highest individual or corporate marginal federal income tax rate applicable to any partner for the applicable year and (ii) the percentage with respect to state and local income tax rates for that year that the board of managers of the Person making the Permitted Tax Distributions determines in good faith is appropriate (provided that such percentage shall not exceed the highest state and local income tax rates applicable to any partner).

“Person” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Official Body or other entity.

“Plan” means any employee benefit plan within the meaning of Section 3(3) of ERISA (including a Pension Plan), maintained for employees of the Borrower or any member of the ERISA Group or any such Plan to which the Borrower or any member of the ERISA Group is required to contribute on behalf of any of its employees.

“Platform” means Debt Domain, Intralinks, Syndtrak or a substantially similar electronic transmission system.

“PNC” means PNC Bank, National Association, its successors and assigns.

“Potential Default” means any event or condition which with notice or passage of time, or both, would constitute an Event of Default.

“Prime Rate” means the interest rate per annum announced from time to time by the Administrative Agent at its Principal Office as its then prime rate, which rate may not be the lowest or most favorable rate then being charged to commercial borrowers or others by the Administrative Agent and may not be tied to any external rate of interest or index. Any change in the Prime Rate shall take effect at the opening of business on the day such change is announced.

“Principal Office” means the main banking office of the Administrative Agent in Pittsburgh, Pennsylvania.

“Pro Forma Basis” and “Pro Forma Effect” means, for purposes of calculating Consolidated EBITDA for any period during which one or more Permitted Acquisitions occur or during which one or more Historical Acquisitions occurred prior to the Closing Date (including any Branch Consolidation), that such Permitted Acquisition (and all other Permitted Acquisitions that have been consummated during the applicable period, including any Branch Consolidation) and such Historical Acquisition (and all other Historical Acquisitions that were consummated during the applicable period prior to the Closing Date, including any Branch Consolidation) shall be deemed to have occurred as of the first day of the applicable period of measurement and:

(a) all income statement items (whether positive or negative) attributable to the property or Person acquired in a Permitted Acquisition or in a Historical Acquisition (including any Branch Consolidation) shall be included if such income statement items to be included are reflected in financial statements or other financial data;

(b) with respect to any Permitted Acquisition or Historical Acquisition (including any Branch Consolidation), non-recurring costs, extraordinary expenses and other pro forma adjustments (including anticipated cost savings and other synergies) attributable to a Permitted Acquisition or a Historical Acquisition (including any Branch Consolidation) shall only be included to the extent that (i) such costs, expenses or adjustments are reasonably expected to be realized within twelve (12) months of such Permitted Acquisition or Historical Acquisition as specified in reasonable detail on a certificate of the chief financial officer of the Borrower delivered to the Administrative Agent, and (ii) such pro forma adjustments are calculated on a basis consistent with GAAP and are, in each case, reasonably identifiable, factually supportable based on financial statements, reviewed and verified by an Approved Advisor in writing to Administrative Agent, and expected to have a continuing impact on the operations of the Borrower and its Subsidiaries;

(c) to the extent any Branch Consolidation does not qualify under preceding clause (b), non-recurring costs, extraordinary expenses and other pro forma adjustments (including anticipated cost savings and other synergies) attributable to a Branch Consolidation shall only be included to the extent that (i) such costs, expenses or adjustments are reasonably expected to be realized within twelve (12) months of such Branch Consolidation as specified in reasonable detail on a certificate of the chief financial officer of the Borrower delivered to the Administrative Agent, and (ii) such pro forma adjustments are calculated on a basis consistent with GAAP and expected to have a continuing impact on the operations of the Borrower and its Subsidiaries; and provided that, (A) the foregoing costs, expenses, adjustments, cost savings and other synergies shall be without duplication of any costs, expenses or adjustments that are already included in the calculation of Consolidated EBITDA or *clauses (a) or (b)* above and (B) the amount of all adjustments made pursuant to this clause (c) for each Branch Consolidation shall not exceed 20% of the historical EBITDA attributable to the branch which is the subject of such Branch Consolidation; and

(d) in the case of preceding *clauses (a), (b), and (c)* all such income statement items and pro forma adjustments shall be disclosed by Borrower in detail on the Compliance Certificate and in form and substance satisfactory to the Administrative Agent.

“Pro Forma Compliance” means, with respect to any transaction, that such transaction does not cause, create or result in a Potential Default or Event of Default (including as a result of failure to be in compliance with the financial covenants in Section 9.13 and 9.14) after giving Pro Forma Effect, based upon the results of operations for the most recently completed Measurement Period to (a) such transaction and (b) all other transactions which are contemplated or required to be given Pro Forma Effect hereunder that have occurred on or after the first day of the relevant Measurement Period.

“PSN” means PSN Business Processing, Inc., an entity incorporated under the laws of the Philippines.

“Qualified ECP Loan Party” means each Loan Party that on the Eligibility Date is (a) a corporation, partnership, proprietorship, organization, trust, or other entity other than a “commodity pool” as defined in Section 1a(10) of the CEA and CFTC regulations thereunder that has total assets exceeding \$10,000,000, or (b) an Eligible Contract Participant that can cause another person to qualify as an Eligible Contract Participant on the Eligibility Date under Section 1a(18)(A)(v)(II) of the CEA by entering into or otherwise providing a “letter of credit or keepwell, support, or other agreement” for purposes of Section 1a(18)(A)(v)(II) of the CEA.

“Qualified IPO Transaction” means the earliest to occur of each of the following: (a) a recapitalization of Borrower and the associated step transactions, exchanges, put options and put exercises whereby Holdings is formed and owns at least 100% of the class A common units of Borrower, (b) Borrower remains a partnership for U.S. federal income tax purposes and is a consolidated Subsidiary of Holdings, and (c) any of the shares of class A common stock of Holdings shall commence being publicly traded on a recognized U.S. national stock exchange.

“Ratable Share” means:

(a) with respect to a Lender’s obligation to make Revolving Credit Loans, participate in Letters of Credit and other Letter of Credit Obligations, participate in Swingline Loans, and receive payments, interest, and fees related thereto, the proportion that such Lender’s Revolving Credit Commitment bears to the Revolving Credit Commitments of all of the Lenders, provided that if the Revolving Credit Commitments have terminated or expired, the Ratable Shares for purposes of this clause shall be determined based upon the Revolving Credit Commitments most recently in effect, giving effect to any assignments;

(b) with respect to all other matters as to a particular Lender, the percentage obtained by dividing (i) such Lender’s Revolving Credit Commitment, by (ii) the sum of the aggregate amount of the Revolving Credit Commitments of all Lenders; provided, however that if the Revolving Credit Commitments have terminated or expired, the computation in this clause shall be determined based upon the Revolving Credit Commitments most recently in effect, giving effect to any assignments, and not on the current amount of the Revolving Credit Commitments.

“Recipient” means (a) the Administrative Agent, (b) any Lender and (c) the Issuing Lender, as applicable.

“Reimbursement Obligation” means as is specified in Section 2.8(c).

“Related Parties” means, with respect to any Person, such Person’s Affiliates and the partners, directors, officers, employees, agents and advisors of such Person and of such Person’s Affiliates.

“Relevant Governmental Body” means as is specified in Section 4.4(d)(vi).

“Relief Proceeding” means any proceeding seeking a decree or order for relief in respect of any Loan Party or Subsidiary of a Loan Party in a voluntary or involuntary case under any applicable bankruptcy, insolvency, reorganization or other similar law now or hereafter in effect, or for the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator, conservator (or similar official) of any Loan Party or Subsidiary of a Loan Party for any substantial part of its property, or for the winding-up or liquidation of its affairs, or an assignment for the benefit of its creditors.

“Removal Effective Date” means as is specified in Section 11.6(b).

“Reportable Compliance Event” means that: (a) any Covered Entity becomes a Sanctioned Person, or is charged by indictment, criminal complaint, or similar charging instrument, arraigned, custodially detained, penalized or the subject of an assessment for a penalty, or enters into a settlement with an Official Body in connection with any economic sanctions or other Anti-Terrorism Law or Anti-Corruption Law, or any predicate crime to any Anti-Terrorism Law or Anti-Corruption Law, or has knowledge of facts or circumstances to the effect that it is reasonably likely that any aspect of its operations represents a violation of any Anti-Terrorism Law or Anti-Corruption Law; (b) any Covered

Entity engages in a transaction that has caused or may cause the Lenders, Administrative Agent or Collateral Agent to be in violation of any Anti-Terrorism Laws, including a Covered Entity's use of any proceeds of the Facilities to fund any operations in, finance any investments or activities in, or, make any payments to, directly or indirectly, a Sanctioned Person or Sanctioned Jurisdiction; (c) any Collateral becomes Embargoed Property; or (d) any Covered Entity otherwise violates, or reasonably believes that it will violate, any of the representations or covenant (including any negative covenant) of this Agreement.

“Required Lenders” means:

(a) If there exists fewer than three (3) Lenders, all Lenders (other than any Defaulting Lender), and

(b) If there exist three (3) or more Lenders, Lenders (other than any Defaulting Lender) having more than 50% of the sum of the aggregate amount of the Revolving Credit Commitments of the Lenders (excluding any Defaulting Lender) or, after the termination of the Revolving Credit Commitments, the outstanding Revolving Credit Loans and Ratable Share of Letter of Credit Obligations of the Lenders (excluding any Defaulting Lender).

“Resignation Effective Date” means as is specified in Section 11.6(a).

“Resolution Authority” means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

“Restricted Payment” means any dividend or other distribution (whether in cash, securities or other property) with respect to any Equity Interests in the Borrower or any Subsidiary, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such Equity Interests in the Borrower or any option, warrant or other right to acquire any such Equity Interests in the Borrower.

“Required Share” means as is specified in Section 5.11.

“Revolving Credit Commitment” means, as to any Lender at any time, the amount initially specified opposite its name on Schedule 1.1(B) in the column labeled “Amount of Commitment for Revolving Credit Loans,” as such Commitment is thereafter assigned or modified and “Revolving Credit Commitments” means the aggregate Revolving Credit Commitments of all of the Lenders.

“Revolving Credit Facility” means the revolving loan facility provided pursuant to Article 2.

“Revolving Credit Loans” means, collectively, and Revolving Credit Loan means, separately, all Revolving Credit Loans or any Revolving Credit Loan made by the Lenders or one of the Lenders to the Borrower pursuant to Section 2.1 or Section 2.8(c).

“Revolving Facility Usage” means at any time the sum of the outstanding Revolving Credit Loans, the outstanding Swingline Loans, and the Letter of Credit Obligations.

“Sanctioned Jurisdiction” means any country, territory, or region that is the subject of sanctions administered by OFAC.

“Sanctioned Person” means (a) a Person that is the subject of sanctions administered by OFAC or the U.S. Department of State, including by virtue of being (i) named on OFAC’s list of “Specially Designated Nationals and Blocked Persons”; (ii) organized under the Laws of, ordinarily resident in, or physically located in a Sanctioned Jurisdiction; (iii) owned or controlled 50% or more in the aggregate, by one or more Persons that are the subject of sanctions administered by OFAC; (b) a Person that is the subject of sanctions maintained by the European Union (“E.U.”), including by virtue of being named on the E.U.’s “Consolidated list of persons, groups and entities subject to E.U. financial sanctions” or other, similar lists; (c) a Person that is the subject of sanctions maintained by the United Kingdom (“U.K.”), including by virtue of being named on the “Consolidated List Of Financial Sanctions Targets in the U.K.” or other, similar lists; or (d) a Person that is the subject of sanctions imposed by any Official Body of a jurisdiction whose Laws apply to this Agreement.

“SEC” means the United States Securities and Exchange Commission.

“Security Agreement” means the Pledge and Security Agreement, dated of even date herewith, executed and delivered by each of the Loan Parties to the Collateral Agent for the benefit of the Secured Parties.

“Secured Parties” means, collectively, the Administrative Agent, the Lenders, the Issuing Lender, the Cash Management Banks, the Hedge Banks, each co-agent or sub-agent appointed by the Administrative Agent from time to time pursuant to Section 11.5, and the other Persons the Obligations owing to which are or are purported to be secured by the Collateral under the terms of the Collateral Documents.

“Settlement Date” means the applicable Business Day on which the Administrative Agent elects to effect settlement pursuant Section 5.11.

“SOFR” means, for any day, a rate equal to the secured overnight financing rate as administered by the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

“SOFR Adjustment” means ten (10) basis points (0.10%).

“SOFR Floor” means a rate of interest per annum equal to zero basis points (0%).

“Solvent” means, with respect to any Person on any date of determination, taking into account any right of reimbursement, contribution or similar right available to such Person from other Persons, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including contingent liabilities, of such Person, (b) the present fair saleable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person is able to realize upon its assets and pay its debts and other liabilities, contingent obligations and other commitments as they mature in the normal course of business, (d) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person’s ability to pay as such debts and liabilities mature, and (e) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person’s property would constitute unreasonably small capital after giving due consideration to the prevailing practice in the industry in which such Person is engaged. In computing the amount of contingent liabilities at any time, it is intended that such liabilities will be computed at the amount which, in light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

“Specified Acquisition” means as is specified in Section 9.14.

“Standard & Poor’s” means S&P Global Ratings Services, a division of S&P Global, Inc.

“Standby Letter of Credit” means a Letter of Credit issued to support obligations of one or more of the Loan Parties, contingent or otherwise, which finance the working capital and business needs of the Loan Parties incurred in the ordinary course of business.

“Statements” means as is specified in Section 6.6(a).

“Subsidiary”, of any Person, at any time means any corporation, trust, partnership, limited liability company or other business entity (a) of which more than 50% of the outstanding voting securities or other interests normally entitled to vote for the election of one or more directors or trustees (regardless of any contingency which does or may suspend or dilute the voting rights) is at such time owned directly or indirectly by such Person or one or more of such Person’s Subsidiaries, or (b) which is Controlled or capable of being Controlled by such Person or one or more of such Person’s Subsidiaries.

“Swap” means any “swap” as defined in Section 1a(47) of the CEA and regulations thereunder, other than (a) a swap entered into, or subject to the rules of, a board of trade designated as a contract market under Section 5 of the CEA, or (b) a commodity option entered into pursuant to CFTC Regulation 32.3(a).

“Swap Obligation” means any obligation to pay or perform under any agreement, contract or transaction that constitutes a Swap which is also a Lender Provided Interest Rate Hedge.

“Swingline Loan Commitment” means PNC’s commitment to make Swingline Loans to the Borrower pursuant to Section 2.1(b) hereof in an aggregate principal amount up to \$0.

“Swingline Loan Lender” means PNC, in its capacity as a lender of Swingline Loans.

“Swingline Loan Note” means the Swingline Loan Note of the Borrower in the form of Exhibit D evidencing the Swingline Loans, together with all amendments, extensions, renewals, replacements, refinancings or refundings thereof in whole or in part.

“Swingline Loan Request” means a request for Swingline Loans made in accordance with Section 2.5(b) hereof.

“Swingline Loans” means, collectively, and Swingline Loan means, separately, all Swingline Loans or any Swingline Loan made by PNC to the Borrower pursuant to Section 2.1(b) hereof.

“Target” means as is specified in the definition of Permitted Acquisition.

“Taxes” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Official Body, including any interest, additions to tax or penalties applicable thereto.

“Term SOFR Administrator” means CME Group Benchmark Administration Limited (CBA) (or a successor administrator of the Term SOFR Reference Rate selected by the Administrative Agent in its reasonable discretion).

“Term SOFR Rate” shall mean, with respect to any amount to which the Term SOFR Rate Option applies, for any Interest Period, the interest rate per annum determined by the Administrative Agent (rounded upwards, at the Administrative Agent’s discretion, to the nearest 1/100th of 1%) equal to the Term SOFR Reference Rate for a tenor comparable to such Interest Period, as such rate is published by the Term SOFR Administrator on the day (the “Term SOFR Determination Date”) that is two (2) Business Days prior to the first day of such Interest Period. If the Term SOFR Reference Rate for the applicable tenor has not been published or replaced with a Benchmark Replacement by 5:00 p.m. (Pittsburgh, Pennsylvania time) on the Term SOFR Determination Date, then the Term SOFR Reference Rate, for purposes of clause (A) in the preceding sentence, shall be the Term SOFR Reference Rate for such tenor on the first Business Day preceding such Term SOFR Determination Date for which such Term SOFR Reference Rate for such tenor was published in accordance herewith, so long as such first preceding Business Day is not more than three (3) Business Days prior to such Term SOFR Determination Date. If the Term SOFR Rate, determined as provided above, would be less than the SOFR Floor, then the Term SOFR Rate shall be deemed to be the SOFR Floor. The Term SOFR Rate shall be adjusted automatically without notice to the Borrower on and as of the first day of each Interest Period.

“Term SOFR Rate Loan” means a Loan that bears interest based on Term SOFR Rate.

“Term SOFR Rate Option” means the option of the Borrower to have Loans bear interest at the rate and under the terms specified in Section 4.1(a)(ii).

“Term SOFR Reference Rate” shall mean the forward-looking term rate based on SOFR.

“TWFG General Agency” means TWFG General Agency, LLC, a Texas limited liability company.

“TWFG Insurance Services” means TWFG Insurance Services, LLC, a Texas limited liability company.

“UCP” means as is specified in Section 12.11(a).

“UK Financial Institution” means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

“UK Resolution Authority” means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

“Unadjusted Benchmark Replacement” means as is specified in Section 4.4(d)(vi).

“USA PATRIOT Act” means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56, as the same has been, or shall hereafter be, renewed, extended, amended or replaced.

“U.S. Borrower” means any Borrower that is a U.S. Person.

“U.S. Government Securities Business Day” means any day except for (a) a Saturday or Sunday or (b) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

“U.S. Person” means any Person that is a “United States Person” as defined in Section 7701(a)(30) of the Code.

“U.S. Tax Compliance Certificate” means as is specified in Section 5.9(g)(ii)(2)(III).

“Voting Stock” means, of any Person as of any date, the Equity Interests of such Person that is at the time entitled to vote in the election of the board of directors of such Person.

“Withholding Agent” means any Loan Party and the Administrative Agent.

“Write-down and Conversion Powers” means, (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

1.2 “Construction”. Unless the context of this Agreement otherwise clearly requires, the following rules of construction shall apply to this Agreement and each of the other Loan Documents: (a) references to the plural include the singular, the plural, the part and the whole and the words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation”; (b) the word “will” shall be construed to have the same meaning and effect as the word “shall”; (c) the words “hereof,” “herein,” “hereunder,” “hereto” and similar terms in this Agreement or any other Loan Document refer to this Agreement or such other Loan Document as a whole; (d) article, section, subsection, clause, schedule and exhibit references are to this Agreement or other Loan Document, as the case may be, unless otherwise specified; (e) reference to any Person includes such Person’s successors and assigns; (f) reference to this Agreement or any other Loan Document, means this Agreement or such other Loan Document, together with the schedules and exhibits hereto or thereto, as amended, modified, replaced, substituted for, superseded or restated from time to time (subject to any restrictions thereon specified in this Agreement or the other applicable Loan Document); (g) relative to the determination of any period of time, “from” means “from and including,” “to” means “to but excluding,” and “through” means “through and including”; (h) any reference to any law or regulation herein shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time; (i) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights; (j) whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms; (k) section headings herein and in each other Loan Document are included for convenience and shall not affect the interpretation of this Agreement or such Loan Document, and (l) unless otherwise specified, all references herein to times of day shall constitute references to Eastern Time.

1.3 “Accounting Principles; Changes in GAAP”. Except as otherwise provided in this Agreement, all computations and determinations as to accounting or financial matters and all financial statements to be delivered pursuant to this Agreement shall be made and prepared in accordance with GAAP (including principles of consolidation where appropriate), and all accounting or financial terms shall have the meanings ascribed to such terms by GAAP as in effect on the Closing Date applied on a basis consistent with those used in preparing the Statements referred to in Section 6.6(a). Notwithstanding the foregoing, if at any time any change in GAAP (including the adoption of IFRS) would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either the Borrower or the Required Lenders shall so request, the Administrative Agent, the Lenders and the Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Lenders); provided that, until so amended, (a) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (b) the Borrower shall provide to the Administrative Agent and the Lenders financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP. Without limiting the foregoing, leases shall continue to be classified and accounted for on a basis consistent with that reflected in the Statements referred to in Section 6.6(a) for all purposes of this Agreement, notwithstanding any change in GAAP relating thereto, unless the parties hereto shall enter into a mutually acceptable amendment addressing such changes, as provided for above.

1.4 Benchmark Replacement Notification. Section 4.4(d) of this Agreement provides a mechanism for determining an alternative rate of interest in the event that the Term SOFR Rate or Daily SOFR is no longer available or in certain other circumstances. The Administrative Agent does not warrant or accept any responsibility for and shall not have any liability with respect to, the administration, submission or any other matter related to the Term SOFR Rate or Daily SOFR or with respect to any alternative or successor rate thereto, or replacement rate therefor.

ARTICLE 2 REVOLVING CREDIT AND SWINGLINE LOAN FACILITY

2.1 Revolving Credit Commitments.

(a) Revolving Credit Loans. Subject to the terms and conditions hereof and relying upon the representations and warranties herein specified, each Lender severally agrees to make Revolving Credit Loans to the Borrower at any time or from time to time on or after the Closing Date to the Expiration Date; provided that after giving effect to each such Loan (i) the aggregate amount of Revolving Credit Loans from such Lender shall not exceed such Lender’s Revolving Credit Commitment minus such Lender’s Ratable Share of the outstanding Swingline Loans and Letter of Credit Obligations and (ii) the Revolving Facility Usage shall not exceed the Revolving Credit Commitments. Within such limits of time and amount and subject to the other provisions of this Agreement, the Borrower may borrow, repay and reborrow pursuant to this Section 2.1.

(b) Swingline Loan Commitment. Subject to the terms and conditions hereof and relying upon the representations and warranties herein specified and the agreements of the other Lenders specified in Section 2.6 with respect to Swingline Loans, PNC may, at its option, cancelable at any time for any reason whatsoever, make Swingline Loans (the “Swingline Loans”) to the Borrower at any time or from time to time after the Closing Date to, but not including, the Expiration Date, in an aggregate principal amount up to but not in excess of \$0, provided that after giving effect to such Swingline Loan (i)

the aggregate amount of any Lender's Revolving Credit Loans plus such Lender's Ratable Share of the outstanding Swingline Loans and Letter of Credit Obligations shall not exceed such Lender's Revolving Credit Commitment and (ii) the Revolving Facility Usage shall not exceed the aggregate Revolving Credit Commitments of the Lenders. Within such limits of time and amount and subject to the other provisions of this Agreement, the Borrower may borrow, repay and reborrow pursuant to this Section 2.1(b). Swingline Loans shall be Base Rate Loans, as further provided herein.

2.2 Nature of Lenders' Obligations with Respect to Revolving Credit Loans. Each Lender shall be obligated to fund each request for Revolving Credit Loans pursuant to Section 2.5 in accordance with its Ratable Share. The aggregate of each Lender's Revolving Credit Loans outstanding hereunder to the Borrower at any time shall never exceed its Revolving Credit Commitment minus its Ratable Share of the outstanding Swingline Loans and Letter of Credit Obligations. The obligations of each Lender hereunder are several. The failure of any Lender to perform its obligations hereunder shall not affect the Obligations of the Borrower to any other party nor shall any other party be liable for the failure of such Lender to perform its obligations hereunder. The Lenders shall have no obligation to make Revolving Credit Loans hereunder on or after the Expiration Date.

2.3 Commitment Fees. Accruing for each day from the Closing Date until the Expiration Date (and without regard to whether the conditions to making Revolving Credit Loans are then met), the Borrower agrees to pay to the Administrative Agent for the account of each Lender according to its Ratable Share, a nonrefundable commitment fee (the "Commitment Fee") equal to the Applicable Margin for Commitment Fee for such day (computed on the basis of a year of 360 days and actual days elapsed) multiplied by the difference for such day between the amount of (a) the Revolving Credit Commitments minus (b) the Revolving Facility Usage (provided however, that solely in connection with determining the share of each Lender in the Commitment Fee, the Revolving Facility Usage with respect to the portion of the Commitment Fee allocated to PNC shall include the full amount of the outstanding Swingline Loans, and with respect to the portion of the Commitment Fee allocated by the Administrative Agent to all of the Lenders other than PNC, such portion of the Commitment Fee shall be calculated (according to each such Lender's Ratable Share) as if the Revolving Facility Usage excludes the outstanding Swingline Loans)); provided that no Defaulting Lender shall be entitled to receive any Commitment Fee for any period during which that Lender is a Defaulting Lender (and the Borrower shall not be required to pay any such Commitment Fee that otherwise would have been required to have been paid to that Defaulting Lender). Subject to the proviso in the directly preceding sentence, all Commitment Fees shall be payable in arrears on each Payment Date.

2.4 Termination or Reduction of Revolving Credit Commitments. The Borrower shall have the right, upon not less than three (3) Business Days' notice to the Administrative Agent, to terminate the Revolving Credit Commitments or, from time to time, to reduce the aggregate amount of the Revolving Credit Commitments (ratably among the Lenders in proportion to their Ratable Shares); provided that no such termination or reduction of Revolving Credit Commitments shall be permitted if, after giving effect thereto and to any prepayments of the Revolving Credit Loans made on the effective date thereof, the Revolving Facility Usage would exceed the aggregate Revolving Credit Commitments of the Lenders and provided further that in the event the Revolving Credit Commitments are reduced to an aggregate amount less than the Letter of Credit Sublimit or the Swingline Loan Commitment then in effect, the Letter of Credit Sublimit and the Swingline Loan Commitment, as applicable, shall be reduced by an amount such that none of the Letter of Credit Sublimit and the Swingline Loan Commitment, as applicable, exceed the Revolving Credit Commitments. Any such reduction shall be in an amount equal to \$5,000,000, or a whole multiple thereof, and shall reduce permanently the Revolving Credit Commitments then in effect. Any such reduction or termination shall be accompanied by prepayment of the Notes, together with

outstanding Commitment Fees, and the full amount of interest accrued on the principal sum to be prepaid (and all amounts referred to in Section 5.10 hereof) to the extent necessary to cause the aggregate Revolving Facility Usage after giving effect to such prepayments to be equal to or less than the Revolving Credit Commitments as so reduced or terminated. Any notice to reduce the Revolving Credit Commitments under this Section 2.4 shall be irrevocable.

2.5 Revolving Credit Loan Requests; Loan Conversions and Renewals; Swingline Loan Requests.

(a) Revolving Credit Loan Requests and Renewals. Except as otherwise provided herein, the Borrower may from time to time prior to the Expiration Date request the Lenders to make Revolving Credit Loans, or renew the Interest Rate Option applicable to existing Loans, by delivering to the Administrative Agent, not later than 10:00 a.m. Eastern Time,

(i) one (1) Business Day prior to the proposed Borrowing Date with respect to the (a) making of Revolving Credit Loans to which the Daily SOFR Option applies or (b) the conversion to the Daily SOFR Option for any Loans,

(ii) three (3) Business Days prior to the proposed Borrowing Date with respect to (a) the making of Revolving Credit Loans to which the Term SOFR Rate Option applies or (b) the conversion to or the renewal of the Term SOFR Rate Option for any Loans;

a duly completed request therefor substantially in the form of Exhibit G or a request by telephone immediately confirmed in writing by letter, facsimile or telex in such form (each, a "Loan Request"), it being understood that the Administrative Agent may rely on the authority of any individual making such a telephonic request without the necessity of receipt of such written confirmation. Each Loan Request shall be irrevocable and shall specify the Interest Rate Option and the aggregate amount of the proposed Loans comprising each Borrowing Tranche, and if applicable, the Interest Period, which amounts shall be in (x) integral multiples of \$1,000,000 and not less than \$1,000,000 for each Borrowing Tranche under the Term SOFR Rate Option, and (y) integral multiples of \$1,000,000 and not less than \$1,000,000 for each Borrowing Tranche under the Daily SOFR Option.

(b) Swingline Loan Requests. Except as otherwise provided herein, the Borrower may from time to time prior to the Expiration Date request the Swingline Loan Lender to make Swingline Loans by delivery to the Swingline Loan Lender not later than 12:00 noon on the proposed Borrowing Date of a duly completed request therefor substantially in the form of Exhibit H hereto or a request by telephone immediately confirmed in writing by letter, facsimile or telex (each, a "Swingline Loan Request"), it being understood that the Administrative Agent may rely on the authority of any individual making such a telephonic request without the necessity of receipt of such written confirmation. Each Swingline Loan Request shall be irrevocable and shall specify the proposed Borrowing Date and the principal amount of such Swingline Loan, which shall be not less than \$1,000,000.

2.6 Making Revolving Credit Loans and Swingline Loans; Presumptions by the Administrative Agent; Repayment of Revolving Credit Loans; Borrowings to Repay Swingline Loans.

(a) Making Revolving Credit Loans. The Administrative Agent shall, promptly after receipt by it of a Loan Request pursuant to Section 2.5, notify the applicable Lenders of its receipt of such Loan Request specifying the information provided by the Borrower and the apportionment among the Lenders of the requested Revolving Credit Loans as determined by the Administrative Agent in accordance with Section 2.2. Each Lender shall remit its apportioned share (as provided to it by the

Administrative Agent) of the principal amount of each Revolving Credit Loan to the Administrative Agent such that the Administrative Agent is able to, and the Administrative Agent shall, to the extent the Lenders have made funds available to it for such purpose and subject to Section 7.2, fund such Revolving Credit Loans to the Borrower in U.S. Dollars and immediately available funds at the Principal Office prior to 2:00 p.m. Eastern Time, on the applicable Borrowing Date; provided that if any Lender fails to remit such funds to the Administrative Agent in a timely manner, the Administrative Agent may elect in its sole discretion to fund with its own funds the Revolving Credit Loans of such Lender on such Borrowing Date, and such Lender shall be subject to the repayment obligation in Section 2.6(b).

(b) Presumptions by the Administrative Agent. Unless the Administrative Agent shall have received notice from a Lender prior to the proposed time of any Loan that such Lender will not make available to the Administrative Agent such Lender's share of such Loan, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with Section 2.6(a) and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Loan available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of a payment to be made by such Lender, the greater of the Effective Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation and (ii) in the case of a payment to be made by the Borrower, the interest rate applicable to Loans under the Daily SOFR Option. If such Lender pays its share of the applicable Loan to the Administrative Agent, then the amount so paid shall constitute such Lender's Loan. Any payment by the Borrower shall be without prejudice to any claim the Borrower may have against a Lender that shall have failed to make such payment to the Administrative Agent.

(c) Making Swingline Loans. So long as PNC elects to make Swingline Loans, PNC shall, after receipt by it of a Swingline Loan Request pursuant to Section 2.5(b), fund such Swingline Loan to the Borrower in U.S. Dollars and immediately available funds at the Principal Office prior to 4:00 p.m. Eastern Time on the Borrowing Date. A Swingline Loan Note shall, if required by PNC, evidence the Swingline Loans.

(d) Repayment of Revolving Credit Loans. The Borrower shall repay the outstanding principal amount of all Revolving Credit Loans, together with all outstanding interest thereon, on the Expiration Date.

(e) Borrowings to Repay Swingline Loans.

(i) PNC may, at its option, exercisable at any time for any reason whatsoever, demand repayment of any or all of the outstanding Swingline Loans, and each Lender shall make a Revolving Credit Loan in an amount equal to such Lender's Ratable Share of the aggregate principal amount of the outstanding Swingline Loans with respect to which repayment is demanded, plus, if PNC so requests, accrued interest thereon, provided that no Lender shall be obligated in any event to make Revolving Credit Loans in excess of its Revolving Credit Commitment minus its Ratable Share of Letter of Credit Obligations and minus its Ratable Share of any Swingline Loans not so being repaid. Revolving Credit Loans made pursuant to the preceding sentence shall bear interest at Daily SOFR Option and shall be deemed to have been properly requested in accordance with Section 2.5(a) without regard to any of the requirements of that provision. PNC shall provide notice to the Lenders (which may be telephonic or written

notice by letter, facsimile or telex) that such Revolving Credit Loans are to be made under this Section 2.6(e) and of the apportionment among the Lenders, and the Lenders shall be unconditionally obligated to fund such Revolving Credit Loans (whether or not the conditions specified in Section 2.5(a) or in Section 7.2 are then satisfied) by the time PNC so requests, which shall not be earlier than 3:00 p.m. Eastern Time on the Business Day next after the date the Lenders receive such notice from PNC.

(ii) If any Lender fails to make available to the Administrative Agent for the account of PNC (as the Swingline Loan Lender) any amount required to be paid by such Lender pursuant to the foregoing provisions of this Section 2.6(e) by the time specified in Section 2.6(e)(i), the Swingline Loan Lender shall be entitled to recover from such Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to the Swingline Loan Lender at a rate per annum equal to the greater of the Effective Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation, plus any administrative, processing or similar fees customarily charged by the Swingline Loan Lender in connection with the foregoing. If such Lender pays such amount (with interest and fees as aforesaid), the amount so paid shall constitute such Lender's Revolving Credit Loan with respect to such prepayment. A certificate of the Swingline Loan Lender submitted to any Lender (through the Administrative Agent) with respect to any amounts owing under this clause (ii) shall be conclusive absent manifest error.

(f) Swingline Loans Under Cash Management Agreements. In addition to making Swingline Loans pursuant to the foregoing provisions of Section 2.6(e), without the requirement for a specific request from the Borrower pursuant to Section 2.5(b), PNC as the Swingline Loan Lender may make Swingline Loans to the Borrower in accordance with the provisions of the agreements between the Borrower and such Swingline Loan Lender relating to the Borrower's deposit, sweep and other accounts at such Swingline Loan Lender and related arrangements and agreements regarding the management and investment of the Borrower's cash assets as in effect from time to time (the "Cash Management Agreements") to the extent of the daily aggregate net negative balance in the Borrower's accounts which are subject to the provisions of the Cash Management Agreements. Swingline Loans made pursuant to this Section 2.6(f) in accordance with the provisions of the Cash Management Agreements shall (i) be subject to the limitations as to aggregate amount specified in Section 2.1(b), (ii) not be subject to the limitations as to individual amount specified in Section 2.5(b), (iii) be payable by the Borrower, both as to principal and interest, at the rates and times specified in the Cash Management Agreements (but in no event later than the Expiration Date), (iv) not be made at any time after such Swingline Loan Lender has received written notice of the occurrence of an Event of Default and so long as such shall continue to exist, or, unless consented to by the Required Lenders, a Potential Default and so long as such shall continue to exist, (v) if not repaid by the Borrower in accordance with the provisions of the Cash Management Agreements, be subject to each Lender's obligation pursuant to Section 2.6(e), and (vi) except as provided in the foregoing subsections (i) through (v), be subject to all of the terms and conditions of this Article 2.

2.7 Notes. The Obligation of the Borrower to repay the aggregate unpaid principal amount of the Revolving Credit Loans and Swingline Loans made to it by each Lender, together with interest thereon, shall be evidenced by a Revolving Credit Note and a Swingline Loan Note payable to such Lender in a face amount equal to the Revolving Credit Commitment or Swingline Loan Commitment, as applicable, of such Lender.

2.8 Letter of Credit Subfacility.

(a) Issuance of Letters of Credit. The Borrower or any other Loan Party may at any time prior to the Expiration Date request the issuance of a letter of credit (each, a "Letter of Credit") for its own account or the account of another Loan Party or any Subsidiary or the amendment or extension of an existing Letter of Credit, by delivering or transmitting electronically, or having such other Loan Party deliver or transmit electronically to the Issuing Lender (with a copy to the Administrative Agent) a completed application for letter of credit, or request for such amendment or extension, as applicable, in such form as the Issuing Lender may specify from time to time by no later than 10:00 a.m. Eastern Time at least five (5) Business Days, or such shorter period as may be agreed to by the Issuing Lender, in advance of the proposed date of issuance. Each Letter of Credit shall be a Standby Letter of Credit. The Borrower or any Loan Party shall authorize and direct the Issuing Lender to name the Borrower or any Loan Party as the "Applicant" or "Account Party" of each Letter of Credit. Promptly after receipt of any letter of credit application, the Issuing Lender shall confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has received a copy of such Letter of Credit application and if not, the Issuing Lender will provide the Administrative Agent with a copy thereof.

(i) Unless the Issuing Lender has received notice from any Lender, the Administrative Agent or any Loan Party, at least one (1) day prior to the requested date of issuance, amendment or extension of the applicable Letter of Credit, that one or more applicable conditions in Article 7 is not satisfied, then, subject to the terms and conditions hereof and in reliance on the agreements of the other Lenders specified in this Section 2.8, the Issuing Lender or any of the Issuing Lender's Affiliates will issue the proposed Letter of Credit or agree to such amendment or extension; provided that each Letter of Credit shall (A) have a maximum maturity of twelve (12) months from the date of issuance, and (B) in no event expire later than the Expiration Date and provided, further, that in no event shall (1) the Letter of Credit Obligations exceed, at any one time, \$0.00 (the "Letter of Credit Sublimit") or (2) the Revolving Facility Usage exceed, at any one time, the Revolving Credit Commitments. Each request by the Borrower for the issuance, amendment or extension of a Letter of Credit shall be deemed to be a representation by the Borrower that it shall be in compliance with the preceding sentence and with Article 7 after giving effect to the requested issuance, amendment or extension of such Letter of Credit. Promptly after its delivery of any Letter of Credit or any amendment to a Letter of Credit to the beneficiary thereof, the applicable Issuing Lender will also deliver to the Borrower and the Administrative Agent a true and complete copy of such Letter of Credit or amendment. Upon the request of the Administrative Agent, (x) if any Issuing Lender has honored any full or partial drawing request under any Letter of Credit and such drawing has resulted in a Letter of Credit Borrowing, or (y) if, on the Expiration Date, any Letter of Credit Obligation for any reason remains outstanding, the Borrower shall, in each case, immediately Cash Collateralize the then outstanding amount of all Letter of Credit Obligations. The Borrower hereby grants to the Administrative Agent, for the benefit of each Issuing Lender and the Lenders, a security interest in all cash collateral pledged pursuant to this Section or otherwise under this Agreement.

(ii) Notwithstanding Section 2.8(a)(i), the Issuing Lender shall not be under any obligation to issue any Letter of Credit if (A) any order, judgment or decree of any Official Body or arbitrator shall by its terms purport to enjoin or restrain the Issuing Lender from issuing the Letter of Credit, or any Law applicable to the Issuing Lender or any request or directive (whether or not having the force of law) from any Official Body with jurisdiction over the Issuing Lender shall prohibit, or request that the Issuing Lender refrain from, the issuance of letters of credit generally or the Letter of Credit in particular or shall impose upon the Issuing Lender with

respect to the Letter of Credit any restriction, reserve or capital requirement (for which the Issuing Lender is not otherwise compensated hereunder) not in effect on the Closing Date, or any such order, judgment or decree, or Law request or directive, shall impose upon the Issuing Lender any unreimbursed loss, cost or expense which was not applicable on the Closing Date and which the Issuing Lender in good faith deems material to it, (B) the issuance of the Letter of Credit would violate one or more policies of the Issuing Lender applicable to letters of credit generally or (C) any Lender is at that time a Defaulting Lender, unless the Issuing Lender has entered into arrangements, including the delivery of Cash Collateral, satisfactory to the Issuing Lender (in its sole discretion) with the Borrower or such Lender to eliminate the Issuing Lender's actual or potential Fronting Exposure (after giving effect to Section 2.9(a)(iv)) with respect to the Defaulting Lender arising from either the Letter of Credit then proposed to be issued or that Letter of Credit and all other Letter of Credit Obligations as to which the Issuing Lender has actual or potential Fronting Exposure, as it may elect in its sole discretion.

(b) Letter of Credit Fees. The Borrower shall pay (i) to the Administrative Agent for the ratable account of the Lenders a fee (the "Letter of Credit Fee") equal to the Applicable Margin for Letters of Credit times the daily amount available to be drawn under each Letter of Credit (it being understood and agreed that in no event shall the fee under this subsection (i) in respect of any Letter of Credit be less than the Administrative Agent's minimum fee in effect from time to time), and (ii) to the Issuing Lender for its own account a fronting fee equal to 1.00% per annum on the daily amount available to be drawn under each Letter of Credit. All Letter of Credit Fees and fronting fees shall be computed on the basis of a year of 360 days and actual days elapsed and shall be payable quarterly in arrears on the first Business Day of each calendar quarter. The Borrower shall also pay to the Issuing Lender for the Issuing Lender's sole account the Issuing Lender's then-in-effect customary fees and administrative expenses payable with respect to the Letters of Credit as the Issuing Lender may generally charge or incur from time to time in connection with the issuance, maintenance, amendment (if any), assignment or transfer (if any), negotiation, and administration of Letters of Credit.

(c) Disbursements, Reimbursement. Immediately upon the issuance of each Letter of Credit, each Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the Issuing Lender a participation in such Letter of Credit and each drawing thereunder in an amount equal to such Lender's Ratable Share of the maximum amount available to be drawn under such Letter of Credit and the amount of such drawing, respectively.

(i) In the event of any request for a drawing under a Letter of Credit by the beneficiary or transferee thereof, the Issuing Lender will promptly notify the Borrower and the Administrative Agent thereof. Provided that it shall have received such notice, the Borrower shall reimburse (such obligation to reimburse the Issuing Lender shall sometimes be referred to as a "Reimbursement Obligation") the Issuing Lender prior to 12:00 noon on each date that an amount is paid by the Issuing Lender under any Letter of Credit (each such date, a "Drawing Date") by paying to the Administrative Agent for the account of the Issuing Lender an amount equal to the amount so paid by the Issuing Lender. In the event the Borrower fails to reimburse the Issuing Lender (through the Administrative Agent) for the full amount of any drawing under any Letter of Credit by 12:00 noon on the Drawing Date, the Administrative Agent will promptly notify each Lender thereof, and the Borrower shall be deemed to have requested that Revolving Credit Loans be made by the Lenders under the Daily SOFR Option to be disbursed on the Drawing Date under such Letter of Credit, subject to the amount of the unutilized portion of the Revolving Credit Commitment and subject to the conditions specified in Section 7.2 other than any notice requirements. Any notice given by the Administrative Agent or Issuing Lender pursuant to this

Section 2.8(c)(i) may be oral if immediately confirmed in writing; provided that the lack of such an immediate confirmation shall not affect the conclusiveness or binding effect of such notice.

(ii) Each Lender shall upon any notice pursuant to Section 2.8(c)(i) make available to the Administrative Agent for the account of the Issuing Lender an amount in immediately available funds equal to its Ratable Share of the amount of the drawing, whereupon the participating Lenders shall (subject to Section 2.8(c)) each be deemed to have made a Revolving Credit Loan under the Daily SOFR Option to the Borrower in that amount. If any Lender so notified fails to make available to the Administrative Agent for the account of the Issuing Lender the amount of such Lender's Ratable Share of such amount by no later than 2:00 p.m. Eastern Time on the Drawing Date, then interest shall accrue on such Lender's obligation to make such payment, from the Drawing Date to the date on which such Lender makes such payment (A) at a rate per annum equal to the Effective Federal Funds Rate during the first three (3) days following the Drawing Date and (B) at a rate per annum equal to the rate applicable to Revolving Credit Loans under the Daily SOFR Option on and after the fourth day following the Drawing Date. The Administrative Agent and the Issuing Lender will promptly give notice (as described in Section 2.8(c)(i) above) of the occurrence of the Drawing Date, but failure of the Administrative Agent or the Issuing Lender to give any such notice on the Drawing Date or in sufficient time to enable any Lender to effect such payment on such date shall not relieve such Lender from its obligation under this Section 2.8(c)(ii).

(iii) With respect to any unreimbursed drawing that is not converted into Revolving Credit Loans under the Daily SOFR Option to the Borrower in whole or in part as contemplated by Section 2.8(c)(i), because of the Borrower's failure to satisfy the conditions specified in Section 7.2 other than any notice requirements, or for any other reason, the Borrower shall be deemed to have incurred from the Issuing Lender a borrowing (each a "Letter of Credit Borrowing") in the amount of such drawing. Such Letter of Credit Borrowing shall be due and payable on demand (together with interest) and shall bear interest at the rate per annum applicable to the Revolving Credit Loans under the Daily SOFR Option. Each Lender's payment to the Administrative Agent for the account of the Issuing Lender pursuant to this Section 2.8(c) shall be deemed to be a payment in respect of its participation in such Letter of Credit Borrowing (each, a "Participation Advance") from such Lender in satisfaction of its participation obligation under this Section 2.8(c).

(d) Repayment of Participation Advances.

(i) Upon (and only upon) receipt by the Administrative Agent for the account of the Issuing Lender of immediately available funds from the Borrower (A) in reimbursement of any payment made by the Issuing Lender under the Letter of Credit with respect to which any Lender has made a Participation Advance to the Administrative Agent, or (B) in payment of interest on such a payment made by the Issuing Lender under such a Letter of Credit, the Administrative Agent on behalf of the Issuing Lender will pay to each Lender, in the same funds as those received by the Administrative Agent, the amount of such Lender's Ratable Share of such funds, except the Administrative Agent shall retain for the account of the Issuing Lender the amount of the Ratable Share of such funds of any Lender that did not make a Participation Advance in respect of such payment by the Issuing Lender.

(ii) If the Administrative Agent is required at any time to return to any Loan Party, or to a trustee, receiver, liquidator, custodian, or any official in any Insolvency Proceeding,

any portion of any payment made by any Loan Party to the Administrative Agent for the account of the Issuing Lender pursuant to this Section in reimbursement of a payment made under any Letter of Credit or interest or fees thereon, each Lender shall, on demand of the Administrative Agent, forthwith return to the Administrative Agent for the account of the Issuing Lender the amount of its Ratable Share of any amounts so returned by the Administrative Agent plus interest thereon from the date such demand is made to the date such amounts are returned by such Lender to the Administrative Agent, at a rate per annum equal to the Effective Federal Funds Rate in effect from time to time.

(e) Documentation. Each Loan Party agrees to be bound by the terms of the Issuing Lender's application and agreement for letters of credit and the Issuing Lender's written regulations and customary practices relating to letters of credit, though such interpretation may be different from such Loan Party's own. In the event of a conflict between such application or agreement and this Agreement, this Agreement shall govern. It is understood and agreed that, except in the case of gross negligence or willful misconduct, the Issuing Lender shall not be liable for any error, negligence and/or mistakes, whether of omission or commission, in following any Loan Party's instructions or those contained in the Letters of Credit or any modifications, amendments or supplements thereto.

(f) Determinations to Honor Drawing Requests. In determining whether to honor any request for drawing under any Letter of Credit by the beneficiary thereof, the Issuing Lender shall be responsible only to determine that the documents and certificates required to be delivered under such Letter of Credit have been delivered and that they comply on their face with the requirements of such Letter of Credit.

(g) Nature of Participation and Reimbursement Obligations. Each Lender's obligation in accordance with this Agreement to make the Revolving Credit Loans or Participation Advances, as contemplated by Section 2.8(c), as a result of a drawing under a Letter of Credit, and the Obligations of the Borrower to reimburse the Issuing Lender upon a draw under a Letter of Credit, shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Section 2.8 under all circumstances, including the following circumstances:

(i) any set-off, counterclaim, recoupment, defense or other right which such Lender may have against the Issuing Lender or any of its Affiliates, the Borrower or any other Person for any reason whatsoever, or which any Loan Party may have against the Issuing Lender or any of its Affiliates, any Lender or any other Person for any reason whatsoever;

(ii) the failure of any Loan Party or any other Person to comply, in connection with a Letter of Credit Borrowing, with the conditions specified in Sections 2.1, 2.5, 2.6 or 7.2 or as otherwise specified in this Agreement for the making of a Revolving Credit Loan, it being acknowledged that such conditions are not required for the making of a Letter of Credit Borrowing and the obligation of the Lenders to make Participation Advances under Section 2.8(c);

(iii) any lack of validity or enforceability of any Letter of Credit;

(iv) any claim of breach of warranty that might be made by any Loan Party or any Lender against any beneficiary of a Letter of Credit, or the existence of any claim, set-off, recoupment, counterclaim, cross claim, defense or other right which any Loan Party or any Lender may have at any time against a beneficiary, successor beneficiary any transferee or

assignee of any Letter of Credit or the proceeds thereof (or any Persons for whom any such transferee may be acting), the Issuing Lender or its Affiliates or any Lender or any other Person, whether in connection with this Agreement, the transactions contemplated herein or any unrelated transaction (including any underlying transaction between any Loan Party or Subsidiaries of a Loan Party and the beneficiary for which any Letter of Credit was procured);

(v) the lack of power or authority of any signer of (or any defect in or forgery of any signature or endorsement on) or the form of or lack of validity, sufficiency, accuracy, enforceability or genuineness of any draft, demand, instrument, certificate or other document presented under or in connection with any Letter of Credit, or any fraud or alleged fraud in connection with any Letter of Credit, or the transport of any property or provision of services relating to a Letter of Credit, in each case even if the Issuing Lender or any of its Affiliates has been notified thereof;

(vi) payment by the Issuing Lender or any of its Affiliates under any Letter of Credit against presentation of a demand, draft or certificate or other document which does not comply with the terms of such Letter of Credit;

(vii) the solvency of, or any acts or omissions by, any beneficiary of any Letter of Credit, or any other Person having a role in any transaction or obligation relating to a Letter of Credit, or the existence, nature, quality, quantity, condition, value or other characteristic of any property or services relating to a Letter of Credit;

(viii) any failure by the Issuing Lender or any of its Affiliates to issue any Letter of Credit in the form requested by any Loan Party, unless the Issuing Lender has received written notice from such Loan Party of such failure within three (3) Business Days after the Issuing Lender shall have furnished such Loan Party and the Administrative Agent a copy of such Letter of Credit and such error is material and no drawing has been made thereon prior to receipt of such notice;

(ix) any adverse change in the business, operations, properties, assets, condition (financial or otherwise) or prospects of any Loan Party or Subsidiaries of a Loan Party;

(x) any breach of this Agreement or any other Loan Document by any party thereto;

(xi) the occurrence or continuance of an Insolvency Proceeding with respect to any Loan Party;

(xii) the fact that an Event of Default or a Potential Default shall have occurred and be continuing;

(xiii) the fact that the Expiration Date shall have passed or this Agreement or the Commitments hereunder shall have been terminated; and

(xiv) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing.

(h) Liability for Acts and Omissions. As between any Loan Party and the Issuing Lender, or the Issuing Lender's Affiliates, such Loan Party assumes all risks of the acts and omissions of,

or misuse of the Letters of Credit by, the respective beneficiaries of such Letters of Credit. In furtherance and not in limitation of the foregoing, the Issuing Lender shall not be responsible for any of the following, including any losses or damages to any Loan Party or other Person or property relating therefrom: (i) the form, validity, sufficiency, accuracy, genuineness or legal effect of any document submitted by any party in connection with the application for an issuance of any such Letter of Credit, even if it should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged (even if the Issuing Lender or its Affiliates shall have been notified thereof); (ii) the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign any such Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason; (iii) the failure of the beneficiary of any such Letter of Credit, or any other party to which such Letter of Credit may be transferred, to comply fully with any conditions required in order to draw upon such Letter of Credit or any other claim of any Loan Party against any beneficiary of such Letter of Credit, or any such transferee, or any dispute between or among any Loan Party and any beneficiary of any Letter of Credit or any such transferee; (iv) errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telegraph, telex or otherwise, whether or not they be in cipher; (v) errors in interpretation of technical terms; (vi) any loss or delay in the transmission or otherwise of any document required in order to make a drawing under any such Letter of Credit or of the proceeds thereof; (vii) the misapplication by the beneficiary of any such Letter of Credit of the proceeds of any drawing under such Letter of Credit; or (viii) any consequences arising from causes beyond the control of the Issuing Lender or its Affiliates, as applicable, including any act or omission of any Official Body, and none of the above shall affect or impair, or prevent the vesting of, any of the Issuing Lender's or its Affiliates rights or powers hereunder. Nothing in the preceding sentence shall relieve the Issuing Lender from liability for the Issuing Lender's gross negligence or willful misconduct in connection with actions or omissions described in such clauses (i) through (viii) of such sentence. Notwithstanding the foregoing, in no event shall the Issuing Lender or its Affiliates be liable to any Loan Party for any indirect, consequential, incidental, punitive, exemplary or special damages or expenses (including attorneys' fees), or for any damages resulting from any change in the value of any property relating to a Letter of Credit.

Without limiting the generality of the foregoing, the Issuing Lender and each of its Affiliates (i) may rely on any oral or other communication believed in good faith by the Issuing Lender or such Affiliate to have been authorized or given by or on behalf of the applicant for a Letter of Credit; (ii) may honor any presentation if the documents presented appear on their face substantially to comply with the terms and conditions of the relevant Letter of Credit; (iii) may honor a previously dishonored presentation under a Letter of Credit, whether such dishonor was pursuant to a court order, to settle or compromise any claim of wrongful dishonor, or otherwise, and shall be entitled to reimbursement to the same extent as if such presentation had initially been honored, together with any interest paid by the Issuing Lender or its Affiliate; (iv) may honor any drawing that is payable upon presentation of a statement advising negotiation or payment, upon receipt of such statement (even if such statement indicates that a draft or other document is being delivered separately), and shall not be liable for any failure of any such draft or other document to arrive, or to conform in any way with the relevant Letter of Credit; (v) may pay any paying or negotiating bank claiming that it rightfully honored under the Laws or practices of the place where such bank is located; and (vi) may settle or adjust any claim or demand made on the Issuing Lender or its Affiliate in any way related to any order issued at the applicant's request to an air carrier, a letter of guarantee or of indemnity issued to a carrier or any similar document (each, an "Order") and honor any drawing in connection with any Letter of Credit that is the subject of such Order, notwithstanding that any drafts or other documents presented in connection with such Letter of Credit fail to conform in any way with such Letter of Credit.

In furtherance and extension and not in limitation of the specific provisions specified above, any action taken or omitted by the Issuing Lender or its Affiliates under or in connection with the Letters of Credit issued by it or any documents and certificates delivered thereunder, if taken or omitted in good faith, shall not put the Issuing Lender or its Affiliates under any resulting liability to the Borrower or any Lender.

2.9 Defaulting Lenders.

(a) Defaulting Lender Adjustments. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as such Lender is no longer a Defaulting Lender, to the extent permitted by applicable Law:

(i) Waivers and Amendments. Such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as specified in the definition of Required Lenders.

(ii) Defaulting Lender Waterfall. Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article 10 or otherwise) or received by the Administrative Agent from a Defaulting Lender pursuant to Section 10.2(b) shall be applied at such time or times as may be determined by the Administrative Agent as follows: *first*, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder; *second*, to the payment on a pro rata basis of any amounts owing by such Defaulting Lender to any Issuing Lender or Swingline Loan Lender hereunder; *third*, to Cash Collateralize the Issuing Lender's Fronting Exposure with respect to such Defaulting Lender in accordance with Section 5.12; *fourth*, as the Borrower may request (so long as no Potential Default or Event of Default exists), to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; *fifth*, if so determined by the Administrative Agent and the Borrower, to be held in a deposit account and released pro rata in order to (x) satisfy such Defaulting Lender's potential future funding obligations with respect to Loans under this Agreement and (y) Cash Collateralize the Issuing Lender's future Fronting Exposure with respect to such Defaulting Lender with respect to future Letters of Credit issued under this Agreement, in accordance with Section 5.12; *sixth*, to the payment of any amounts owing to the Lenders, the Issuing Lender or Swingline Loan Lender as a result of any judgment of a court of competent jurisdiction obtained by any Lender, the Issuing Lender or Swingline Loan Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; *seventh*, so long as no Potential Default or Event of Default exists, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and *eighth*, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (x) such payment is a payment of the principal amount of any Loans or Letter of Credit Borrowing in respect of which such Defaulting Lender has not fully funded its appropriate share, and (y) such Loans were made or the related Letters of Credit were issued at a time when the conditions specified in Section 7.2 were satisfied or waived, such payment shall be applied solely to pay the Loans of, and Letter of Credit Borrowings owed to, all Non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of, or Letter of Credit Borrowing owed to, such Defaulting Lender until such time as all Loans and funded and unfunded participations in Letter of Credit Obligations and

Swingline Loans are held by the Lenders pro rata in accordance with the Commitments under the applicable Facility without giving effect to Section 2.9(a)(iv). Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post Cash Collateral pursuant to this Section 2.9(a)(ii) shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) Certain Fees.

(1) No Defaulting Lender shall be entitled to receive any Commitment Fee for any period during which that Lender is a Defaulting Lender (and the Borrower shall not be required to pay any such fee that otherwise would have been required to have been paid to that Defaulting Lender).

(2) Each Defaulting Lender shall be entitled to receive Letter of Credit Fees for any period during which that Lender is a Defaulting Lender only to the extent allocable to its Ratable Share of the stated amount of Letters of Credit for which it has provided Cash Collateral pursuant to Section 5.12.

(3) With respect to any Letter of Credit Fee not required to be paid to any Defaulting Lender pursuant to clause (A) or (B) above, the Borrower shall (x) pay to each Non-Defaulting Lender that portion of any such fee otherwise payable to such Defaulting Lender with respect to such Defaulting Lender's participation in Letter of Credit Obligations or Swingline Loans that has been reallocated to such Non-Defaulting Lender pursuant to clause (iv) below, (y) pay to each Issuing Lender and Swingline Loan Lender, as applicable, the amount of any such fee otherwise payable to such Defaulting Lender to the extent allocable to such Issuing Lender's or Swingline Loan Lender's Fronting Exposure to such Defaulting Lender, and (z) not be required to pay the remaining amount of any such fee.

(iv) Reallocation of Participations to Reduce Fronting Exposure. All or any part of such Defaulting Lender's participation in Letter of Credit Obligations and Swingline Loans shall be reallocated among the Non-Defaulting Lenders in accordance with their respective Ratable Shares (calculated without regard to such Defaulting Lender's Commitment) but only to the extent that such reallocation does not cause the aggregate Revolving Facility Usage of any Non-Defaulting Lender to exceed such Non-Defaulting Lender's Revolving Credit Commitment. Subject to Section 12.13, no reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Lender arising from that Lender having become a Defaulting Lender, including any claim of a Non-Defaulting Lender as a result of such Non-Defaulting Lender's increased exposure following such reallocation.

(v) Cash Collateral, Repayment of Swingline Loans. If the reallocation described in clause (iv) above cannot, or can only partially, be effected, the Borrower shall, without prejudice to any right or remedy available to it hereunder or under Law, (x) first, prepay Swingline Loans in an amount equal to the Swingline Loan Lender's Fronting Exposure and (y) second, Cash Collateralize the Issuing Lender's Fronting Exposure in accordance with the procedures specified in Section 5.12.

(b) Defaulting Lender Cure. If the Borrower, the Administrative Agent and each Swingline Loan Lender and Issuing Lender agree in writing that a Lender is no longer a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions specified therein (which may include arrangements with respect to any Cash Collateral), that Lender will, to the extent applicable, purchase at par that portion of outstanding Loans of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Loans and funded and unfunded participations in Letters of Credit and Swingline Loans to be held pro rata by the Lenders in accordance with the Commitments under the applicable Facility (without giving effect to Section 2.9(a)(iv)), whereupon such Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while that Lender was a Defaulting Lender; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

(c) New Swingline Loans/Letters of Credit. So long as any Lender is a Defaulting Lender, (i) the Swingline Loan Lender shall not be required to fund any Swingline Loans unless it is satisfied that it will have no Fronting Exposure after giving effect to such Swingline Loan and (ii) no Issuing Lender shall be required to issue, extend, renew or increase any Letter of Credit unless it is satisfied that it will have no Fronting Exposure after giving effect thereto.

2.10 Incremental Revolving Credit Increase.

At any time, the Borrower may by written notice to the Administrative Agent elect to request the establishment of:

(a) up to three (3) increases in the Revolving Credit Commitments (any such increase, an "Incremental Revolving Credit Commitment") to make revolving credit loans under the Revolving Credit Facility (any such increase, an "Incremental Revolving Credit Increase"); provided that (i) the total aggregate principal amount for all such Incremental Revolving Credit Commitments shall not (as of any date of incurrence thereof) exceed \$50,000,000 and (ii) the total aggregate principal amount for each Incremental Revolving Credit Commitment (and the Incremental Revolving Credit Increase made thereunder) shall not be less than a minimum principal amount of \$10,000,000 or, if less, the remaining amount permitted pursuant to the foregoing clause (i). Each such notice shall specify the date (each, an "Increased Amount Date") on which the Borrower proposes that any Incremental Revolving Credit Commitment shall be effective, which shall be a date not less than twenty (20) Business Days after the date on which such notice is delivered to Administrative Agent. The Borrower shall invite existing Lenders and may invite any Affiliate of any Lender and/or any Approved Fund, and/or any other Person reasonably satisfactory to the Administrative Agent, to provide an Incremental Revolving Credit Commitment (any such Person, an "Incremental Lender"); provided that both the Swingline Loan Lender and the Issuing Lender shall consent to each Incremental Lender providing any portion of an Incremental Revolving Credit Commitment. Any proposed Incremental Lender offered or approached to provide all or a portion of any Incremental Revolving Credit Commitment may elect or decline, in its sole discretion, to provide such Incremental Revolving Credit Commitment. Any Incremental Revolving Credit Commitment shall become effective as of such Increased Amount Date; provided that:

(i) no Default or Event of Default shall exist on such Increased Amount Date before or after giving effect to (1) any Incremental Revolving Credit Commitment, (2) the

making of any Incremental Revolving Credit Increase pursuant thereto and (3) any Permitted Acquisition consummated in connection therewith;

(ii) the Administrative Agent and the Lenders shall have received from the Borrower a Compliance Certificate demonstrating, in form and substance reasonably satisfactory to the Administrative Agent, that the (1) Borrower is in compliance with the financial covenants specified in Sections 9.13, and 9.14 and (2) Consolidated Leverage Ratio will be at least 0.25 to 1.00 less than the maximum Consolidated Leverage Ratio in effect as of the Increased Amount Date pursuant to Section 9.14, in each case based on the financial statements most recently delivered pursuant to Section 8.12(a) or 8.12(b), as applicable, both before and after giving effect (on a Pro Forma Basis) to (x) any Incremental Revolving Credit Commitment, (y) the making of any Incremental Revolving Credit Increase pursuant thereto (with any Incremental Revolving Credit Commitment being deemed to be fully drawn) and (z) any Permitted Acquisition consummated in connection therewith;

(iii) each of the representations and warranties contained in Article 6 shall be true and correct in all material respects, except to the extent any such representation and warranty is qualified by materiality or reference to Material Adverse Change, in which case, such representation and warranty shall be true, correct and complete in all respects, on such Increased Amount Date with the same effect as if made on and as of such date (except for any such representation and warranty that by its terms is made only as of an earlier date, which representation and warranty shall remain true and correct as of such earlier date);

(iv) the proceeds of any Incremental Revolving Credit Increase shall be used for general corporate purposes of the Borrower and its Subsidiaries (including Permitted Acquisitions);

(v) Any proposed Incremental Lender shall join this Agreement as a Lender pursuant to a Lender Joinder Agreement;

(vi) each Incremental Revolving Credit Commitment (and the Incremental Revolving Credit Increase made thereunder) shall constitute Obligations of the Borrower and shall be secured and guaranteed with the other Obligations on a *pari passu* basis;

(1) in the case of each Incremental Revolving Credit Increase:

(I) such Incremental Revolving Credit Increase shall be part of the Revolving Credit Facility, shall mature on the Expiration Date, shall bear interest and be entitled to fees, in each case at the rate applicable to the Revolving Credit Facility, and shall otherwise be subject to the same terms and conditions as the Revolving Credit Facility;

(II) any Incremental Lender making any Incremental Revolving Credit Increase shall be entitled to the same voting rights as the existing Revolving Credit Lenders under the Revolving Credit Facility and (unless otherwise agreed by the applicable Incremental Lenders; provided that no such agreement shall allow the Revolving Credit Commitments with respect to the Incremental Revolving Credit Increase to be terminated prior to termination of the existing Revolving Credit Commitments) each Revolving Credit Loan funded by an Incremental Revolving Credit Increase shall receive proceeds of

prepayments on the same basis as the existing Revolving Credit Loans (such prepayments to be shared pro rata on the basis of the original aggregate funded amount thereof); and

(III) the outstanding Revolving Credit Loans and Ratable Shares of Swingline Loans and Letter of Credit Obligations will be reallocated by the Administrative Agent on the applicable Increased Amount Date among the Lenders to the Revolving Credit Facility (including the Incremental Lenders providing such Incremental Revolving Credit Increase) in accordance with their revised Ratable Shares (and the Lenders to the Revolving Credit Facility (including the Incremental Lenders providing such Incremental Revolving Credit Increase) agree to make all payments and adjustments necessary to effect such reallocation and the Borrower shall pay any and all costs required.

(2) Incremental Revolving Credit Commitments shall be effected pursuant to such amendments to this Agreement and the other Loan Documents as may be necessary or appropriate, in the opinion of the Administrative Agent, to effect the provisions of this Section 2.10, without the consent of any other Lenders; and

(3) the Borrower shall deliver or cause to be delivered any customary legal opinions or other documents (including, without limitation, a resolution duly adopted by the board of directors (or equivalent governing body) of each Loan Party authorizing such Incremental Revolving Credit Increases and/or Incremental Revolving Credit Commitments) reasonably requested by Administrative Agent in connection with any such transaction.

(b) The Incremental Lenders shall be included in any determination of the Required Lenders and, unless otherwise agreed, the Incremental Lenders will not constitute a separate voting class for any purposes under this Agreement.

(c) On any Increased Amount Date on which any Incremental Revolving Credit Increase becomes effective, subject to the foregoing terms and conditions, each Incremental Lender with an Incremental Revolving Credit Commitment shall become a Lender under the Revolving Credit Facility hereunder with respect to such Incremental Revolving Credit Commitment.

ARTICLE 3
RESERVED

ARTICLE 4
INTEREST RATES

4.1 Interest Rate Options. The Borrower shall pay interest in respect of the outstanding unpaid principal amount of the Loans as selected by it from the Term SOFR Rate Option or Daily SOFR Option specified below applicable to the Revolving Credit Loans or the Swingline Loans, respectively, it being understood that, subject to the provisions of this Agreement, the Borrower may select different Interest Rate Options to apply simultaneously to the Loans comprising different Borrowing Tranches and may convert to or renew one or more Interest Rate Options with respect to all or any portion of the Loans comprising any Borrowing Tranche; provided that there shall not be at any one time outstanding more than six (6) Borrowing Tranches of Revolving Credit Loans; provided further that if an Event of Default or Potential Default exists and is continuing, then for so long as such Event of Default or Potential

Default is continuing, (i) no outstanding Borrowing Tranche may be converted to, or continued as, Term SOFR Rate Loan or a Daily SOFR Loan and (ii) Required Lenders may demand that (x) each Daily SOFR Loan be automatically converted to a Base Rate Loan immediately and (y) each Term SOFR Rate Loan be automatically converted to a Daily SOFR Loan immediately, subject to the obligation of the Borrower to pay any indemnity under Section 5.10 in connection with any such conversion, or at the end of the applicable Interest Period. If at any time the designated rate applicable to any Loan made by any Lender exceeds such Lender's highest lawful rate, the rate of interest on such Lender's Loan shall be limited to such Lender's highest lawful rate. The applicable Base Rate, Term SOFR Rate, or Daily SOFR shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

(a) Revolving Credit Interest Rate Options. The Borrower shall have the right to select from the following Interest Rate Options applicable to the Revolving Credit Loans:

(i) Revolving Credit Daily SOFR Option: A fluctuating rate per annum (computed on the basis of a year of 360 days and actual days elapsed) equal to Daily SOFR plus the SOFR Adjustment plus the Applicable Margin, such interest rate to change automatically from time to time effective as of the effective date of each change in Daily SOFR; or

(ii) Revolving Credit Term SOFR Rate Option: A rate per annum (computed on the basis of a year of 360 days and actual days elapsed) equal to the Term SOFR Rate as determined for each applicable Interest Period plus the SOFR Adjustment for the applicable Interest Period plus the Applicable Margin.

(b) Swingline Loan Interest Rate. The Swingline Loans shall accrue interest at a fluctuating rate per annum (computed on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed) equal to the Base Rate plus the Applicable Margin, such interest rate to change automatically from time to time effective as of the effective date of each change in the Base Rate.

(c) Rate Quotations. The Borrower may call the Administrative Agent on or before the date on which a Loan Request is to be delivered to receive an indication of the rates then in effect, but it is acknowledged that such projection shall not be binding on the Administrative Agent or the Lenders nor affect the rate of interest which thereafter is actually in effect when the election is made.

4.2 Conforming Changes Relating to the Term SOFR Rate and Daily SOFR. With respect to the Term SOFR Rate and Daily SOFR, the Administrative Agent will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Document; provided that, the Administrative Agent shall provide notice to the Borrower and the Lenders of each such amendment implementing such Conforming Changes reasonably promptly after such amendment becomes effective.

4.3 Interest After Default. To the extent permitted by Law, upon the occurrence of an Event of Default and until such time such Event of Default shall have been cured or waived, at the discretion of the Administrative Agent or upon written demand by the Required Lenders to the Administrative Agent:

(a) Letter of Credit Fees, Interest Rate. The Letter of Credit Fees and the rate of interest for each Loan otherwise applicable pursuant to Section 2.8(b) or Section 4.1, respectively, shall be increased by three percent (3.0%) per annum;

(b) Other Obligations. Each other Obligation hereunder if not paid when due shall bear interest at a rate per annum equal to the sum of the rate of interest applicable to Revolving Credit Loans under the Daily SOFR Option plus an additional three percent (3.0%) per annum from the time such Obligation becomes due and payable until the time such Obligation is paid in full; and

(c) Acknowledgment. The Borrower acknowledges that the increase in rates referred to in this Section 4.3 reflects, among other things, the fact that such Loans or other amounts have become a substantially greater risk given their default status and that the Lenders are entitled to additional compensation for such risk; and all such interest shall be payable by Borrower upon demand by Administrative Agent.

4.4 Rate Unascertainable; Increased Costs; Illegality; Benchmark Replacement Setting.

(a) Unascertainable; Increased Costs. If at any time:

(i) the Administrative Agent shall have determined (which determination shall be conclusive and binding absent manifest error) that the Term SOFR Rate or Daily SOFR, as applicable cannot be determined pursuant to the definition thereof; or

(ii) the Required Lenders determine that for any reason in connection with any request for a Term SOFR Rate Loan or Daily SOFR Loan or conversion thereto or continuation thereof that the Term SOFR Rate or Daily SOFR does not adequately and fairly reflect the cost to such Lenders of funding, establishing or maintaining such Loan, as applicable, and the Required Lenders have provided notice of such determination to the Administrative Agent,

then the Administrative Agent shall have the rights specified in Section 4.4(c).

(b) Illegality. If at any time any Lender shall have determined, or any Official Body shall have asserted, that the making, maintenance or funding of any Term SOFR Rate Loan or Daily SOFR Loan, or the determination or charging of interest rates based on the Term SOFR Rate or Daily SOFR, has been made impracticable or unlawful by compliance by such Lender in good faith with any Law or any interpretation or application thereof by any Official Body or with any request or directive of any such Official Body (whether or not having the force of Law), then the Administrative Agent shall have the rights specified in Section 4.4(c).

(c) Administrative Agent's and Lender's Rights. In the case of any event specified in Section 4.4(a) above, the Administrative Agent shall promptly notify the Lenders and the Borrower thereof, and in the case of an event specified in Section 4.4(b) above, such Lender shall promptly so notify the Administrative Agent and endorse a certificate to such notice as to the specific circumstances of such notice, and the Administrative Agent shall promptly send copies of such notice and certificate to the other Lenders and the Borrower. Upon such date as shall be specified in such notice (which shall not be earlier than the date such notice is given), the obligation of (i) the Lenders, in the case of such notice given by the Administrative Agent, or (ii) such Lender, in the case of such notice given by such Lender, to allow the Borrower to select, convert to, renew or continue a Term SOFR Rate Loan or Daily SOFR Loan, as applicable, shall be suspended (to the extent of the affected Term SOFR Rate Loan or Interest Periods or Daily SOFR Loan) until the Administrative Agent shall have later notified the Borrower, or such Lender shall have later notified the Administrative Agent, of the Administrative Agent's or such Lender's, as the case may be, determination that the circumstances giving rise to such previous determination no longer exist. Upon a determination by Administrative Agent under Section 4.4(a), (i) if

the Borrower has previously notified the Administrative Agent of its selection of, conversion to or renewal of a Term SOFR Rate Option or Daily SOFR Option and the Term SOFR Rate Option or Daily SOFR Option has not yet gone into effect, such notification shall be deemed to provide for selection of, conversion to or renewal of a Base Rate Loan, (ii) any outstanding affected Daily SOFR Loans will be deemed to have been converted into Base Rate Loans immediately, and (iii) any outstanding affected Term SOFR Rate Loans will be deemed to have been converted into Base Rate Loans at the end of the applicable Interest Period. If any Lender notifies the Administrative Agent of a determination under Section 4.4(b), the Borrower shall, subject to the Borrower's indemnification Obligations under Section 5.10, as to any Loan of the Lender to which a Term SOFR Rate Option or Daily SOFR Option applies, on the date specified in such notice either convert such Loan to a Base Rate Loan otherwise available with respect to such Loan or prepay such Loan in accordance with Section 5.2. Absent due notice from the Borrower of conversion or prepayment, such Loan shall automatically be converted to a Base Rate Loan upon such specified date.

(d) Benchmark Replacement Setting.

(i) Benchmark Replacement. Notwithstanding anything to the contrary herein or in any other Loan Document (and any agreement executed in connection with an Interest Rate Hedge shall be deemed not to be a "Loan Document" for purposes of this Section titled "Benchmark Replacement Setting"), if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior to any setting of the then-current Benchmark, then (A) if a Benchmark Replacement is determined in accordance with clause (1) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of such Benchmark setting and subsequent Benchmark settings without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document and (B) if a Benchmark Replacement is determined in accordance with clause (2) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of any Benchmark setting at or after 5:00 p.m. (New York City time) on the fifth (5th) Business Day after the date notice of such Benchmark Replacement is provided to the Lenders without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document so long as the Administrative Agent has not received, by such time, written notice of objection to such Benchmark Replacement from Lenders comprising the Required Lenders of each Class.

(ii) Benchmark Replacement Conforming Changes. In connection with the use, administration, adoption or implementation of a Benchmark Replacement, the Administrative Agent will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Document.

(iii) Notices; Standards for Decisions and Determinations. The Administrative Agent will promptly notify the Borrower and the Lenders of (A) the implementation of any Benchmark Replacement, and (B) the effectiveness of any Conforming Changes in connection with the use, administration, adoption or implementation of a Benchmark Replacement. The Administrative Agent will notify the Borrower of (x) the removal or reinstatement of any tenor of a Benchmark pursuant to paragraph (iv) below and (y) the

commencement of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Administrative Agent or, if applicable, any Lender (or group of Lenders) pursuant to this Section, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non- occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party to this Agreement or any other Loan Document except, in each case, as expressly required pursuant to this Section.

(iv) Unavailability of Tenor of Benchmark. Notwithstanding anything to the contrary herein or in any other Loan Document, at any time (including in connection with the implementation of a Benchmark Replacement), (A) if the then-current Benchmark is a term rate or based on a term rate and either (I) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion or (II) the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is not or will not be representative, then the Administrative Agent may modify the definition of “Interest Period” (or any similar or analogous definition) for any Benchmark settings at or after such time to remove such unavailable or non- representative tenor; and (B) if a tenor that was removed pursuant to clause (A) above either (I) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) or (II) is not, or is no longer, subject to an announcement that it is not or will not be representative for a Benchmark (including a Benchmark Replacement), then the Administrative Agent may modify the definition of “Interest Period” (or any similar or analogous definition) for all Benchmark settings at or after such time to reinstate such previously removed tenor.

(v) Benchmark Unavailability Period. Upon the Borrower’s receipt of notice of the commencement of a Benchmark Unavailability Period with respect to the Term SOFR Rate or Daily SOFR, the Borrower may revoke any pending request for a Loan bearing interest based on such rate or conversion to or continuation of Loans bearing interest based on such rate to be made, converted or continued during any Benchmark Unavailability Period and, failing that, the Borrower will be deemed to have converted any such request into a request for a Base Rate Loan or conversion to a Base Rate Loan. During a Benchmark Unavailability Period or at any time that a tenor for the then-current Benchmark is not an Available Tenor, the component of the Base Rate based upon the then-current Benchmark or such tenor for such Benchmark, as applicable, will not be used in any determination of the Base Rate.

(vi) Definitions. As used in this Section:

“Available Tenor” means, as of any date of determination and with respect to the then-current Benchmark, as applicable, if such Benchmark (a) is Daily 1M SOFR, one month, and (b) is a term rate, any tenor for such Benchmark (or component thereof) that is or may be used for determining the length of an interest period pursuant to this Agreement as of such date and not including, for the avoidance of doubt, any tenor of such Benchmark that is then-removed from the definition of “Interest Period” pursuant to clause (iv) of this Section.

“Benchmark” means, initially, SOFR, the Term SOFR Reference Rate, and Daily 1M SOFR; provided that if a Benchmark Transition Event has occurred with respect to the then-current Benchmark, then “Benchmark” means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to this Section.

“Benchmark Replacement” means, with respect to any Benchmark Transition Event, the first alternative set forth in the order below that can be determined by the Administrative Agent for the applicable Benchmark Replacement Date:

(1) the sum of: (A) Daily Simple SOFR and (B) the SOFR Adjustment for a 1-month Interest Period;

(2) the sum of (A) the alternate benchmark rate that has been selected by the Administrative Agent and the Borrower, giving due consideration to (x) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (y) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement to the then-current Benchmark for U.S. dollar-denominated syndicated credit facilities at such time and (B) the related Benchmark Replacement Adjustment;

provided that if the Benchmark Replacement as determined pursuant to clause (2) above would be less than the Floor, the Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Loan Documents; and provided further, that any Benchmark Replacement shall be administratively feasible as determined by the Administrative Agent in its sole discretion.

“Benchmark Replacement Adjustment” means, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Administrative Agent and the Borrower, giving due consideration to (A) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body or (B) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated syndicated credit facilities at such time.

“Benchmark Replacement Date” means a date and time determined by the Administrative Agent, which date shall be no later than the earliest to occur of the following events with respect to the then-current Benchmark:

(1) in the case of clause (1) or (2) of the definition of “Benchmark Transition Event,” the later of (A) the date of the public statement or publication of information referenced therein and (B) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide such Benchmark (or such component thereof) or, if such

Benchmark is a term rate or is based on a term rate, all Available Tenors of such Benchmark (or such component thereof); or

(2) in the case of clause (3) of the definition of “Benchmark Transition Event,” the date determined by the Administrative Agent, which date shall promptly follow the date of the public statement or publication of information referenced therein;

For the avoidance of doubt, if such Benchmark is a term rate or is based on a term rate, the “Benchmark Replacement Date” will be deemed to have occurred in the case of clause (1) or (2) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

“Benchmark Transition Event” means, the occurrence of one or more of the following events, with respect to the then-current Benchmark:

(1) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide such Benchmark (or such component thereof) or, if such Benchmark is a term rate or is based on a term rate, all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);

(2) a public statement or publication of information by an Official Body having jurisdiction over the Administrative Agent, the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the Federal Reserve Board, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide such Benchmark (or such component thereof) or, if such Benchmark is a term rate or is based on a term rate, all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide such Benchmark (or such component thereof) or, if such Benchmark is a term rate or is based on a term rate, any Available Tenor of such Benchmark (or such component thereof); or

(3) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof) or an Official Body having jurisdiction over the Administrative Agent announcing that such Benchmark (or such component thereof) or, if such Benchmark is a term rate or is based on a term rate, all Available Tenors of

such Benchmark (or such component thereof) are not, or as of a specified future date will not be, representative.

For the avoidance of doubt, if such Benchmark is a term rate or is based on a term rate, a “Benchmark Transition Event” will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

“Benchmark Unavailability Period” means the period (if any) (x) beginning at the time that a Benchmark Replacement Date has occurred if, at such time, no Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with this Section 4.4(d) titled “Benchmark Replacement Setting” and (y) ending at the time that a Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with this Section 4.4(d) titled “Benchmark Replacement Setting.”

“Floor” means the benchmark rate floor, if any, provided in this Agreement initially (as of the execution of this Agreement, the modification, amendment or renewal of this Agreement or otherwise) with respect to the Term SOFR Rate or Daily SOFR, as applicable or, if no floor is specified, zero.

“Relevant Governmental Body” means the Board of Governors of the Federal Reserve System and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Board of Governors of the Federal Reserve System and/or the Federal Reserve Bank of New York, or any successor thereto.

“Unadjusted Benchmark Replacement” means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

4.5 Selection of Interest Rate Options. If the Borrower fails to select a new Interest Period to apply to any Borrowing Tranche of Loans under the Term SOFR Rate Option at the expiration of an existing Interest Period applicable to such Borrowing Tranche in accordance with Section 2.5, the Borrower shall be deemed to have converted such Borrowing Tranche to the Daily SOFR Option, as applicable to Revolving Credit Loans commencing upon the last day of the existing Interest Period. If the Borrower provides any Loan Request related to a Loan at the Term SOFR Rate Option but fails to identify an Interest Period therefor, such Loan Request shall be deemed to request an Interest Period of one (1) month. Any Loan Request that fails to select an Interest Rate Option shall be deemed to be a request for the Daily SOFR Option.

ARTICLE 5

PAYMENTS; TAXES; YIELD MAINTENANCE

5.1 Payments. All payments and prepayments to be made in respect of principal, interest, Commitment Fees, Letter of Credit Fees, Administrative Agent’s Fee or other fees or amounts due from the Borrower hereunder shall be payable prior to 11:00 a.m. Eastern Time on the date when due without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived by the Borrower, and without set-off, counterclaim or other deduction of any nature, and an action therefor shall immediately accrue. Such payments shall be made to the Administrative Agent at the Principal Office for

the account of the Swingline Loan Lender with respect to the Swingline Loans and for the ratable accounts of the Lenders with respect to the Revolving Credit Loans in U.S. Dollars and in immediately available funds, and the Administrative Agent shall promptly distribute such amounts to the Lenders in immediately available funds; provided that in the event payments are received by 11:00 a.m. Eastern Time by the Administrative Agent with respect to the Loans and such payments are not distributed to the Lenders on the same day received by the Administrative Agent, the Administrative Agent shall pay the Lenders interest at the Effective Federal Funds Rate with respect to the amount of such payments for each day held by the Administrative Agent and not distributed to the Lenders. The Administrative Agent's statement of account, ledger or other relevant record shall, in the absence of manifest error, be conclusive as the statement of the amount of principal of and interest on the Loans and other amounts owing under this Agreement.

5.2 Voluntary Prepayments.

(a) Right to Prepay. The Borrower shall have the right at its option from time to time to prepay the Loans in whole or part without premium or penalty (except as provided in Section 5.8, Section 5.10 and Section 5.13 below). Whenever the Borrower desires to prepay any part of the Loans, it shall provide a prepayment notice to the Administrative Agent by 1:00 p.m. Eastern Time at least three (3) Business Days prior to the date of prepayment of the Revolving Credit Loans that bear interest at the Term SOFR Rate Option or Daily SOFR Option, or no later than 1:00 p.m. Eastern Time on the date of prepayment of Swingline Loans, setting forth the following information:

- (i) the date, which shall be a Business Day, on which the proposed prepayment is to be made;
- (ii) a statement indicating the application of the prepayment between the Revolving Credit Loans and Swingline Loans;
- (iii) a statement indicating the application of the prepayment between Loans to which the Term SOFR Rate Option, Daily SOFR Option and Base Rate Option applies; and
- (iv) the total principal amount of such prepayment, which shall not be less than the lesser of (A) the Revolving Facility Usage or (B) \$0 for any Swingline Loan or \$1,000,000 for any Revolving Credit Loan.

All prepayment notices shall be irrevocable. The principal amount of the Loans for which a prepayment notice is given, together with interest on such principal amount, shall be due and payable on the date specified in such prepayment notice as the date on which the proposed prepayment is to be made. Except as provided in Section 4.4(c), if the Borrower prepays a Loan but fails to specify the applicable Borrowing Tranche which the Borrower is prepaying, the prepayment shall be applied (1) first to Revolving Credit Loans; and (2) after giving effect to the allocations in clause (1) above and in the preceding sentence, first to Base Rate Loans, then to Daily SOFR Loans, and finally to Term SOFR Loans. Any prepayment hereunder shall be subject to the Borrower's Obligation to indemnify the Lenders under Section 5.10.

5.3 Reserved.

5.4 Pro Rata Treatment of Lenders. Each borrowing of Revolving Credit Loans shall be allocated to each Lender according to its Ratable Share, and each selection of, conversion to or renewal of any Interest Rate Option and each payment or prepayment by the Borrower with respect to principal,

interest, Commitment Fees and Letter of Credit Fees (but excluding the Administrative Agent's Fee and the Issuing Lender's fronting fee) shall (except as otherwise may be provided with respect to a Defaulting Lender and except as provided in Sections 4.4(c) in the case of an event specified in Section 4.4, 5.13 or 5.8) be payable ratably among the Lenders entitled to such payment in accordance with the amount of principal, interest, Commitment Fees and Letter of Credit Fees, as specified in this Agreement. Notwithstanding any of the foregoing, each borrowing or payment or prepayment by the Borrower of principal, interest, fees or other amounts from the Borrower with respect to Swingline Loans shall be made by or to the Swingline Loan Lender according to Section 2.6(e).

5.5 Sharing of Payments by Lenders. If any Lender shall, by exercising any right of setoff, counterclaim or banker's lien or other any right, by receipt of voluntary payment, by realization upon security, or by any other non-pro rata source, obtain payment in respect of any principal of or interest on any of its Loans or other obligations hereunder resulting in such Lender's receiving payment of a proportion of the aggregate amount of its Loans and accrued interest thereon or other such obligations greater than the pro-rata share of the amount such Lender is entitled thereto, then the Lender receiving such greater proportion shall (a) notify the Administrative Agent of such fact, and (b) purchase (for cash at face value) participations in the Loans and such other obligations of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and other amounts owing them, provided that:

(i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, together with interest or other amounts, if any, required by Law (including court order) to be paid by the Lender or the holder making such purchase; and

(ii) the provisions of this Section 5.5 shall not be construed to apply to (x) any payment made by the Loan Parties pursuant to and in accordance with the express terms of the Loan Documents (including the application of funds arising from the existence of a Defaulting Lender) or (y) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or Participation Advances to any assignee or participant.

Each Loan Party consents to the foregoing and agrees, to the extent it may effectively do so under applicable Law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against each Loan Party rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of each Loan Party in the amount of such participation.

5.6 Administrative Agent's Clawback.

(a) Funding by Lenders; Presumption by Administrative Agent. Unless the Administrative Agent shall have received notice from a Lender, prior to the proposed date of any Borrowing Tranche of Loans that such Lender will not make available to the Administrative Agent such Lender's Ratable Share, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with Section 2.6(a) and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing Tranche of Loans available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on

demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of a payment to be made by such Lender, the greater of the Effective Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation, and (ii) in the case of a payment to be made by the Borrower, the interest rate applicable to Loans under the Daily SOFR Option. If the Borrower and such Lender shall pay such interest to the Administrative Agent for the same or an overlapping period, the Administrative Agent shall promptly remit to the Borrower the amount of such interest paid by the Borrower for such period. If such Lender pays its share of the applicable Borrowing Tranche of Loans to the Administrative Agent, then the amount so paid shall constitute such Lender's Loan included in such Borrowing Tranche of Loans. Any payment by the Borrower shall be without prejudice to any claim the Borrower may have against a Lender that shall have failed to make such payment to the Administrative Agent.

(b) Payments by Borrower; Presumptions by Administrative Agent. Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or the Issuing Lender hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the Issuing Lender, as the case may be, the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders or the Issuing Lender, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or Issuing Lender, with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Effective Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

5.7 Interest Payment Dates. Interest on Loans to which the Daily SOFR Option applies shall be due and payable in arrears on each Payment Date. Interest on Loans to which the Term SOFR Rate Option applies shall be due and payable on the last day of each Interest Period and, if such Interest Period is longer than three (3) months, also at the end of each three-month period during such Interest Period. Interest on the principal amount of each Loan or other monetary Obligation shall be due and payable on demand after such principal amount or other monetary Obligation becomes due and payable (whether on the stated Expiration Date, upon acceleration or otherwise). Interest shall be computed to, but excluding, the date payment is due.

5.8 Increased Costs.

(a) Increased Costs Generally. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender or the Issuing Lender;

(ii) subject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on any Lender, any Issuing Lender or the relevant market any other condition, cost or expense (other than Taxes) affecting this Agreement or Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender or such other Recipient of making, converting to, continuing or maintaining any Loan or of maintaining its obligation to make any such Loan, or to increase the cost to such Lender, the Issuing Lender or such other Recipient of participating in, issuing or maintaining any Letter of Credit (or of maintaining its obligation to participate in or to issue any Letter of Credit), or to reduce the amount of any sum received or receivable by such Lender, the Issuing Lender or other Recipient hereunder (whether of principal, interest or any other amount) then, upon request of such Lender, the Issuing Lender or other Recipient, the Borrower will pay to such Lender, the Issuing Lender or other Recipient, as the case may be, such additional amount or amounts as will compensate such Lender or the Issuing Lender or other Recipient, as the case may be, for such additional costs incurred or reduction suffered; provided that upon the occurrence of any Change in Law imposing a reserve percentage on any interest rate based on SOFR, the Administrative Agent, in its reasonable discretion, may modify the calculation of each such SOFR-based interest rate to add (or otherwise account for) such reserve percentage.

(b) Capital Requirements. If any Lender or the Issuing Lender determines that any Change in Law affecting such Lender or the Issuing Lender or any Lending Office of such Lender or such Lender's or the Issuing Lender's holding company, if any, regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's or the Issuing Lender's capital or on the capital of such Lender's or the Issuing Lender's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Loans made by, or participations in Letters of Credit or Swingline Loans held by, such Lender, or the Letters of Credit issued by the Issuing Lender, to a level below that which such Lender or the Issuing Lender or such Lender's or the Issuing Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or the Issuing Lender's policies and the policies of such Lender's or the Issuing Lender's holding company with respect to capital adequacy), then from time to time the Borrower will pay to such Lender or the Issuing Lender, as the case may be, such additional amount or amounts as will compensate such Lender or the Issuing Lender or such Lender's or the Issuing Lender's holding company for any such reduction suffered.

(c) Certificates for Reimbursement. A certificate of a Lender or the Issuing Lender setting forth the amount or amounts necessary to compensate such Lender or the Issuing Lender or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section and delivered to the Borrower shall be conclusive absent manifest error. The Borrower shall pay such Lender or the Issuing Lender, as the case may be, the amount shown as due on any such certificate within ten (10) days after receipt thereof.

(d) Delay in Requests. Failure or delay on the part of any Lender or the Issuing Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's or the Issuing Lender's right to demand such compensation, provided that the Borrower shall not be required to compensate a Lender or the Issuing Lender pursuant to this Section for any increased costs incurred or reductions suffered more than nine (9) months prior to the date that such Lender or the Issuing Lender, as the case may be, notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's or the Issuing Lender's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine (9) month period referred to above shall be extended to include the period of retroactive effect thereof).

5.9 Taxes.

(a) Issuing Lender. For purposes of this Section 5.9, the term “Lender” includes the Issuing Lender and the term “applicable Law” includes FATCA.

(b) Payments Free of Taxes. Any and all payments by or on account of any obligation of any Loan Party under any Loan Document shall be without deduction or withholding for any Taxes, except as required by applicable Law. If any applicable Law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Official Body in accordance with applicable Law and, if such Tax is an Indemnified Tax, then the sum payable by the applicable Loan Party shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section 5.9) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(c) Payment of Other Taxes by the Loan Parties. The Loan Parties shall timely pay to the relevant Official Body in accordance with applicable Law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(d) Indemnification by the Loan Parties. The Loan Parties shall jointly and severally indemnify each Recipient, within ten (10) days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 5.9) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Official Body. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(e) Indemnification by the Lenders. Each Lender shall severally indemnify the Administrative Agent, within ten (10) days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that any Loan Party has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of any of the Loan Parties to do so), (ii) any Taxes attributable to such Lender’s failure to comply with the provisions of Section 12.8(a) relating to the maintenance of a Participant Register, and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Official Body. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this Section 5.9(e).

(f) Evidence of Payments. As soon as practicable after any payment of Taxes by any Loan Party to an Official Body pursuant to this Section 5.9, such Loan Party shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Official Body evidencing

such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(g) Status of Lenders.

(i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable Law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation specified in Section 5.9(g)(ii)(1), (ii)(2) and (ii)(4) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing, in the event that the Borrower is a U.S. Borrower,

(1) any Lender that is a U.S. Person shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed originals of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(2) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable:

(I) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed originals of IRS Form W-8BEN-E (or W-8BEN if applicable) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN-E (or W-8BEN if applicable) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(II) executed originals of IRS Form W-8ECI;

(III) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit P-1 to the effect that such Foreign Lender is not (A) a “bank” within the meaning of Section 881(c)(3)(A) of the Code, (B) a “10 percent shareholder” of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or (C) a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Code (a “U.S. Tax Compliance Certificate”) and (y) executed originals of IRS Form W-8BEN-E (or W-8BEN if applicable); or

(IV) to the extent a Foreign Lender is not the beneficial owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN-E (or W-8BEN if applicable), a U.S. Tax Compliance Certificate substantially in the form of Exhibit P-2 or Exhibit OP-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit P-4 on behalf of each such direct and indirect partner;

(3) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed originals of any other form prescribed by applicable Law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable Law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(4) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by Law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender’s obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (4), “FATCA” shall include any amendments made to FATCA after the date of this Agreement.

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(h) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 5.9 (including by the payment of additional amounts pursuant to this Section 5.9), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section 5.9 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Official Body with respect to such refund). Such indemnifying party, upon the request of such indemnified party incurred in connection with obtaining such refund, shall repay to such indemnified party the amount paid over pursuant to this Section 5.9(h) (plus any penalties, interest or other charges imposed by the relevant Official Body) in the event that such indemnified party is required to repay such refund to such Official Body. Notwithstanding anything to the contrary in this Section 5.9(h), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this Section 5.9(h) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(i) Survival. Each party's obligations under this Section 5.9 shall survive the resignation of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all Obligations.

5.10 Indemnity. In addition to the compensation or payments required by Section 5.8 or Section 5.9, the Borrower shall indemnify each Lender against all liabilities, losses or expenses (including loss of anticipated profits, any foreign exchange losses and any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain any Loan, from fees payable to terminate the deposits from which such funds were obtained or from the performance of any foreign exchange contract) which such Lender sustains or incurs as a consequence of any:

(a) payment, prepayment, conversion or renewal of any Loan to which a Term SOFR Rate Option applies on a day other than the last day of the corresponding Interest Period (whether or not any such payment or prepayment is mandatory, voluntary or automatic and whether or not any such payment or prepayment is then due); or

(b) attempt by the Borrower to revoke (expressly, by later inconsistent notices or otherwise) in whole or part any Loan Requests under Section 2.5 or notice relating to prepayments under Section 5.2 or failure by the Borrower (for a reason other than the failure of such Lender to make a Loan) to prepay, borrow, continue or convert any Loan on the date or in the amount notified by the Borrower; or

(c) any assignment of a Loan under the Term SOFR Rate Option on a day other than the last day of the Interest Period therefor as a result of a request by the Borrower pursuant to Section 5.13.

If any Lender sustains or incurs any such loss or expense, it shall from time to time notify the Borrower of the amount determined in good faith by such Lender (which determination may include such assumptions, allocations of costs and expenses and averaging or attribution methods as such Lender shall deem reasonable) to be necessary to indemnify such Lender for such loss or expense. Such notice shall specify in reasonable detail the basis for such determination. Such amount shall be due and payable by the Borrower to such Lender ten (10) Business Days after such notice is given.

5.11 Settlement Date Procedures. In order to minimize the transfer of funds between the Lenders and the Administrative Agent, the Borrower may borrow, repay and reborrow Swingline Loans and the Swingline Loan Lender may make Swingline Loans as provided in Section 2.1(b) hereof during the period between Settlement Dates. The Administrative Agent shall notify each Lender of its Ratable Share of the total of the Revolving Credit Loans and the Swingline Loans (each, a “Required Share”). On such Settlement Date, each Lender shall pay to the Administrative Agent the amount equal to the difference between its Required Share and its Revolving Credit Loans, and the Administrative Agent shall pay to each Lender its Ratable Share of all payments made by the Borrower to the Administrative Agent with respect to the Revolving Credit Loans. The Administrative Agent shall also effect settlement in accordance with the foregoing sentence on the proposed Borrowing Dates for Revolving Credit Loans as provided for herein and may at its option effect settlement on any other Business Day. These settlement procedures are established solely as a matter of administrative convenience, and nothing contained in this Section 5.11 shall relieve the Lenders of their obligations to fund Revolving Credit Loans on dates other than a Settlement Date pursuant to Section 2.1(b). The Administrative Agent may at any time at its option for any reason whatsoever require each Lender to pay immediately to the Administrative Agent such Lender’s Ratable Share of the outstanding Revolving Credit Loans and each Lender may at any time require the Administrative Agent to pay immediately to such Lender its Ratable Share of all payments made by the Borrower to the Administrative Agent with respect to the Revolving Credit Loans.

5.12 Cash Collateral. At any time that there shall exist a Defaulting Lender, within one (1) Business Day following the written request of the Administrative Agent or the Issuing Lender (with a copy to the Administrative Agent) the Borrower shall Cash Collateralize the Issuing Lender’s Fronting Exposure with respect to such Defaulting Lender (determined after giving effect to Section 2.9(a)(iv)) and any Cash Collateral provided by such Defaulting Lender) in an amount not less than the Minimum Collateral Amount.

(a) Grant of Security Interest. The Borrower, and to the extent provided by any Defaulting Lender, such Defaulting Lender, hereby grants to the Administrative Agent, for the benefit of the Issuing Lender, and agrees to maintain, a first priority security interest in all such Cash Collateral as security for the Defaulting Lenders’ obligation to fund participations in respect of Letter of Credit Obligations, to be applied pursuant to clause (b) below. If at any time the Administrative Agent determines that Cash Collateral is subject to any right or claim of any Person other than the Administrative Agent and the Issuing Lender as herein provided, or that the total amount of such Cash Collateral is less than the Minimum Collateral Amount, the Borrower will, promptly upon demand by the Administrative Agent, pay or provide to the Administrative Agent additional Cash Collateral in an amount sufficient to eliminate such deficiency (after giving effect to any Cash Collateral provided by the Defaulting Lender).

(b) Application. Notwithstanding anything to the contrary contained in this Agreement, Cash Collateral provided under this Section 5.12 or Section 2.9 in respect of Letters of Credit shall be applied to the satisfaction of the Defaulting Lender’s obligation to fund participations in respect of Letter of Credit Obligations (including, as to Cash Collateral provided by a Defaulting Lender, any

interest accrued on such obligation) for which the Cash Collateral was so provided, prior to any other application of such property as may otherwise be provided for herein.

(c) Termination of Requirement. Cash Collateral (or the appropriate portion thereof) provided to reduce the Issuing Lender's Fronting Exposure shall no longer be required to be held as Cash Collateral pursuant to this Section 5.12 following (i) the elimination of the applicable Fronting Exposure (including by the termination of Defaulting Lender status of the applicable Lender), or (ii) the determination by the Administrative Agent and the Issuing Lender that there exists excess Cash Collateral; provided that, subject to Section 2.9 the Person providing Cash Collateral and the Issuing Lender may agree that Cash Collateral shall be held to support future anticipated Fronting Exposure or other obligations and provided further that to the extent that such Cash Collateral was provided by the Borrower, such Cash Collateral shall remain subject to the security interest granted pursuant to Section 5.12(a) above.

5.13 Replacement of a Lender. If any Lender requests compensation under Section 5.8, or if the Borrower is required to pay any Indemnified Taxes or additional amounts to any Lender or any Official Body for the account of any Lender pursuant to Section 5.9 and, in each case, such Lender has declined or is unable to designate a different lending office in accordance with Section 5.14, or if any Lender is a Defaulting Lender or a Non-Consenting Lender, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 12.8), all of its interests, rights (other than its existing rights to payments pursuant to Section 5.8 or Section 5.9) and obligations under this Agreement and the related Loan Documents to an Eligible Assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that:

(a) the Borrower shall have paid to the Administrative Agent the assignment fee (if any) specified in Section 12.8;

(b) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and participations in Letter of Credit Borrowings, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under Section 5.10) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts);

(c) in the case of any such assignment resulting from a claim for compensation under Section 5.8 or payments required to be made pursuant to Section 5.9, such assignment will result in a reduction in such compensation or payments thereafter;

(d) such assignment does not conflict with applicable Law; and

(e) in the case of any assignment resulting from a Lender becoming a Non-Consenting Lender, the applicable assignee shall have consented to the applicable amendment, waiver or consent.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

5.14 Designation of a Different Lending Office. If any Lender requests compensation under Section 5.8, or the Borrower is or will be required to pay any Indemnified Taxes or additional amounts to any Lender or any Official Body for the account of any Lender pursuant to Section 5.9, then such Lender shall (at the request of the Borrower) use reasonable efforts to designate a different Lending Office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 5.8 or Section 5.9, as the case may be, in the future, and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

ARTICLE 6 REPRESENTATIONS AND WARRANTIES

The Loan Parties, jointly and severally, represent and warrant to the Administrative Agent and each of the Lenders as follows:

6.1 Organization and Qualification; Power and Authority; Compliance With Laws; Title to Properties; Event of Default. Each Loan Party and each Subsidiary of each Loan Party (a) is a corporation, partnership or limited liability company duly organized or formed, validly existing and in good standing under the Laws of its jurisdiction of organization, (b) has all necessary lawful power and authority, and all necessary licenses, approvals and authorizations to own or lease its properties and to engage in the business it presently conducts or currently proposes to conduct, (c) is duly licensed or qualified and in good standing in each jurisdiction where the property owned or leased by it or the nature of the business transacted by it or both makes such licensing or qualification necessary and the absence of such licensing or qualification would reasonably be expected to result in a Material Adverse Change, (d) has full power and authority to enter into, execute, deliver and carry out this Agreement and the other Loan Documents to which it is a party, to incur the Indebtedness contemplated by the Loan Documents and to perform its Obligations, and all such actions have been duly authorized by all necessary action and proceedings on its part, (e) is in compliance in all material respects with all applicable Laws (other than Environmental Laws which are specifically addressed in Section 6.15) in all jurisdictions in which any Loan Party or Subsidiary of any Loan Party is presently or will be doing business except where (i) the failure to do so, either individually or in the aggregate, would not reasonably be expected to constitute a Material Adverse Change or (ii) any non-compliance is being contested in good faith by appropriate proceedings diligently conducted, and (f) has good and marketable title to or valid leasehold interest in all properties, assets and other rights which it purports to own or lease or which are reflected as owned or leased on its books and records, free and clear of all Liens and encumbrances other than Permitted Liens, except where the failure to do so, either individually or in the aggregate, would not reasonably be expected to constitute a Material Adverse Change. No Event of Default or Potential Default has occurred and is continuing or would result from the performance by any Loan Party of its Obligations.

6.2 Borrower; Subsidiaries and Owners; Investment Companies. All of the Equity Interests in the Borrower outstanding have been duly authorized and validly issued and are fully paid and non-assessable. Schedule 6.2 states (a) the name of each of the Borrower's Subsidiaries, its jurisdiction of organization and the amount, percentage and type of Equity Interests in such Subsidiary, (b) the name of each holder of a Subsidiary Equity Interest in each Subsidiary, and the amount thereof, and (c) any options, warrants or other rights outstanding to purchase any such Equity Interests referred to in clause (a) or (b). The Borrower and each Subsidiary of the Borrower has good and marketable title to all of the Equity Interests in its Subsidiaries that it purports to own, free and clear in each case of any Lien and all

such Equity Interests have been duly authorized and validly issued, and are fully paid and nonassessable. No Loan Party has any equity investment in another entity not disclosed also on Schedule 6.2. None of the Loan Parties or Subsidiaries of any Loan Party is an “investment company” registered or required to be registered under the Investment Company Act of 1940 or under the “control” of an “investment company” as such terms are defined in the Investment Company Act of 1940 and shall not become such an “investment company” or under such “control.”

6.3 Validity and Binding Effect. This Agreement has been, and each of the other Loan Documents when delivered will have been, (a) duly authorized, validly executed and delivered by each Loan Party, and (b) constitutes, or will constitute, legal, valid and binding obligations of each Loan Party which is or will be a party thereto, enforceable against such Loan Party in accordance with its terms.

6.4 No Conflict; Material Agreements; Consents. Neither the execution and delivery of this Agreement or the other Loan Documents by any Loan Party nor the consummation of the transactions herein or therein contemplated or compliance with the terms and provisions hereof or thereof by any of them will conflict with, constitute a default under or result in any breach of (a) the terms and conditions of the certificate of incorporation, bylaws, certificate of limited partnership, partnership agreement, certificate of formation, limited liability company agreement or other organizational documents of any Loan Party or (b) any Law or any material agreement or instrument or order, writ, judgment, injunction or decree to which any Loan Party or any of its Subsidiaries is a party or by which it or any of its Subsidiaries is bound or to which it is subject or by which it is affected, or result in the creation or enforcement of any Lien whatsoever upon any property (now or hereafter acquired) of any Loan Party or any of its Subsidiaries (other than Liens granted under the Loan Documents). There is no default under such material agreement (referred to above) and none of the Loan Parties or their Subsidiaries is bound by any contractual obligation, or subject to any restriction in any organization document, or any requirement of Law which would reasonably be likely to result in a Material Adverse Change. No consent, approval, exemption, order or authorization of, or a registration or filing with, or notice to, any Official Body or any other Person is required by any Law or any agreement in connection with the execution, delivery and performance by, or enforcement against, any Loan Party of this Agreement and the other Loan Documents except such as has been obtained or issued.

6.5 Litigation. There are no actions, suits, claims, proceedings or investigations pending or, to the knowledge of any Loan Party, threatened against such Loan Party or any Subsidiary of such Loan Party or any of their properties at law or in equity before any Official Body which (a) individually or in the aggregate would reasonably be expected to result in any Material Adverse Change or (b) state to affect, impact or restate this Agreement or any of the other Loan Documents or the transactions contemplated hereby or thereby. None of the Loan Parties or any Subsidiaries of any Loan Party is in violation of any order, writ, injunction or any decree of any Official Body which would reasonably be expected to result in any Material Adverse Change.

6.6 Financial Statements.

(a) Historical Statements. The Borrower has delivered to the Administrative Agent copies of its audited consolidated year-end balance sheet, statement of income or operations, shareholders’ equity and cash flows, for and as of the end of the fiscal year ended December 31, 2021. In addition, the Borrower has delivered to the Administrative Agent copies of its unaudited consolidated interim balance sheet, statement of income or operations, shareholders’ equity and cash flows, as of the end of the fiscal quarter ended September 30, 2022 (all such annual and interim statements being collectively referred to as the “Statements”). The Statements (i) were compiled from the books and

records maintained by the Borrower's management, (ii) are correct and complete, (iii) and fairly represent the consolidated financial condition of the Borrower and its Subsidiaries as of the respective dates thereof and the results of operations for the fiscal periods then ended in accordance with GAAP consistently applied throughout the period covered thereby, subject (in the case of the interim statements) to normal year-end audit adjustments utilized on a consistent basis, and (iv) have been prepared in accordance with GAAP consistently applied throughout the period covered thereby, subject (in the case of the interim statements) to normal year-end audit adjustments utilized on a consistent basis.

(b) Financial Projections. The Borrower has delivered to the Administrative Agent a summary of projected financial statements (including, without limitation, statements of operations and cash flow together with a detailed explanation of the assumptions used in preparing such projected financial statements) of the Borrower and its Subsidiaries for the period from the Closing Date through December 31, 2024 derived from various assumptions of the Loan Parties' management (the "Projections"). The Projections represent a reasonable range of possible results in light of the history of the business, present and foreseeable conditions and the intentions of the Borrower's management, it being understood that such Projections are (i) as to future events and not to be viewed as facts, (ii) are subject to significant uncertainties and contingencies, many of which are beyond the Loan Parties' control, and (iii) no assurance can be given that the Projections will be realized.

6.7 Accuracy of Financial Statements. Neither the Borrower nor any Subsidiary of the Borrower has any indebtedness, liabilities, contingent or otherwise, or forward or long-term commitments that are not disclosed in the Statements or in the notes thereto, attached hereto and incorporated herein by reference, and except as disclosed therein there are no unrealized or anticipated losses from any commitments of the Borrower or any Subsidiary of the Borrower which would reasonably be expected to cause a Material Adverse Change. Since December 31, 2022, no Material Adverse Change has occurred.

6.8 Margin Stock. None of the Loan Parties or any Subsidiaries of any Loan Party engages or intends to engage principally, or as one of its important activities, in the business of extending credit for the purpose, immediately, incidentally or ultimately, of purchasing or carrying margin stock (within the meaning of Regulation U, T or X as promulgated by the Board of Governors of the Federal Reserve System). No part of the proceeds of any Loan has been or will be used, immediately, incidentally or ultimately, to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock or which is inconsistent with the provisions of the regulations of the Board of Governors of the Federal Reserve System. None of the Loan Parties or any Subsidiary of any Loan Party holds or intends to hold margin stock in such amounts that more than 25% of the reasonable value of the assets of any Loan Party or Subsidiary of any Loan Party are or will be represented by margin stock.

6.9 Full Disclosure. Neither this Agreement nor any other Loan Document, nor any certificate, report, statement, agreement or other documents or other information (written or oral) furnished by or on behalf of any Loan Party to the Administrative Agent or any Lender in connection herewith or therewith or the transactions contemplated hereby or thereby, contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein and therein, in light of the circumstances under which they were made, not misleading; provided that in connection with any financial projections, the Loan Parties represent that such projections were prepared in good faith based upon assumptions believed by them to be reasonable at the time when made. There is no fact known to any Loan Party which materially adversely affects the business, property, assets, financial condition, results of operations or prospects of any Loan Party or Subsidiary of any Loan Party which has not been specified in this Agreement or in the certificates, statements, agreements or

other documents furnished in writing to the Administrative Agent and the Lenders prior to or at the date hereof in connection with the transactions contemplated hereby.

6.10 Taxes. All federal, state, local and other tax returns required to have been filed with respect to each Loan Party and each Subsidiary of each Loan Party have been filed, and payment or adequate provision has been made for the payment of all taxes, fees, assessments and other governmental charges which have or may become due pursuant to said returns or otherwise levied or imposed upon them, their properties, income or assets which are due and payable, except to the extent that such taxes, fees, assessments and other charges are being contested in good faith by appropriate proceedings diligently conducted and for which such reserves or other appropriate provisions, if any, as shall be required by GAAP, shall have been made.

6.11 Patents, Trademarks, Copyrights, Licenses, Etc. Each Loan Party and each Subsidiary of each Loan Party owns or possesses all the material patents, trademarks, service marks, trade names, copyrights, licenses, registrations, franchises, permits and rights necessary to own and operate its properties and to carry on its business as presently conducted and planned to be conducted by such Loan Party or Subsidiary, without known possible, alleged or actual conflict with the rights of others.

6.12 Liens in the Collateral. The Liens in the Collateral granted to the Administrative Agent for the benefit of the Secured Parties pursuant to the Collateral Documents constitute and will continue to constitute first priority, perfected security interests, except in the case of (a) Permitted Liens, to the extent any such Permitted Liens would have priority over Liens in favor of the Administrative Agent pursuant to any applicable Law and (b) Liens perfected only by possession, to the extent the Administrative Agent has not obtained or does not maintain possession of such Collateral. All filing fees and other expenses in connection with the perfection of such Liens have been or will be paid by the Borrower.

6.13 Insurance. The properties of each Loan Party and each of its Subsidiaries are insured pursuant to policies and other bonds which are valid and in full force and effect and which provide adequate coverage from reputable and financially sound insurers which are not Affiliates of any Loan Party in amounts sufficient to insure the assets and risks of each such Loan Party and Subsidiary in accordance with prudent business practice in the industry of such Loan Parties and Subsidiaries in the locations where the applicable Loan Party conducts business.

6.14 ERISA Compliance. (a) Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Code and other federal or state Laws. Each Plan that is intended to qualify under Section 401(a) of the Code has received from the IRS a favorable determination or opinion letter, which has not by its terms expired, that such Plan is so qualified, or such Plan is entitled to rely on an IRS advisory or opinion letter with respect to an IRS-approved master and prototype or volume submitter plan, or a timely application for such a determination or opinion letter is currently being processed by the IRS with respect thereto; and, to the best knowledge of Borrower, nothing has occurred which would prevent, or cause the loss of, such qualification. Borrower and each member of the ERISA Group have made all required contributions to each Pension Plan subject to Sections 412 or 430 of the Code, and no application for a funding waiver or an extension of any amortization period pursuant to Sections 412 or 430 of the Code has been made with respect to any Pension Plan.

(b) There are no pending or, to the best knowledge of the Borrower, threatened claims, actions or lawsuits, or action by any Official Body, with respect to any Plan that could reasonably be expected to result in a Material Adverse Change. There has been no prohibited transaction or violation

of the fiduciary responsibility rules with respect to any Plan that has resulted or could reasonably be expected to result in a Material Adverse Change.

(c) (i) No ERISA Event has occurred or is reasonably expected to occur; (ii) no Pension Plan has any unfunded pension liability (i.e., excess of benefit liabilities over the current value of that Pension Plan's assets, determined pursuant to the assumptions used for funding the Pension Plan for the applicable plan year in accordance with Section 430 of the Code); (iii) neither Borrower nor any member of the ERISA Group has incurred, or reasonably expects to incur, any liability under Title IV of ERISA with respect to any Pension Plan (other than premiums due and not delinquent under Section 4007 of ERISA); (iv) neither Borrower nor any member of the ERISA Group has incurred, or reasonably expects to incur, any liability (and no event has occurred which, with the giving of notice under Section 4219 of ERISA, would result in such liability) under Section 4201 of ERISA, with respect to a Multiemployer Plan; (v) neither Borrower nor any member of the ERISA Group has received notice pursuant to Section 4242(a)(1)(B) of ERISA that a Multiemployer Plan is in reorganization and that additional contributions are due to the Multiemployer Plan pursuant to Section 4243 of ERISA; (vi) neither Borrower nor any member of the ERISA Group has engaged in a transaction that could be subject to Sections 4069 or 4212(c) of ERISA; and (vii) no Pension Plan or Multiemployer Plan has been terminated by the plan administrator thereof nor by the PBGC, and no event or circumstance has occurred or exists that could reasonably be expected to cause the PBGC to institute proceedings under Title IV of ERISA to terminate any Pension Plan or Multiemployer Plan.

6.15 Environmental Matters.

(a) Each Loan Party is and, to the knowledge of each respective Loan Party and each of its Subsidiaries and such properties and all operations conducted in connection therewith are and have been in compliance with applicable Environmental Laws except as disclosed on Schedule 6.15; provided that such matters so disclosed could not in the aggregate result in a Material Adverse Change. There is no contamination at, under or about such properties or such operations which could interfere with the continued operation of such properties or impair the fair saleable value thereof.

(b) The properties owned, leased or operated by each Loan Party and each of its Subsidiaries now or in the past do not contain, and to their knowledge have not previously contained, any Hazardous Materials in amounts or concentrations which constitute or constituted a violation of applicable Environmental Laws.

(c) No Loan Party nor any of its Subsidiaries has received any notice of violation, alleged violation, non-compliance, liability or potential liability regarding environmental matters, Hazardous Materials, or compliance with Environmental Laws that, if adversely determined, could reasonably be expected, individually or in the aggregate to, result in a Material Adverse Change, nor does any Loan Party or any of its Subsidiaries have knowledge or reason to believe that any such notice will be received or is being threatened.

(d) To the knowledge of each Loan Party and each of its Subsidiaries, Hazardous Materials have not been transported or disposed of to or from the properties owned, leased or operated by any Loan Party or any of its Subsidiaries in violation of, or in a manner or to a location which could give rise to liability under Environmental Laws, nor have any Hazardous Materials been generated, treated, stored or disposed of at, on or under any of such properties in violation of, or in a manner that could give rise to liability under, any applicable Environmental Laws.

(e) No judicial proceedings or governmental or administrative action is pending, or to the knowledge of the Borrower, threatened, under any Environmental Law to which any Loan Party or any of its Subsidiaries are or will be named as a potentially responsible party, nor are there any consent decrees or other decrees, consent orders, administrative orders or other orders, or other administrative or judicial requirements outstanding under any applicable Environmental Law with respect to any Loan Party or any of its Subsidiaries or operations conducted in connection therewith.

(f) There has been no release, or to the knowledge of Borrower, threat of release, of Hazardous Materials at or from properties owned, leased or operated by any Loan Party or any of its Subsidiaries, now or in the past, in violation of or in the amounts or in a manner that could give rise to liability under applicable Environmental Laws.

(g) Each Loan Party is and, to the knowledge of each respective Loan Party and each of its Subsidiaries, has been in compliance with applicable Environmental Laws except as disclosed on Schedule 6.15; provided that such matters so disclosed could not in the aggregate result in a Material Adverse Change.

6.16 Solvency. On the Closing Date and after giving effect to the initial Loans hereunder, each of the Loan Parties is Solvent.

6.17 Sanctions and other Anti-Terrorism Laws. No: (a) Covered Entity, nor any employees, officers, directors, affiliates, consultants, brokers, or agents acting on a Covered Entity's behalf in connection with this Agreement: (i) is a Sanctioned Person; (ii) directly, or indirectly through any third party, is engaged in any transactions or other dealings with or for the benefit of any Sanctioned Person or Sanctioned Jurisdiction, or any transactions or other dealings that otherwise are prohibited by any Anti- Terrorism Laws; and (b) Collateral is Embargoed Property.

6.18 Anti-Corruption Laws. Each Covered Entity has (a) conducted its business in compliance with all Anti-Corruption Laws and (b) has instituted and maintains policies and procedures designed to ensure compliance with such Laws.

6.19 Certificate of Beneficial Ownership. The Certificate of Beneficial Ownership executed and delivered to the Administrative Agent and Lenders for each Borrower on or prior to the date of this Agreement, as updated from time to time in accordance with this Agreement, is accurate, complete and correct as of the date hereof and as of the date any such update is delivered. The Borrower acknowledges and agrees that the Certificate of Beneficial Ownership is one of the Loan Documents.

ARTICLE 7
CONDITIONS OF LENDING AND ISSUANCE OF LETTERS OF CREDIT

The obligation of each Lender to make Loans and of the Issuing Lender to issue Letters of Credit hereunder is subject to the performance by each of the Loan Parties of its Obligations to be performed hereunder at or prior to the making of any such Loans or issuance of such Letters of Credit and to the satisfaction of the following further conditions:

7.1 Initial Loans and Letters of Credit.

(a) Deliveries. On the Closing Date, the Administrative Agent shall have received each of the following in form and substance satisfactory to the Administrative Agent:

(i) A certificate of each of the Loan Parties signed by an Authorized Officer, dated the Closing Date stating that (x) the Loan Parties are in compliance with each of the covenants and conditions hereunder and under the Loan Documents, (y) no Material Adverse Change has occurred since the date of the last audited financial statements of the Borrower delivered to the Administrative Agent (and the Administrative Agent and Required Lenders shall not have otherwise determined) and (z) the conditions stated in this Section 7.1 and Section 7.2 have been satisfied;

(ii) A certificate dated the Closing Date and signed by the Secretary or an Assistant Secretary of each of the Loan Parties, certifying as appropriate as to: (A) all action taken by each Loan Party to validly authorize, duly execute and deliver this Agreement and the other Loan Documents and attaching copies of such resolution or other corporate or organizational action; (B) the names, authority and capacity of the Authorized Officers authorized to sign the Loan Documents and their true signatures; and (C) copies of its organizational documents as in effect on the Closing Date, to the extent applicable, certified as of a sufficiently recent date prior to the Closing Date by the appropriate state official where such documents are filed in a state office together with certificates from the appropriate state officials as to due organization and the continued valid existence, good standing and qualification to engage in its business of each Loan Party in the state of its organization and in each state where conduct of business or ownership or lease of properties or assets requires such qualification;

(iii) This Agreement and each of the other Loan Documents duly executed by the parties thereto;

(iv) Appropriate transfer powers and stock or other certificates evidencing the pledged Collateral;

(v) Written opinion of Texas counsel for the Loan Parties, dated the Closing Date and in form and substance satisfactory to the Administrative Agent;

(vi) Evidence that adequate insurance, including flood insurance, if applicable, required to be maintained under this Agreement is in full force and effect, with additional insured special endorsements attached thereto in form and substance satisfactory to the Administrative Agent and its counsel naming the Administrative Agent as additional insured;

(vii) Evidence that all Indebtedness not permitted under Section 9.1 shall have been paid in full and that all necessary termination statements, release statements and other releases in connection with all Liens (other than Permitted Liens) have been filed or satisfactory arrangements have been made for such filing (including payoff letters, if applicable, in form and substance reasonably satisfactory to the Administrative Agent);

(viii) Lien searches in acceptable scope and with acceptable results;

(ix) A certificate of an Authorized Officer of the Borrower as to the Solvency of each of the Loan Parties taken as a whole after giving effect to the transactions contemplated by this Agreement;

(x) The Statements and the Projections;

(xi) Certificate of Beneficial Ownership; USA PATRIOT Act Diligence. The Administrative Agent and each Lender shall have received, in form and substance acceptable to the Administrative Agent and each Lender an executed Certificate of Beneficial Ownership and such other documentation and other information requested in connection with applicable “know your customer” and anti-money laundering rules and regulations, including the USA PATRIOT Act.

(xii) Such other documents in connection with such transactions as the Administrative Agent or its counsel may reasonably request.

(b) Payment of Fees. The Borrower shall have paid all fees and expenses payable on or before the Closing Date as required by this Agreement, the Administrative Agent’s Letter or any other Loan Document.

Without limiting the generality of the provisions of the last paragraph of Section 11.3, for purposes of determining compliance with the conditions specified in this Section 7.1, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the proposed Closing Date specifying its objection thereto.

7.2 Each Loan or Letter of Credit. At the time of making any Loans or issuing, extending or increasing any Letters of Credit and after giving effect to the proposed extensions of credit: (a) the representations, warranties of the Loan Parties shall then be true and correct in all material respects (unless qualified by materiality or reference to the absence of a Material Adverse Change, in which event shall be true and correct), except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct as of such earlier date, and except that for purposes of this Section 7.2, the representations and warranties contained in Section 6.6 shall be deemed to refer to the most recent statements furnished pursuant to Section 8.12, (b) no Event of Default or Potential Default shall have occurred and be continuing or would result from such Loan or Letter of Credit or the application of the proceeds thereof, (c) the making of the Loans or issuance, extension or increase of such Letter of Credit shall not contravene any Law applicable to any Loan Party or Subsidiary of any Loan Party or any of the Lenders, (d) no Material Adverse Change shall have occurred since the date of the last audited financial statements of the Borrower delivered to the Administrative Agent, and (e) the Borrower shall have delivered to the Administrative Agent a duly executed and completed Loan Request or to the Issuing Lender an application for a Letter of Credit, as the case may be. Each Loan Request and Letter of Credit application shall be deemed to be a representation that the conditions specified in Section 7.1 and this Section 7.2 have been satisfied on or prior to the date thereof.

ARTICLE 8
AFFIRMATIVE COVENANTS

Each Loan Party hereby covenants and agrees that until the Facility Termination Date, the Loan Party shall comply at all times with the following covenants:

8.1 Preservation of Existence, Etc. Each Loan Party shall, and shall cause each of its Subsidiaries to, (a) maintain its legal existence as a corporation, limited partnership or limited liability company and its license or qualification and good standing in each jurisdiction in which its ownership or lease of property or the nature of its business makes such license or qualification necessary, except as otherwise expressly permitted in Section 9.5, (b) maintain all licenses, consents, permits, franchises, rights and qualifications necessary for the standard operation of its business, except where the maintenance thereof could not reasonably be expected to result in a Material Adverse Change, and (c) maintain and preserve all intellectual properties, including without limitation trademarks, trade names, patents, copyrights and other marks, registered and necessary for the standard operation of its business except where the maintenance thereof could not reasonably be expected to result in a Material Adverse Change.

8.2 Payment of Liabilities, Including Taxes, Etc. Each Loan Party shall, and shall cause each of its Subsidiaries to, duly pay and discharge (a) all liabilities to which it is subject or which are asserted against it, promptly as and when the same shall become due and payable, including all taxes, assessments and governmental charges upon it or any of its properties, assets, income or profits, prior to the date on which penalties attach thereto, except to the extent that such liabilities, including taxes, assessments or charges, are being contested in good faith and by appropriate and lawful proceedings diligently conducted and for which such reserve or other appropriate provisions, if any, as shall be required by GAAP shall have been made and (b) all lawful and valid claims which, if unpaid, would result in the attachment of a Lien on its property as a matter of Law or contract.

8.3 Maintenance of Insurance. Each Loan Party shall, and shall cause each of its Subsidiaries to, insure its properties and assets against loss or damage by fire and such other insurable hazards as such assets are commonly insured (including fire, extended coverage, property damage, workers' compensation, public liability and business interruption insurance) and against other risks (including errors and omissions) in such amounts as similar properties and assets are insured by prudent companies in similar circumstances carrying on similar businesses, and with reputable and financially sound insurers, including self-insurance to the extent customary or acceptable to the Administrative Agent, all as reasonably determined by the Administrative Agent. Borrower shall maintain at all times a key man life insurance policy on Richard F. Bunch, III providing for coverage in an amount not less than \$10,000,000 and which policy proceeds are required to be collaterally assigned to Administrative Agent. At the request of the Administrative Agent, the Loan Parties shall deliver to the Administrative Agent and each of the Lenders (x) on the Closing Date and annually thereafter an original certificate of insurance signed by the Loan Parties' independent insurance broker describing and certifying as to the existence of the insurance on the Collateral required to be maintained by this Agreement and the other Loan Documents, together with a copy of the endorsement described in the next sentence attached to such certificate, and (y) from time to time a summary schedule indicating all insurance then in force with respect to each of the Loan Parties. Such policies of insurance shall contain special endorsements which include the provisions specified below or are otherwise in form acceptable to the Administrative Agent in its discretion. The applicable Loan Parties shall notify the Administrative Agent promptly of any occurrence causing a material loss or decline in value of the Collateral and the estimated (or actual, if available) amount of such loss or decline.

8.4 Maintenance of Properties and Leases. Each Loan Party shall, and shall cause each of its Subsidiaries to, maintain in good repair, working order and condition (ordinary wear and tear excepted) in accordance with the general practice of other businesses of similar character and size, all of those properties useful or necessary to its business, and from time to time, such Loan Party will make or cause to be made all necessary and appropriate repairs, renewals or replacements thereof, except where the failure to do so would not reasonably be expected to result in a Material Adverse Change.

8.5 Inspection Rights. Each Loan Party shall, and shall cause each of its Subsidiaries to, permit any of the officers or authorized employees or representatives of the Administrative Agent or any of the Lenders to visit and inspect any of its properties and to examine and make excerpts from its books and records and discuss its business affairs, finances and accounts with its officers, directors and independent accountants, all in such detail and at such times and as often as any of the Lenders may reasonably request, provided that each Lender shall provide the Borrower and the Administrative Agent with reasonable notice prior to any visit or inspection. In the event any Lender desires to conduct an audit of any Loan Party, such Lender shall make a reasonable effort to conduct such audit contemporaneously with any audit to be performed by the Administrative Agent and further provided that any such visit and inspection shall be at the expense of the Borrower only once per year except when an Event of Default has occurred and is continuing.

8.6 Keeping of Records and Books of Account. Each Loan Party shall, and shall cause each of its Subsidiaries to, maintain and keep books of record and account which enable the Borrower and its Subsidiaries to issue financial statements in accordance with GAAP consistently applied and as otherwise required by applicable Laws of any Official Body having jurisdiction over the Borrower or any Subsidiary of the Borrower, and in which full, true and correct entries shall be made in all material respects of all financial transactions.

8.7 Compliance with Laws; Use of Proceeds.

(a) Each Loan Party shall, and shall cause each of its Subsidiaries to, comply in all material respects with all applicable Laws, including all Environmental Laws, in all respects; except (i) where such compliance with any law is being contested in good faith by appropriate proceedings diligently conducted, and (ii) that it shall not be deemed to be a violation of this Section 8.7 if any failure to comply with any Law would not result in fines, penalties, remediation costs, other similar liabilities or injunctive relief which in the aggregate would constitute a Material Adverse Change.

(b) The Loan Parties will use the Letters of Credit and the proceeds of the Loans only for Permitted Acquisitions, working capital, and general corporate purposes and as permitted by applicable Law.

8.8 Additional Subsidiaries; Further Assurances.

(a) Additional Domestic Subsidiaries. Promptly after the creation or acquisition of any Domestic Subsidiary (and, in any event, within thirty (30) days after such creation or acquisition, as such time period may be extended by the Administrative Agent in its sole discretion) cause such Domestic Subsidiary to (i) become a Guarantor and grant a security interest in all personal property of such Domestic Subsidiary (subject to the exceptions specified in the Collateral Documents) owned by such Subsidiary by delivering to the Administrative Agent a duly executed Guaranty Joinder or such other documents as the Administrative Agent shall deem appropriate for such purpose, (ii) deliver to the Administrative Agent such opinions, documents and certificates referred to in Section 7.1 as may be

reasonably requested by the Administrative Agent, (iii) deliver to the Administrative Agent such original certificated Equity Interests or other certificates and stock or other transfer powers evidencing the Equity Interests of such Domestic Subsidiary, (iv) deliver to the Administrative Agent such updated Schedules to the Loan Documents as requested by the Administrative Agent with respect to such Domestic Subsidiary, and (v) deliver to the Administrative Agent such other documents as may be reasonably requested by the Administrative Agent, all in form, content and scope reasonably satisfactory to the Administrative Agent.

(b) Holdings.

Promptly upon the formation of Holdings and the acquisition by Holdings of any Equity Interests in Borrower, Holdings (and, in any event, within ten (10) days after such creation or acquisition, as such time period may be extended by the Administrative Agent in its sole discretion) cause Holdings to (i) become a Guarantor and grant a security interest in all personal property of Holdings (subject to the exceptions specified in the Collateral Documents) owned by Holdings by delivering to the Administrative Agent a duly executed Guaranty Joinder or such other documents as the Administrative Agent shall deem appropriate for such purpose, (ii) deliver to the Administrative Agent such opinions, documents and certificates referred to in Section 7.1 as may be reasonably requested by the Administrative Agent, (iii) deliver to the Administrative Agent such updated Schedules to the Loan Documents as requested by the Administrative Agent with respect to Holdings, and (iv) deliver to the Administrative Agent such other documents as may be reasonably requested by the Administrative Agent, all in form, content and scope reasonably satisfactory to the Administrative Agent.

(c) Merger Subsidiaries. Notwithstanding the foregoing, to the extent any new Subsidiary is created solely for the purpose of consummating a merger transaction pursuant to a Permitted Acquisition, and such new Subsidiary at no time holds any assets or liabilities other than any merger consideration contributed to it contemporaneously with the closing of such merger transaction, such new Subsidiary shall not be required to take the actions specified in Section 8.8(a) or (b), as applicable, until the consummation of such Permitted Acquisition (at which time, the surviving entity of the respective merger transaction shall be required to so comply with Section 8.8(a) or (b), as applicable, within ten (10) Business Days of the consummation of such Permitted Acquisition, as such time period may be extended by the Administrative Agent in its sole discretion).

(d) Exclusions. The provisions of this Section 8.8 shall not apply to assets as to which the Administrative Agent and the Borrower shall reasonably determine that the costs and burdens of obtaining a security interest therein or perfection thereof outweigh the value of the security afforded thereby.

(e) Further Assurances. Each Loan Party shall, from time to time, at its expense, faithfully preserve and protect the Administrative Agent's Lien on Collateral and all other real and personal property of the Loan Parties whether now owned or hereafter acquired as a continuing first priority perfected Lien, subject only to Permitted Liens, and shall do such other acts and things as the Administrative Agent in its sole discretion may deem necessary or advisable from time to time in order to preserve, perfect and protect the Liens granted under the Loan Documents and to exercise and enforce its rights and remedies thereunder with respect to the Collateral.

8.9 Sanctions and other Anti-Terrorism Laws; Anti-Corruption Laws.

(a) The Loan Parties covenant and agree that (A) they shall immediately notify the Administrative Agent, the Collateral Agent and each of the Lenders in writing upon the occurrence of a

Reportable Compliance Event; and (B) if, at any time, any Collateral becomes Embargoed Property, then, in addition to all other rights and remedies available to the Administrative Agent, the Collateral Agent and each of the Lenders, upon request by the Administrative Agent, the Collateral Agent or any of the Lenders, the Loan Parties shall provide substitute Collateral acceptable to the Lenders that is not Embargoed Property.

(b) Each Covered Entity shall conduct their business in compliance with all Anti-Corruption Laws and maintain policies and procedures designed to ensure compliance with such Laws.

8.10 Reserved.

8.11 Keepwell. Each Qualified ECP Loan Party jointly and severally (together with each other Qualified ECP Loan Party) hereby absolutely unconditionally and irrevocably (a) guarantees the prompt payment and performance of all Swap Obligations owing by each Non-Qualifying Party (it being understood and agreed that this guarantee is a guaranty of payment and not of collection), and (b) undertakes to provide such funds or other support as may be needed from time to time by any Non-Qualifying Party to honor all of such Non-Qualifying Party's obligations under this Agreement or any other Loan Document in respect of Swap Obligations (provided, however, that each Qualified ECP Loan Party shall only be liable under this Section 8.11 for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Section 8.11, or otherwise under this Agreement or any other Loan Document, voidable under applicable Law, including applicable Law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations of each Qualified ECP Loan Party under this Section 8.11 shall remain in full force and effect until the Facility Termination Date. Each Qualified ECP Loan Party intends that this Section 8.11 constitute, and this Section 8.11 shall be deemed to constitute, a guarantee of the obligations of, and a "keepwell, support, or other agreement" for the benefit of each other Loan Party for all purposes of Section 1a(18(A)(v)(II) of the CEA.

8.12 Reporting Requirements. The Loan Parties will furnish or cause to be furnished to the Administrative Agent and each of the Lenders:

(a) Quarterly Financial Statements. As soon as available and in any event within forty-five (45) calendar days after the end of each of the first three fiscal quarters in each fiscal year (or, if required to be filed with the SEC, within days after such required filing date (without giving effect to any permitted extension thereof)), financial statements of the Borrower, consisting of a consolidated and consolidating balance sheet as of the end of such fiscal quarter and related consolidated and consolidating statements of income, stockholders' equity and cash flows for the fiscal quarter then ended and the fiscal year through that date, all in reasonable detail and certified (subject to normal year-end audit adjustments) by the Chief Executive Officer, President or Chief Financial Officer of the Borrower as having been prepared in accordance with GAAP (subject only to normal year-end audit adjustments and the absence of notes), consistently applied, and setting forth in comparative form the respective financial statements for the corresponding date and period in the previous fiscal year (all of which may be provided by means of delivery of the applicable SEC Form 10-Q, which will be deemed delivered upon filing thereof).

(b) Annual Financial Statements. As soon as available and in any event within one hundred-twenty (120) days after the end of each fiscal year of the Borrower, financial statements of the Borrower consisting of a consolidated and consolidating balance sheet as of the end of such fiscal year, and related consolidated and consolidating statements of income, stockholders' equity and cash flows for the fiscal year then ended, all in reasonable detail and prepared in accordance with GAAP consistently

applied and setting forth in comparative form the financial statements as of the end of and for the preceding fiscal year, and audited and reported on by independent certified public accountants of nationally recognized standing satisfactory to the Administrative Agent (all of which may be provided by means of delivery of the applicable SEC Form 10-K, which will be deemed delivered upon filing thereof). The opinion or report of accountants shall be prepared in accordance with reasonably acceptable auditing standards and shall be free of any qualification (other than any consistency qualification that may result from a change in the method used to prepare the financial statements as to which such accountants concur), including without limitation as to the scope of such audit or status as a “going concern” of the Borrower or any Subsidiary. The Loan Parties shall deliver with such financial statements and certification by their accountants a letter of such accountants to the Administrative Agent and the Lenders substantially to the effect that, based upon their ordinary and customary examination of the affairs of the Borrower, performed in connection with the preparation of such consolidated financial statements, and in accordance with GAAP, they are not aware of the existence of any condition or event which constitutes an Event of Default or Potential Default in respect of the financial covenants specified in Sections 9.13, 9.14 and 9.15 or, if they are aware of such condition or event, stating the nature thereof.

8.13 Certificates; Notices; Additional Information. The Loan Parties will furnish or cause to be furnished to the Administrative Agent and each of the Lenders:

(a) Certificate of the Borrower. Concurrently with the financial statements of the Borrower furnished to the Administrative Agent and to the Lenders pursuant to Sections 8.12(a) and 8.12(b), a certificate (each, a “Compliance Certificate”) of the Borrower signed by the Chief Executive Officer, President or Chief Financial Officer of the Borrower, in the form of Exhibit I.

(b) Default. Promptly after any officer of any Loan Party has learned of the occurrence of an Event of Default or Potential Default, a certificate signed by an Authorized Officer setting forth the details of such Event of Default or Potential Default, including all specific provisions of this Agreement and any other Loan Document that have been breached, and the action which such Loan Party proposes to take with respect thereto.

(c) Material Adverse Change. Promptly after any officer of any Loan Party has learned of any matter that could reasonably be expected to result in a Material Adverse Change, including (i) breach or non-performance of or any default under any Material Contract, and (ii) any dispute, litigation, action, suit, proceeding or investigation before or by any Official Body or any other Person against any Loan Party or Subsidiary of any Loan Party or of any material development in any litigation or proceeding affecting a Loan Party or any Subsidiary of a Loan Party, written notice thereof accompanied by a statement of an Authorized Officer of the Borrower or the applicable Loan Party setting forth details of the occurrence referred to therein and stating what action the Borrower or the applicable Loan Party has taken and proposes to take with respect thereto.

(d) Organizational Documents. Within the time limits specified in Section 9.11, any amendment to the organizational documents of any Loan Party.

(e) Erroneous Financial Information; Change in Accounting. (i) Immediately in the event that the Borrower or its accountants conclude or advise that any previously issued financial statement, audit report or interim review should no longer be relied upon or that disclosure should be made or action should be taken to prevent future reliance, notice in writing setting forth the details thereof and the action which the Borrower proposes to take with respect thereto and (ii) promptly notice in

writing of any material change in accounting policies or financial reporting practice by any Loan Party or any Subsidiary thereof.

(f) ERISA Event. Immediately upon the occurrence of any ERISA Event, notice in writing setting forth the details thereof and the action which the Borrower proposes to take with respect thereto.

(g) Other Reports. Promptly upon their becoming available to the Borrower:

(i) Annual Budget. The annual budget and any forecasts or projections of the Borrower, to be supplied within sixty (60) days of the commencement of the fiscal year to which any of the foregoing may be applicable; and

(ii) Management Letters. Any reports including management letters or recommendations submitted to the Borrower (including its board of directors or the audit committee thereof) by independent accountants in connection with any annual, interim or special audit.

(h) Other Information. Such other reports and information as the Administrative Agent or the Required Lenders may from time to time reasonably request.

(i) Updates to Schedules. Should any of the information or disclosures provided on any of the Schedules attached hereto become outdated or incorrect in any material respect, the Borrower shall promptly provide the Administrative Agent in writing with such revisions or updates to such Schedule as may be necessary or appropriate to update or correct same. No Schedule shall be deemed to have been amended, modified or superseded by any such correction or update, nor shall any breach of warranty or representation resulting from the inaccuracy or incompleteness of any such Schedule be deemed to have been cured thereby, unless and until the Required Lenders, in their sole and absolute discretion, shall have accepted in writing such revisions or updates to such Schedule.

8.14 Certificate of Beneficial Ownership and Other Additional Information. Provide to the Administrative Agent and the Lenders: (i) confirmation of the accuracy of the information set forth in the most recent Certificate of Beneficial Ownership provided to the Administrative Agent and Lenders; (ii) a new Certificate of Beneficial Ownership, in form and substance acceptable to the Administrative Agent and each Lenders, when the individual(s) to be identified as a Beneficial Owner have changed; and (iii) such other information and documentation as may reasonably be requested by the Administrative Agent or any Lender from time to time for purposes of compliance by the Administrative Agent or such Lender with applicable Laws (including without limitation the USA PATRIOT Act and other “know your customer” and anti-money laundering rules and regulations), and any policy or procedure implemented by the Administrative Agent or such Lender to comply therewith.

8.15 Post-Closing Covenant. Borrower shall deliver to Administrative Agent the items or information required in the time periods specified in *Schedule 8.15*.

ARTICLE 9
NEGATIVE COVENANTS

Each Loan Party hereby covenants and agrees that until the Facility Termination Date, the Loan Party will not, and will not permit any of its Subsidiaries to:

9.1 Indebtedness. At any time create, incur, assume or suffer to exist any Indebtedness, except:

(a) Indebtedness under the Loan Documents;

(b) existing Indebtedness as specified on Schedule 9.1 (including any refinancings, refundings, extensions or renewals thereof; provided that (i) there is no increase in the principal amount thereof (except by an amount equal to a reasonable premium or other reasonable amount paid, and fees and expenses reasonably incurred, in connection with such refinancing, refunding, extension or renewal and by an amount equal to any existing commitments unutilized at the time of such refinancing, refunding, extension or renewal), (ii) the final maturity date shall not be earlier, and weighted average life of such refinancing, refunding, renewal or extension shall not be shorter, than the Indebtedness being refinanced, refunded, renewed or extended, (iii) the refinancing, refunding, renewal or extension shall have no additional obligors (including any guarantors) than the Indebtedness being refinanced, refunded, renewed or extended and (iv) any refinancing, refunding, renewal or extension of any subordinated Indebtedness shall be (A) on subordination terms at least as favorable to the Administrative Agent and the Lenders and (B) no more restrictive to the Borrower and its Subsidiaries than the Indebtedness being refinanced, refunded, renewed or extended;

(c) Indebtedness incurred with respect to purchase money security interests and capitalized leases in an aggregate not to exceed \$500,000 at any time outstanding;

(d) Indebtedness of a Loan Party to another Loan Party;

(e) any (i) Lender Provided Interest Rate Hedge, (ii) other Interest Rate Hedge approved by the Administrative Agent, (iii) Existing PNC Swap Agreements, or (iv) Indebtedness under any Other Lender Provided Financial Service Product; provided however, the Loan Parties shall enter into an Interest Rate Hedge only for hedging (rather than speculative) purposes;

(f) Guaranties with respect to any Indebtedness permitted pursuant to clauses (a), (b), (c) and (e) of this Section 9.1;

(g) Indebtedness under promissory notes, earnouts or similar cash deferred or contingent obligations of any Loan Party incurred connection with the consummation of a Permitted Acquisition, so long as such Indebtedness shall be subordinated to the Obligations in a manner and to the extent reasonably satisfactory to the Administrative Agent; and

(h) Indebtedness under any office building lease entered into by any Loan Party in the ordinary course of business, with a commercial landlord, so long as the Administrative Agent is satisfied that such office building lease is an operating lease and not a capital lease.

9.2 Liens. At any time create, incur, assume or suffer to exist any Lien on any of its property or assets, tangible or intangible, now owned or hereafter acquired, or agree or become liable to do so, except Permitted Liens.

9.3 Loans and Investments. At any time make or suffer to remain outstanding any Investment, except:

- (a) trade credit extended on usual and customary terms in the ordinary course of business;
- (b) advances to employees to meet expenses incurred by such employees in the ordinary course of business;
- (c) Permitted Investments;
- (d) loans, advances and investments in other Loan Parties;
- (e) intercompany Indebtedness permitted by Section 9.1(d);
- (f) Permitted Acquisitions;
- (g) investments existing on the Closing Date in Subsidiaries existing on the Closing Date;
- (h) Borrower may make cash contributions to PSN and the Designated Companies in the ordinary course of business which do not exceed \$500,000 in the aggregate in any fiscal year; and
- (i) Borrower may make cash contributions to Permitted Joint Ventures in the ordinary course of business which do not exceed \$100,000 in the aggregate in any fiscal year.

9.4 Dividends and Related Distributions.

(a) Prior to the consummation of a Qualified IPO Transaction, make any Restricted Payment, or agree to become or remain liable to make any Restricted Payment, except (a) dividends or other distributions payable to another Loan Party, (b) Permitted Tax Distributions, (c) dividends or distributions made by a Loan Party wholly in the form of its Equity Interests, and (d) so long as no Potential Default or Event of Default has occurred and is continuing or would result therefrom, the Borrower or any of its Subsidiaries may make Restricted Payments.

(b) After the consummation of a Qualified IPO Transaction, make any Restricted Payment, or agree to become or remain liable to make any Restricted Payment, except (a) dividends or other distributions payable to another Loan Party (other than Holdings), (b) Permitted Tax Distributions made by the Borrower, (c) dividends or distributions made by a Loan Party wholly in the form of its Equity Interests, and (d) so long as no Potential Default or Event of Default has occurred and is continuing or would result therefrom, Holdings may make Restricted Payments to employees, officers or directors of Holdings or Borrower upon termination of employment or service in connection with the exercise of stock options, stock appreciation rights or similar equity incentives pursuant to management incentive plans or in connection with the death or disability of such employees, officers or directors, in an aggregate amount not to exceed \$1,000,000 in any fiscal year.

9.5 Liquidations, Mergers, Consolidations, Acquisitions. Dissolve, liquidate or wind-up its affairs, or become a party to any merger or consolidation, or acquire by purchase, lease or otherwise all or substantially all of the assets or Equity Interests of any other Person or consummate an LLC Division, other than the following permissible transactions: (i) any Loan Party other than the Borrower may

consolidate or merge into, or liquidate into, another Loan Party which is wholly-owned by one or more of the other Loan Parties, (ii) any Designated Company may become party to a merger or transfer whereby the Borrower transfers all of its Equity Interests in such Designated Company to another Person (other than any Loan Party), (iii) any Loan Party may consummate a Permitted Acquisition in accordance with this Agreement, and (iv) the Borrower may enter into a merger, consolidation or acquisition for the sole purpose of consummating a Qualified IPO Transaction, so long as the Borrower is the surviving entity of any merger.

9.6 Dispositions of Assets or Subsidiaries. Make any Asset Disposition, except:

(a) any sale, transfer or lease of obsolete or worn out assets in the ordinary course of business which are no longer necessary or required in the conduct of such Loan Party's or such Subsidiary's business;

(b) the sale, transfer or disposition by Borrower of all of its Equity Interests in any Designated Company to any Person (other than any Loan Party);

(c) any sale, transfer or disposition of delinquent accounts receivable in the ordinary course of business for purposes of collection.

9.7 Affiliate Transactions. Enter into or carry out any transaction with any Affiliate of any Loan Party (including purchasing property or services from or selling property or services to any Affiliate of any Loan Party or other Person) unless such transaction (a) is not otherwise prohibited by this Agreement, is entered into in the ordinary course of business upon fair and reasonable arm's-length terms and conditions which are promptly and fully disclosed to the Administrative Agent and is in accordance with all applicable Law, (b) is entered into for the purpose of facilitating the closing of a Qualified IPO Transaction on or before December 31, 2024, or (c) is disclosed on Schedule 9.7 and approved by the Administrative Agent in its sole discretion.

9.8 Subsidiaries, Partnerships and Joint Ventures. Own or create directly or indirectly any Subsidiaries other than (i) any Subsidiary which has joined this Agreement as Guarantor on the Closing Date; (ii) any Subsidiary formed after the Closing Date which joins this Agreement as a Guarantor by delivering to the Administrative Agent items required by Section 8.8; (iii) PSN, and (iv) the Designated Companies. Each of the Loan Parties shall not become or agree to become a party to any Joint Venture, other than a Permitted Joint Venture.

9.9 Continuation of or Change in Business. Engage in any business other than substantially as conducted and operated by such Loan Party or Subsidiary as of the Closing Date and businesses substantially related, incidental or ancillary thereto.

9.10 Fiscal Year. Change its fiscal year from the twelve-month period beginning January 1st and ending December 31st or make any material change in its accounting treatment or reporting practices (except as required by GAAP).

9.11 Changes to Material Documents. Amend in any respect its certificate of incorporation (including any provisions or resolutions relating to Equity Interests), by-laws, certificate of limited partnership, partnership agreement, certificate of formation, limited liability company agreement or other organizational documents without providing at least thirty (30) calendar days' prior written notice to the Administrative Agent (attaching a copy thereof) and, in the event such change would be adverse to the Lenders as determined by the Administrative Agent in its sole discretion, obtaining the prior written

consent of the Required Lenders; provided that, the amendment of Borrower's certificate of formation or limited liability company agreement prior to the consummation of a Qualified IPO Transaction and for the purpose of facilitating the closing of a Qualified IPO Transaction, shall be deemed not adverse to the Lenders purposes of this Section 9.11.

9.12 Permitted Joint Venture. TWFG Insurance Services shall not amend or modify any provision of the limited liability company agreement or certificate of formation of any Permitted Joint Venture, without obtaining the prior written consent of the Administrative Agent.

9.13 Minimum Consolidated Debt Service Coverage Ratio. Permit the Consolidated Debt Service Coverage Ratio, calculated as of the end of each fiscal quarter for the four fiscal quarters then ended, to be less than 1.50 to 1.00; provided, however, if for any Measurement Period the Consolidated Debt Service Coverage Ratio would be less than 1.50 to 1.00, then Borrower may exclude Restricted Payments from such calculation of the Consolidated Debt Service Coverage Ratio for such Measurement Period only if the ratio of Net Debt to Consolidated EBITDA is less than or equal to 1.00 to 1.00.

9.14 Maximum Consolidated Leverage Ratio. Permit at any time the Consolidated Leverage Ratio, calculated as of the end of each fiscal quarter for the four fiscal quarters then ended, to exceed 2.00 to 1.00; *provided, however*, following a Specified Acquisition (defined below), the Consolidated Leverage Ratio shall not exceed 2.50 to 1.00 as of the last day of (i) the fiscal quarter in which the Specified Acquisition occurred (the "Acquisition Quarter"), and (ii) the four fiscal quarters following the Acquisition Quarter. As used herein, "Specified Acquisition" means, at the election of Borrower, (i) three or more Permitted Acquisitions have been consummated in any one fiscal quarter, or (ii) any one or more Permitted Acquisitions have been consummated in any one fiscal quarter which resulted in a cash purchase price paid in excess of \$10,000,000 in the aggregate. When the Borrower so elects the occurrence of a Specified Acquisition, such election and the description of the Specified Acquisition will be set forth in its Compliance Certificate.

9.15 Limitation on Negative Pledges and Restrictive Agreements. Enter into, or permit to exist, any contractual obligation (except for this Agreement and the other Loan Documents) that (a) encumbers or restricts the ability of any such Person to (i) to act as a Loan Party, (ii) make dividends or distribution to any Loan Party, (iii) pay any Indebtedness or other obligation owed to any Loan Party, (iv) make loans or advances to any Loan Party, or (v) create any Lien upon any of their properties or assets, whether now owned or hereafter acquired (except, in the case of clause (a)(v) only, for any document or instrument governing any purchase money Liens or capital lease obligations otherwise permitted hereby (in which case, any prohibition or limitation shall only be effective against the assets financed thereby), customary provisions restricting assignment of any licensing agreement (in which a Loan Party or its Subsidiaries are the licensee) with respect to a contract entered into by a Loan Party or its Subsidiaries in the ordinary course of business and customary provisions restricting subletting, sublicensing or assignment of any intellectual property license or any lease governing any leasehold interests of a Loan Party and its Subsidiaries) or (b) requires the grant of any Lien on property for any obligation if a Lien on such property is given as security for the Obligations.

9.16 Reserved.

9.17 Agreements Restricting Dividends. Each of the Loan Parties covenants and agrees that it shall not, and shall not permit any of its Subsidiaries to, enter into any agreement (other than a Loan Document) with any Person which restricts any of the Loan Parties' right to pay dividends or other distributions to the Borrower or repay intercompany loans from the Borrower to each Loan Party.

9.18 Sanctions and other Anti-Terrorism Laws. Each Loan Party hereby covenants and agrees that until the Facility Termination Date, the Loan Party and its Subsidiaries will not: (a) become a Sanctioned Person or allow any employees, officers, directors, affiliates, consultants, brokers, or agents acting on its behalf in connection with this Agreement to become a Sanctioned Person; (b) directly, or indirectly through a third party, engage in any transactions or other dealings with or for the benefit of any Sanctioned Person or Sanctioned Jurisdiction, including any use of the proceeds of the Facilities to fund any operations in, finance any investments or activities in, or, make any payments to, a Sanctioned Person or Sanctioned Jurisdiction; (c) pay or repay the Facilities with Embargoed Property or funds derived from any unlawful activity; (d) permit any Collateral to become Embargoed Property; or (e) cause any Lender, Administrative Agent or Collateral Agent to violate any Anti-Terrorism Law.

9.19 Anti-Corruption Laws. Each Loan Party hereby covenants and agrees that until the Facility Termination Date, the Loan Party will not, and will not permit any its Subsidiaries to directly or indirectly, use the Loans or any proceeds thereof for any purpose which would breach any Anti-Corruption Laws in any jurisdiction in which any Covered Entity conducts business.

ARTICLE 10 DEFAULT

10.1 Events of Default. An Event of Default means the occurrence or existence of any one or more of the following events or conditions (whatever the reason therefor and whether voluntary, involuntary or effected by operation of Law):

(a) Payments Under Loan Documents. The Borrower or any other Loan Party shall fail to pay, when and as required to be paid herein, any principal of any Loan (including scheduled installments or the payment due at maturity), Reimbursement Obligation or Letter of Credit Obligation or any interest on any Loan, Reimbursement Obligation or Letter of Credit Obligation or any fee or other amount owing hereunder or under the other Loan Documents; or

(b) Breach of Warranty. Any representation or warranty made or deemed made at any time by any of the Loan Parties herein or by any of the Loan Parties in any other Loan Document, or in any certificate, other instrument or statement furnished pursuant to the provisions hereof or thereof, shall prove to have been false or misleading as of the time it was made, deemed made or furnished; or

(c) Breach of Certain Covenants. Any of the Loan Parties shall default in the observance or performance of any covenant contained in Section 8.1, Section 8.5, Section 8.7, Section 8.8, Section 8.9, Section 8.12, Section 8.13 or Article 9; or

(d) Breach of Other Covenants. Any of the Loan Parties shall default in the observance or performance of any other covenant, condition or provision hereof or of any other Loan Document and such default shall continue unremedied for a period of ten (10) Business Days; or

(e) Defaults in Other Agreements or Indebtedness. A breach, default or event of default shall occur at any time under (x) the terms of any one or more other agreements involving borrowed money or the extension of credit or any other Indebtedness under which any Loan Party or Subsidiary of any Loan Party may be obligated as a borrower or guarantor in an aggregate principal amount (for all such agreements) in excess of \$1,000,000, and such breach, default or event of default either (i) consists of the failure to pay (beyond any period of grace permitted with respect thereto, whether waived or not) any such Indebtedness when due (whether at stated maturity, by acceleration or otherwise) or (ii) causes, or permits the holder or holders of such Indebtedness or the beneficiary or beneficiaries of

such guarantee (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, with the giving of notice if required, such Indebtedness to be demanded or to become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem such Indebtedness to be made, prior to its stated maturity, or such guarantee to become payable or cash collateral in respect thereof to be demanded, or (y) the Existing PNC Term Loans; or

(f) Final Judgments or Orders. Any final judgments or orders for the payment of money in excess of \$1,000,000 in the aggregate shall be entered against any Loan Party by a court having jurisdiction in the premises, and with respect to which either (i) enforcement proceedings are commenced by any creditor upon such judgment or order, or (ii) there is a period of thirty (30) consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, is not in effect; or

(g) Loan Document Unenforceable. Any of the Loan Documents shall cease to be legal, valid and binding agreements enforceable against the party executing the same or such party's successors and assigns (as permitted under the Loan Documents) in accordance with the respective terms thereof or shall in any way be terminated (except in accordance with its terms) or become or be declared ineffective or inoperative or shall in any way be challenged or contested or cease to give or provide the respective Liens, security interests, rights, titles, interests, remedies, powers or privileges intended to be created thereby; or

(h) Uninsured Losses; Proceedings Against Assets. There shall occur any material uninsured damage to or loss, theft or destruction of any of the Collateral in excess of \$1,000,000, or the Collateral or any other of the Loan Parties' or any of their Subsidiaries' assets are attached, seized, levied upon or subjected to a writ or distress warrant; or such outcome within the possession of any receiver, trustee, custodian or assignee for the benefit of creditors and the same is not cured within thirty (30) days thereafter; or

(i) Events Relating to Pension Plans and Multiemployer Plans. An ERISA Event occurs with respect to a Pension Plan or Multiemployer Plan which has resulted or could reasonably be expected to result in liability of Borrower or any member of the ERISA Group under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount in excess of \$1,000,000, or Borrower or any member of the ERISA Group fails to pay when due, after the expiration of any applicable grace period, any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan, where the aggregate amount of unamortized withdrawal liability is in excess of \$1,000,000; or

(j) Change of Control. A Change of Control shall occur; or

(k) Relief Proceedings; Solvency; Attachment. Either (i) a Relief Proceeding shall have been instituted against any Loan Party or Subsidiary of a Loan Party or a substantial part of the assets of any Loan Party or Subsidiary and such Relief Proceeding shall remain undismissed or unstayed and in effect for a period of thirty (30) consecutive days or such court shall enter a decree or order granting any of the relief sought in such Relief Proceeding, (ii) any Loan Party or Subsidiary of a Loan Party institutes, or takes any action in furtherance of, a Relief Proceeding, (iii) any Loan Party or any Subsidiary of a Loan Party ceases to be Solvent or admits in writing its inability to pay its debts as they mature or (iv) any writ or warrant of attachment or execution or similar process is issued or levied against

all or any material part of the property of any Loan Party or any Subsidiary of any Loan Party and is not released, vacated or fully bonded within thirty (30) days after its issue or levy; or

(l) Material Adverse Change. A Material Adverse Change shall occur in the determination of the Required Lenders and Administrative Agent.

10.2 Consequences of Event of Default.

(a) Generally. If any Event of Default specified under Section 10.1 shall occur and be continuing, the Lenders and the Administrative Agent shall be under no further obligation to make Loans and the Issuing Lender shall be under no obligation to issue Letters of Credit and the Administrative Agent may, and upon the request of the Required Lenders shall, take any or all of the following actions:

(i) declare the commitment of each Lender to make Loans and any obligation of the Issuing Lender to issue, amend or extend Letters of Credit to be terminated, whereupon such commitments and obligation shall be terminated;

(ii) declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Borrower;

(iii) require the Borrower to, and the Borrower shall thereupon, deposit in a non-interest-bearing account with the Administrative Agent, as Cash Collateral for its Obligations under the Loan Documents, an amount equal to the maximum amount currently or at any time thereafter available to be drawn on all outstanding Letters of Credit, and the Borrower hereby pledges to the Administrative Agent and the Lenders, and grants to the Administrative Agent and the Lenders a security interest in, all such cash as security for such Obligations; and

(iv) exercise on behalf of itself, the Lenders and the Issuing Lender all rights and remedies available to it, the Lenders and the Issuing Lender under the Loan Documents;

provided that upon the occurrence of an actual or deemed entry of an order for relief with respect to Borrower under the Bankruptcy Code of the United States, the obligation of each Lender to make Loans and any obligation of the Issuing Lender to issue, amend or extend any Letter of Credit shall automatically terminate, the unpaid principal amount of all outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable, and the obligation of the Borrower to provide cash collateral as specified in clause (iii) above shall automatically become effective, in each case without further act of the Administrative Agent or any Lender.

(b) Set-off. If an Event of Default shall have occurred and be continuing, each Lender, the Issuing Lender, and each of their respective Affiliates and any participant of such Lender or Affiliate which has agreed in writing to be bound by the provisions of Section 5.5 is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender, the Issuing Lender or any such Affiliate or participant to or for the credit or the account of any Loan Party against any and all of the Obligations of such Loan Party now or hereafter existing under this Agreement or any other Loan Document to such Lender, the Issuing Lender, Affiliate or participant, irrespective of whether

or not such Lender, Issuing Lender, Affiliate or participant shall have made any demand under this Agreement or any other Loan Document and although such Obligations of the Borrower or such Loan Party may be contingent or unmatured or are owed to a branch or office of such Lender or the Issuing Lender different from the branch or office holding such deposit or obligated on such Indebtedness, provided that in the event that any Defaulting Lender shall exercise any such right of setoff, (x) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 2.9 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent, the Issuing Lender, and the Lenders, and (y) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right of setoff. The rights of each Lender, the Issuing Lender and their respective Affiliates and participants under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender, the Issuing Lender or their respective Affiliates and participants may have. Each Lender and the Issuing Lender agrees to notify the Borrower and the Administrative Agent promptly after any such setoff and application; provided that the failure to give such notice shall not affect the validity of such setoff and application; and

(c) Enforcement of Rights and Remedies. Notwithstanding anything to the contrary contained herein or in any other Loan Document, the authority to enforce rights and remedies hereunder and under the other Loan Documents against the Loan Parties or any of them shall be vested exclusively in, and all actions and proceedings at Law in connection with such enforcement shall be instituted and maintained exclusively by, the Administrative Agent in accordance with this Section 10.2 for the benefit of all the Lenders and the Issuing Lender and the other Secured Parties; provided that the foregoing shall not prohibit (i) the Administrative Agent from exercising on its own behalf the rights and remedies that inure to its benefit (solely in its capacity as Administrative Agent) hereunder and under the other Loan Documents, (ii) the Issuing Lender or the Swingline Loan Lender from exercising the rights and remedies that inure to its benefit (solely in its capacity as the Issuing Lender or Swingline Loan Lender, as the case may be) hereunder and under the other Loan Documents, (iii) any Lender from exercising setoff rights in accordance with Section 10.2(b) (subject to the terms of Section 5.5), or (iv) any Lender from filing proofs of claim or appearing and filing pleadings on its own behalf during the pendency of a proceeding relative to any Loan Party under any Insolvency Proceeding; and provided, further, that if at any time there is no Person acting as Administrative Agent hereunder and under the other Loan Documents, then (A) the Required Lenders shall have the rights otherwise ascribed to the Administrative Agent pursuant to this Section 10.2(c), and (B) in addition to the matters specified in clauses (ii), (iii) and (iv) of the preceding proviso and subject to Section 5.5, any Lender may, with the consent of the Required Lenders, enforce any rights and remedies available to it and as authorized by the Required Lenders.

10.3 Application of Proceeds. From and after the date on which the Administrative Agent has taken any action pursuant to Section 10.2 (or after the Loans have automatically become immediately due and payable and the Letter of Credit Obligations have automatically been required to be Cash Collateralized as specified in the proviso to Section 10.2(a)) and until the Facility Termination Date, any and all proceeds received on account of the Obligations shall (subject to Sections 2.9 and 10.2(a)(iii)) be applied as follows:

(a) First, to payment of that portion of the Obligations constituting fees (other than Letter of Credit Fees), indemnities, expenses and other amounts, including attorney fees, payable to the Administrative Agent in its capacity as such, the Issuing Lender in its capacity as such and the Swingline Loan Lender in its capacity as such, ratably among the Administrative Agent, the Issuing Lender and

Swingline Loan Lender in proportion to the respective amounts described in this clause First payable to them;

(b) Second, to payment of that portion of the Obligations constituting fees, indemnities and other amounts (other than principal, interest and Letter of Credit Fees) payable to the Lenders under the Loan Documents, including attorney fees, ratably among the Lenders in proportion to the respective amounts described in this clause Second payable to them;

(c) Third, to payment of that portion of the Obligations constituting accrued and unpaid Letter of Credit Fees and interest on the Loans and Reimbursement Obligations, ratably among the Lenders and the Issuing Lender in proportion to the respective amounts described in this clause Third payable to them;

(d) Fourth, to payment of that portion of the Obligations constituting unpaid principal of the Loans, Reimbursement Obligations and payment obligations then owing under Lender Provided Interest Rate Hedges, and Other Lender Provided Financial Service Products, ratably among the Lenders, the Issuing Lender, the applicable Cash Management Banks and the applicable Hedge Banks, in proportion to the respective amounts described in this clause Fourth held by them;

(e) Fifth, to the Administrative Agent for the account of the Issuing Lender, to Cash Collateralize any undrawn amounts under outstanding Letters of Credit (to the extent not otherwise cash collateralized pursuant to this Agreement); and

(f) Last, the balance, if any, after all of the Obligations have been indefeasibly paid in full, to the Borrower or as otherwise required by Law.

Amounts used to Cash Collateralize the aggregate undrawn amount of Letters of Credit pursuant to clause Fifth above shall be applied to satisfy drawings under such Letters of Credit as they occur. If any amount remains on deposit as cash collateral after all Letters of Credit have either been fully drawn or expired, such remaining amount shall be applied to the other Obligations, if any, in the order specified above.

Notwithstanding anything to the contrary in this Section 10.3, no Swap Obligations of any Non-Qualifying Party shall be paid with amounts received from such Non-Qualifying Party under its Guaranty Agreement (including sums received as a result of the exercise of remedies with respect to such Guaranty Agreement) or from the proceeds of such Non-Qualifying Party's Collateral if such Swap Obligations would constitute Excluded Hedge Liabilities; provided that to the extent possible appropriate adjustments shall be made with respect to payments and/or the proceeds of Collateral from other Loan Parties that are Eligible Contract Participants with respect to such Swap Obligations to preserve the allocation to Obligations otherwise specified above in this Section 10.3.

In addition, notwithstanding the foregoing, Obligations arising under Lender Provided Interest Rate Hedges and Other Lender Provided Financial Service Products shall be excluded from the application described above if the Administrative Agent has not received written notice thereof, together with such supporting documentation, as the Administrative Agent may reasonably request, from the applicable Cash Management Bank or Hedge Bank, as the case may be. Each Cash Management Bank or Hedge Bank not a party to the Agreement that has given the notice contemplated by the preceding sentence shall, by such notice, be deemed to have acknowledged and accepted the appointment of the Administrative Agent pursuant to the terms of Article 11 hereof for itself and its Affiliates as if a "Lender" party hereto.

ARTICLE 11
THE ADMINISTRATIVE AGENT

11.1 Appointment and Authority. Each of the Lenders and the Issuing Lender hereby irrevocably appoints PNC Bank, National Association to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Administrative Agent, the Lenders and the Issuing Lender, and neither the Borrower nor any other Loan Party shall have rights as a third-party beneficiary of any of such provisions. It is understood and agreed that the use of the term “agent” herein or in any other Loan Documents (or any other similar term) with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable Law. Instead such term is used as a matter of market custom and is intended to create or reflect only an administrative relationship between contracting parties.

11.2 Rights as a Lender. The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent, and the term “Lender” or “Lenders” shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for, and generally engage in any kind of business with, the Borrower or any Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders.

11.3 Exculpatory Provisions.

(a) The Administrative Agent shall not have any duties or obligations except those expressly specified herein and in the other Loan Documents, and its duties hereunder shall be administrative in nature. Without limiting the generality of the foregoing, the Administrative Agent:

(i) shall not be subject to any fiduciary or other implied duties, regardless of whether a Potential Default or Event of Default has occurred and is continuing;

(ii) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents); provided that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or applicable Law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law or that may effect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any Debtor Relief Law; and

(iii) shall not, except as expressly specified herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any

information relating to the Borrower or any of its Affiliates that is communicated to or obtained by the Person serving as the Administrative Agent or any of its Affiliates in any capacity.

(b) The Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 12.1 and 10.2), or (ii) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and nonappealable judgment. The Administrative Agent shall be deemed not to have knowledge of any Potential Default or Event of Default unless and until notice describing such Potential Default or Event of Default is given to the Administrative Agent in writing by the Borrower, a Lender or an Issuing Lender.

(c) The Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions specified herein or therein or the occurrence of any Potential Default or Event of Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document, or (v) the satisfaction of any condition specified in Article 7 or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

11.4 Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan, or the issuance, extension, renewal or increase of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Lender or the Issuing Lender, the Administrative Agent may presume that such condition is satisfactory to such Lender or Issuing Lender unless the Administrative Agent shall have received notice to the contrary from such Lender or the Issuing Lender prior to the making of such Loan or the issuance of such Letter of Credit. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

11.5 Delegation of Duties. The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent as well as activities as Administrative Agent. The Administrative Agent shall not be responsible for the negligence or misconduct of any sub-agents except to the extent that a court of competent jurisdiction determines in a final and nonappealable judgment that the Administrative Agent acted with gross negligence or willful misconduct in the selection of such sub-agents.

11.6 Resignation of Administrative Agent.

(a) The Administrative Agent may at any time give notice of its resignation to the Lenders, the Issuing Lender and the Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with the Borrower (so long as no Potential Default or Event of Default has occurred and is continuing), to appoint a successor, which shall be a bank with an office in Houston, Texas, or an Affiliate of any such bank with an office in Houston, Texas. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation (or such earlier day as shall be agreed by the Required Lenders) (the “Resignation Effective Date”), then the retiring Administrative Agent may (but shall not be obligated to), on behalf of the Lenders and the Issuing Lender, appoint a successor Administrative Agent meeting the qualifications specified above; provided that in no event shall any such successor Administrative Agent be a Defaulting Lender. Whether or not a successor has been appointed, such resignation shall become effective in accordance with such notice on the Resignation Effective Date.

(b) If the Person serving as Administrative Agent is a Defaulting Lender pursuant to clause (d) of the definition thereof, the Required Lenders may, to the extent permitted by applicable Law, by notice in writing to the Borrower and such Person remove such Person as Administrative Agent and, in consultation with the Borrower, appoint a successor. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days (or such earlier day as shall be agreed by the Required Lenders) (the “Removal Effective Date”), then such removal shall nonetheless become effective in accordance with such notice on the Removal Effective Date.

(c) With effect from the Resignation Effective Date or the Removal Effective Date (as applicable) (i) the retiring or removed Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any collateral security held by the Administrative Agent on behalf of the Lenders or the Issuing Lender under any of the Loan Documents, the retiring or removed Administrative Agent shall continue to hold such collateral security until such time as a successor Administrative Agent is appointed) and (ii) except for any indemnity payments owed to the retiring or removed Administrative Agent, all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender and Issuing Lender directly, until such time, if any, as the Required Lenders appoint a successor Administrative Agent as provided for above. Upon the acceptance of a successor’s appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring or removed Administrative Agent (other than any rights to indemnity payments owed to the retiring or removed Administrative Agent), and the retiring or removed Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents. The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the retiring or removed Administrative Agent’s resignation or removal hereunder and under the other Loan Documents, the provisions of this Article and Section 12.3 shall continue in effect for the benefit of such retiring or removed Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring or removed Administrative Agent was acting as Administrative Agent.

11.7 Non-Reliance on Administrative Agent and Other Lenders. Each Lender and the Issuing Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it has

deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender and Issuing Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder. Each Lender and each Issuing Lender represents and warrants that (i) the Loan Documents set forth the terms of a commercial lending facility and certain other facilities as set forth herein and (ii) it is engaged in making, acquiring or holding commercial loans, issuing or participating in letters of credit or providing other similar facilities in the ordinary course and is entering into this Agreement as a Lender or Issuing Lender for the purpose of making, acquiring or holding commercial loans, issuing or participating in letters of credit and providing other facilities as set forth herein and not for the purpose of purchasing, acquiring or holding any other type of financial instrument, and each Lender and each Issuing Lender agrees not to assert a claim in contravention of the foregoing. Each Lender and each Issuing Lender represents and warrants that it is sophisticated with respect to decisions to make, acquire or hold commercial loans, issue or participate in letters of credit and to provide other facilities set forth herein, as may be applicable to such Lender or such Issuing Lender, and either it, or the Person exercising discretion in making its decision to make, acquire or hold such commercial loans, issue or participate in letters of credit or to provide such other facilities, is experienced in making, acquiring or holding commercial loans, issuing or participating in letters of credit or providing such other facilities.

11.8 No Other Duties, Etc. Anything herein to the contrary notwithstanding, none of the bookrunners, arrangers or other titles as necessary listed on the cover page hereof shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as the Administrative Agent, a Lender or an Issuing Lender hereunder.

11.9 Administrative Agent's Fee. The Borrower shall pay to the Administrative Agent a nonrefundable fee (the "Administrative Agent's Fee") under the terms of a letter (the "Administrative Agent's Letter") between the Borrower and Administrative Agent, as amended from time to time.

11.10 Administrative Agent May File Proofs of Claim. In case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to any Loan Party, the Administrative Agent (irrespective of whether the principal of any Loan or Letter of Credit Obligation shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered (but not obligated) by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, Letter of Credit Obligations and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders, the Issuing Lender and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders, the Issuing Lender and the Administrative Agent and their respective agents and counsel and all other amounts due the Lenders, the Issuing Lender and the Administrative Agent under Sections 2.8(b) and 12.3) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender and the Issuing Lender to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders and the Issuing Lender, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Section 12.3.

11.11 Collateral and Guaranty Matters.

(a) Each of the Secured Parties irrevocably authorizes the Administrative Agent, at its option and in its discretion,

(i) to release any Lien on any property granted to or held by the Administrative Agent under any Loan Document (x) upon the Facility Termination Date, (y) that is sold or otherwise disposed of or to be sold or otherwise disposed of as part of or in connection with any sale or other disposition permitted under the Loan Documents, or (z) subject to Section 12.1, if approved, authorized or ratified in writing by the Required Lenders; and

(ii) to release any Guarantor from its obligations under the Guaranty Agreement if such Person ceases to be a Subsidiary as a result of a transaction permitted under the Loan Documents.

Upon request by the Administrative Agent at any time, the Required Lenders will confirm in writing the Administrative Agent's authority to release its interest in particular types or items of property, or to release any Guarantor from its obligations under the Guaranty Agreement pursuant to this Section 11.11.

(b) The Administrative Agent shall not be responsible for or have a duty to ascertain or inquire into any representation or warranty regarding the existence, value or collectability of the Collateral, the existence, priority or perfection of the Administrative Agent's Lien thereon, or any certificate prepared by any Loan Party in connection therewith, nor shall the Administrative Agent be responsible or liable to the Lenders for any failure to monitor or maintain any portion of the Collateral.

11.12 No Reliance on Administrative Agent's Customer Identification Program. Each Lender acknowledges and agrees that neither such Lender, nor any of its Affiliates, participants or assignees, may rely on the Administrative Agent to carry out such Lender's, Affiliate's, participant's or assignee's customer identification program, or other obligations required or imposed under or pursuant to the USA PATRIOT Act or the regulations thereunder, including the regulations contained in 31 CFR 103.121 (as hereafter amended or replaced, the "CIP Regulations"), or any other Anti-Terrorism Law or any Anti-Corruption Law, including any programs involving any of the following items relating to or in connection with any of the Loan Parties, their Affiliates or their agents, the Loan Documents or the transactions hereunder or contemplated hereby: (i) any identity verification procedures, (ii) any recordkeeping, (iii) comparisons with government lists, (iv) customer notices or (v) other procedures required under the CIP Regulations or such other Laws.

11.13 Lender Provided Interest Rate Hedges and Other Lender Provided Financial Service Products. Except as otherwise expressly specified herein, no Cash Management Bank or Hedge Bank that obtains the benefits of Section 10.3, the Guaranty Agreement or any Collateral by virtue of the provisions hereof or of the Guaranty Agreement or any Loan Document shall have any right to notice of any action

or to consent to, direct or object to any action hereunder or under any other Loan Document or otherwise in respect of the Collateral (including the release or impairment of any Collateral) other than in its capacity as a Lender and, in such case, only to the extent expressly provided in the Loan Documents. Notwithstanding any other provision of this Article 11 to the contrary, the Administrative Agent shall not be required to verify the payment of, or that other satisfactory arrangements have been made with respect to, Obligations arising under Lender Provided Interest Rate Hedges and/or Other Lender Provided Financial Service Products unless the Administrative Agent has received written notice of such Obligations, together with such supporting documentation as the Administrative Agent may request, from the applicable Cash Management Bank or Hedge Bank, as the case may be.

11.14 ERISA Matters.

(a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and the Lead Arranger and their respective Affiliates, and not for the benefit of the Borrower or any other Loan Party, that at least one of the following is and will be true:

(i) such Lender is not using “plan assets” (within the meaning of 29 CFR § 2510.3-101, as modified by Section 3(42) of ERISA) of one or more Plans in connection with the Loans or the Commitments,

(ii) the transaction exemption set forth in one or more Prohibited Transaction Exemptions (“PTEs”), such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender’s entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement,

(iii) (A) such Lender is an investment fund managed by a “Qualified Professional Asset Manager” (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84- 14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender’s entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement, or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

(b) In addition, unless sub-clause (i) in the immediately preceding Section 11.14(a) is true with respect to a Lender or such Lender has not provided another representation, warranty and covenant as provided in sub-clause (iv) in the immediately preceding Section 11.14(a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, and (y)

covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and the Lead Arranger and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of Borrower, that:

(i) none of the Administrative Agent or the Lead Arranger or any of their respective Affiliates is a fiduciary with respect to the assets of such Lender (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Loan Document or any other documents related hereto or thereto),

(ii) the Person making the investment decision on behalf of such Lender with respect to the entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement is capable of evaluating investment risks independently, both in general and with regard to particular transactions and investment strategies (including in respect of the Loans),

(iii) the Person making the investment decision on behalf of such Lender with respect to the entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement is a fiduciary under ERISA or the Code, or both, with respect to the Loans, the Commitments and this Agreement and is responsible for exercising independent judgment in evaluating the transactions hereunder, and

(iv) no fee or other compensation is being paid directly to the Administrative Agent or Lead Arrangers or any their respective Affiliates for investment advice (as opposed to other services) in connection with the Loans, the Commitments or this Agreement.

The Administrative Agent and the Lead Arranger hereby inform the Lenders that each such Person is not undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, in connection with the transactions contemplated hereby, and that such Person has a financial interest in the transactions contemplated hereby in that such Person or an Affiliate thereof (i) may receive interest or other payments with respect to the Loans, the Commitments and this Agreement, (ii) may recognize a gain if it extended the Loans, or the Commitments for an amount less than the amount being paid for an interest in the Loans or the Commitments by such Lender or (iii) may receive fees or other payments in connection with the transactions contemplated hereby, the Loan Documents or otherwise, including structuring fees, commitment fees, arrangement fees, facility fees, upfront fees, underwriting fees, ticking fees, agency fees, administrative agent or collateral agent fees, utilization fees, minimum usage fees, letter of credit fees, fronting fees, deal-away or alternate transaction fees, amendment fees, processing fees, term out premiums, banker's acceptance fees, breakage or other early termination fees or fees similar to the foregoing.

11.15 Erroneous Payments.

(a) If the Administrative Agent notifies a Lender, Issuing Lender or Secured Party, or any Person who has received funds on behalf of a Lender, Issuing Lender or Secured Party (any such Lender, Issuing Lender, Secured Party or other recipient, a "Payment Recipient") that the Administrative Agent has determined in its sole discretion (whether or not after receipt of any notice under immediately succeeding clause (b)) that any funds received by such Payment Recipient from the Administrative Agent or any of its Affiliates were erroneously transmitted to, or otherwise erroneously or mistakenly received by, such Payment Recipient (whether or not known to such Lender, Issuing Lender, Secured Party or other Payment Recipient on its behalf) (any such funds, whether received as a payment, prepayment or

repayment of principal, interest, fees, distribution or otherwise, individually and collectively, an “Erroneous Payment”) and demands the return of such Erroneous Payment (or a portion thereof), such Erroneous Payment shall at all times remain the property of the Administrative Agent and shall be segregated by the Payment Recipient and held in trust for the benefit of the Administrative Agent, and such Lender, Issuing Lender or Secured Party shall (or, with respect to any Payment Recipient who received such funds on its behalf, shall cause such Payment Recipient to) promptly, but in no event later than two (2) Business Days thereafter, return to the Administrative Agent the amount of any such Erroneous Payment (or portion thereof) as to which such a demand was made, in same day funds (in the currency so received), together with interest thereon in respect of each day from and including the date such Erroneous Payment (or portion thereof) was received by such Payment Recipient to the date such amount is repaid to the Administrative Agent in same day funds at the greater of the Overnight Bank Funding Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation from time to time in effect. A notice of the Administrative Agent to any Payment Recipient under this clause (a) shall be conclusive, absent manifest error.

(b) Without limiting immediately preceding clause (a), each Lender, Issuing Lender or Secured Party, or any Person who has received funds on behalf of a Lender, Issuing Lender or Secured Party, hereby further agrees that if it receives a payment, prepayment or repayment (whether received as a payment, prepayment or repayment of principal, interest, fees, distribution or otherwise) from the Administrative Agent (or any of its Affiliates) (x) that is in a different amount than, or on a different date from, that specified in a notice of payment, prepayment or repayment sent by the Administrative Agent (or any of its Affiliates) with respect to such payment, prepayment or repayment, (y) that was not preceded or accompanied by a notice of payment, prepayment or repayment sent by the Administrative Agent (or any of its Affiliates), or (z) that such Lender, Issuing Lender or Secured Party, or other such recipient, otherwise becomes aware was transmitted, or received, in error or by mistake (in whole or in part) in each case:

(i) (A) in the case of immediately preceding clauses (x) or (y), an error shall be presumed to have been made (absent written confirmation from the Administrative Agent to the contrary) or (B) an error has been made (in the case of immediately preceding clause (z)), in each case, with respect to such payment, prepayment or repayment; and

(ii) such Lender, Issuing Lender or Secured Party shall (and shall cause any other recipient that receives funds on its respective behalf to) promptly (and, in all events, within one (1) Business Day of its knowledge of such error) notify the Administrative Agent of its receipt of such payment, prepayment or repayment, the details thereof (in reasonable detail) and that it is so notifying the Administrative Agent pursuant to this Section 11.15(b).

(c) Each Lender, Issuing Lender or Secured Party hereby authorizes the Administrative Agent to set off, net and apply any and all amounts at any time owing to such Lender, Issuing Lender or Secured Party under any Loan Document, or otherwise payable or distributable by the Administrative Agent to such Lender, Issuing Lender or Secured Party from any source, against any amount due to the Administrative Agent under immediately preceding clause (a) or under the indemnification provisions of this Agreement.

(d) In the event that an Erroneous Payment (or portion thereof) is not recovered by the Administrative Agent for any reason, after demand therefor by the Administrative Agent in accordance with immediately preceding clause (a), from any Lender or Issuing Lender that has received such Erroneous Payment (or portion thereof) (and/or from any Payment Recipient who received such

Erroneous Payment (or portion thereof) on its respective behalf) (such unrecovered amount, an “Erroneous Payment Return Deficiency”), upon the Administrative Agent’s notice to such Lender or Issuing Lender at any time, (i) such Lender or Issuing Lender shall be deemed to have assigned its Loans (but not its Commitments) of the relevant Class with respect to which such Erroneous Payment was made (the “Erroneous Payment Impacted Class”) in an amount equal to the Erroneous Payment Return Deficiency (or such lesser amount as the Administrative Agent may specify) (such assignment of the Loans (but not Commitments) of the Erroneous Payment Impacted Class, the “Erroneous Payment Deficiency Assignment”) at par plus any accrued and unpaid interest (with the assignment fee to be waived by the Administrative Agent in such instance), and is hereby (together with the Borrower) deemed to execute and deliver an Assignment and Assumption with respect to such Erroneous Payment Deficiency Assignment, and such Lender or Issuing Lender shall deliver any Notes evidencing such Loans to the Borrower or the Administrative Agent, (ii) the Administrative Agent as the assignee Lender shall be deemed to acquire the Erroneous Payment Deficiency Assignment, (iii) upon such deemed acquisition, the Administrative Agent as the assignee Lender shall become a Lender or Issuing Lender, as applicable, hereunder with respect to such Erroneous Payment Deficiency Assignment and the assigning Lender or assigning Issuing Lender shall cease to be a Lender or Issuing Lender, as applicable, hereunder with respect to such Erroneous Payment Deficiency Assignment, excluding, for the avoidance of doubt, its obligations under the indemnification provisions of this Agreement and its applicable Commitments which shall survive as to such assigning Lender or assigning Issuing Lender and (iv) the Administrative Agent may reflect in the Register its ownership interest in the Loans subject to the Erroneous Payment Deficiency Assignment. The Administrative Agent may, in its discretion, sell any Loans acquired pursuant to an Erroneous Payment Deficiency Assignment and upon receipt of the proceeds of such sale, the Erroneous Payment Return Deficiency owing by the applicable Lender or Issuing Lender shall be reduced by the net proceeds of the sale of such Loan (or portion thereof), and the Administrative Agent shall retain all other rights, remedies and claims against such Lender or Issuing Lender (and/or against any recipient that receives funds on its respective behalf). For the avoidance of doubt, no Erroneous Payment Deficiency Assignment will reduce the Commitments of any Lender or Issuing Lender and such Commitments shall remain available in accordance with the terms of this Agreement. In addition, each party hereto agrees that, except to the extent that the Administrative Agent has sold a Loan (or portion thereof) acquired pursuant to an Erroneous Payment Deficiency Assignment, and irrespective of whether the Administrative Agent may be equitably subrogated, the Administrative Agent shall be contractually subrogated to all the rights and interests of the applicable Lender, Issuing Lender or Secured Party under the Loan Documents with respect to each Erroneous Payment Return Deficiency (the “Erroneous Payment Subrogation Rights”).

(e) The parties hereto agree that an Erroneous Payment shall not pay, prepay, repay, discharge or otherwise satisfy any Obligations owed by the Borrower or any other Loan Party, except, in each case, to the extent such Erroneous Payment is, and solely with respect to the amount of such Erroneous Payment that is, comprised of funds received by the Administrative Agent from the Borrower or any other Loan Party for the purpose of making such Erroneous Payment.

(f) To the extent permitted by applicable Law, no Payment Recipient shall assert any right or claim to an Erroneous Payment, and hereby waives, and is deemed to waive, any claim, counterclaim, defense or right of set-off or recoupment with respect to any demand, claim or counterclaim by the Administrative Agent for the return of any Erroneous Payment received, including without limitation waiver of any defense based on “discharge for value” or any similar doctrine.

(g) Each party’s obligations, agreements and waivers under this Section 11.15 shall survive the resignation or replacement of the Administrative Agent, the termination of the Commitments

and/or the repayment, satisfaction or discharge of all Obligations (or any portion thereof) under any Loan Document.

ARTICLE 12
MISCELLANEOUS

12.1 Modifications, Amendments or Waivers. With the written consent of the Required Lenders (or as expressly provided in Section 2.10), the Administrative Agent, acting on behalf of all the Lenders, and the Borrower, on behalf of the Loan Parties, may from time to time enter into written agreements amending or changing any provision of this Agreement or any other Loan Document or the rights of the Lenders or the Loan Parties hereunder or thereunder, or may grant written waivers or consents hereunder or thereunder. Any such agreement, waiver or consent made with such written consent shall be effective to bind all the Lenders and the Loan Parties; provided, that no such agreement, waiver or consent may be made which will:

(a) Increase of Commitment. Increase the amount of the Revolving Credit Commitment of any Lender hereunder without the consent of such Lender;

(b) Extension of Payment; Reduction of Principal, Interest or Fees; Modification of Terms of Payment. Whether or not any Loans are outstanding, extend the Expiration Date or the time for payment of principal or interest of any Loan, the Commitment Fee or any other fee payable to any Lender, or reduce the principal amount of or the stated rate of interest borne by any Loan (other than as a result of waiving the applicability of any post-default increase in interest rates) or reduce the stated rate of the Commitment Fee or any other fee payable to any Lender, without the consent of each Lender directly affected thereby (provided that any amendment or modification of defined terms used in the financial covenants of this Agreement shall not constitute a reduction in the stated rate of interest or fees for purposes of this clause (b));

(c) Release of Collateral or Guarantor. Except for sales of assets permitted by Section 9.6, release all or substantially all of the Collateral or release all or substantially all the value of the Guarantors from their Obligations under the Guaranty Agreement, in each case without the consent of all Lenders (other than Defaulting Lenders); or

(d) Miscellaneous. Amend Section 5.4, Section 11.3, Section 5.5, Section 10.3 or this Section 12.1, alter any provision regarding the pro rata treatment of the Lenders or requiring all Lenders to authorize the taking of any action or reduce any percentage specified in the definition of Required Lenders, in each case without the consent of all of the Lenders; provided that (i) no agreement, waiver or consent which would modify the interests, rights or obligations of the Administrative Agent, the Issuing Lender, or the Swingline Loan Lender may be made without the written consent of the Administrative Agent, the Issuing Lender or the Swingline Loan Lender, as applicable, and (ii) the Administrative Agent's Letter may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto, and provided, further that, if in connection with any proposed waiver, amendment or modification referred to in Sections 12.1(a) through (d) above, there is a Non-Consenting Lender, then the Borrower shall have the right to replace any such Non-Consenting Lender with one or more replacement Lenders pursuant to Section 5.13. Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder (and any amendment, waiver or consent which by its terms requires the consent of all Lenders or each affected Lender may be effected with the consent of the applicable Lenders other than Defaulting Lenders), except that (x) the Commitment of any Defaulting Lender may not be increased or

extended without the consent of such Lender and (y) any waiver, amendment or modification requiring the consent of all Lenders or each affected Lender that by its terms affects any Defaulting Lender disproportionately adversely relative to other affected Lenders shall require the consent of such Defaulting Lender.

Notwithstanding any provision herein to the contrary, this Agreement may be amended to extend the Expiration Date with respect to the Revolving Credit Commitments of Lenders under the Revolving Credit Facility that agree to such extension with respect to their Revolving Credit Commitments with the written consent of each such approving Lender, the Administrative Agent and the Borrower (and no other Lender) and, in connection therewith, to provide for different rates of interest and fees under the Revolving Credit Facility with respect to the portion of the Revolving Credit Commitments with an Expiration Date so extended; provided that any such proposed extension of the Expiration Date shall have been offered to each Lender with Loans or Commitments under the applicable Facility proposed to be extended, and if the consents of such Lenders exceed the portion of Commitments and Loans the Borrower wishes to extend, such consents shall be accepted on a *pro rata* basis among the applicable consenting Lenders.

In addition, notwithstanding the foregoing, (a) with the consent of the Borrower, the Administrative Agent may amend, modify or supplement any Loan Document without the consent of any Lender or the Required Lenders in order to correct or cure any ambiguity, inconsistency or defect or correct any typographical or ministerial error in any Loan Document (provided that any such amendment, modification or supplement shall not be materially adverse to the interests of the Lenders taken as a whole), and (b) without the consent of any Lender or the Borrower, within a reasonable time after (i) the effective date of any increase or addition to, extension of or decrease from, the Revolving Commitment Amount, or (ii) any assignment by any Lender of some or all of its Revolving Commitment Amount, the Administrative Agent shall, and is hereby authorized to, revise Schedule 1.1(B) to reflect such change, whereupon such revised Schedule 1.1(B) shall replace the old Schedule 1.1(B) and become part of this Agreement.

12.2 No Implied Waivers; Cumulative Remedies. No course of dealing and no delay or failure of the Administrative Agent or any Lender in exercising any right, power, remedy or privilege under this Agreement or any other Loan Document shall affect any other or future exercise thereof or operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any further exercise thereof or of any other right, power, remedy or privilege. The enumeration of the rights and remedies of the Administrative Agent and the Lenders specified in this Agreement is not intended to be exhaustive and the exercise by the Administrative Agent and the Lenders of any right or remedy shall not preclude the exercise of any other rights or remedies, all of which shall be cumulative, and shall be in addition to any other right or remedy given hereunder or under the other Loan Documents or that may now or hereafter exist at law or in equity or by suit or otherwise. No reasonable delay or failure to take action on the part of the Administrative Agent or any Lender in exercising any right, power or privilege shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege or shall be construed to be a waiver of any Event of Default.

12.3 Expenses; Indemnity; Damage Waiver.

(a) Costs and Expenses. The Borrower shall pay (i) all out-of-pocket expenses incurred by the Administrative Agent and its Affiliates (including the reasonable fees, charges and disbursements of counsel for the Administrative Agent), and shall pay all fees and time charges and

disbursements for attorneys who may be employees of the Administrative Agent, the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all out-of-pocket expenses incurred by the Issuing Lender in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder, (iii) all out-of-pocket expenses incurred by the Administrative Agent, any Lender or the Issuing Lender (including the fees, charges and disbursements of any counsel for the Administrative Agent, any Lender or the Issuing Lender), and shall pay all fees and time charges for attorneys who may be employees of the Administrative Agent, any Lender or the Issuing Lender, in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Loan Documents, including its rights under this Section, or (B) in connection with the Loans made or Letters of Credit issued hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit, and (iv) all reasonable out-of-pocket expenses of the Administrative Agent's regular employees and agents engaged periodically to perform audits of the Loan Parties' books, records and business properties.

(b) Indemnification by the Borrower. The Borrower shall indemnify the Administrative Agent (and any sub-agent thereof), the Lead Arranger, each Lender and the Issuing Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from (and shall reimburse each Indemnitee as the same are incurred), any and all losses, claims, damages, liabilities and related expenses (including the fees, charges and disbursements of any counsel for any Indemnitee), and shall indemnify and hold harmless each Indemnitee from all fees and time charges and disbursements for attorneys who may be employees of any Indemnitee, incurred by any Indemnitee or asserted against any Indemnitee by any Person (including the Borrower or any other Loan Party, or any affiliate of any such party) other than such Indemnitee and its Related Parties arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, (ii) any Loan or Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by the Issuing Lender to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Borrower or any of its Subsidiaries, or any Environmental Liability related in any way to the Borrower or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower or any other Loan Party or any affiliate of any such party, and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and non-appealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee or (y) result from a claim brought by the Borrower or any other Loan Party against an Indemnitee for breach in bad faith of such Indemnitee's obligations hereunder or under any other Loan Document, if the Borrower or such Loan Party has obtained a final and non-appealable judgment in its favor on such claim as determined by a court of competent jurisdiction. This Section 12.3(b) shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim.

(c) Reimbursement by Lenders. To the extent that the Borrower for any reason fails to indefeasibly pay any amount required under paragraph (a) or (b) of this Section to be paid by it to the

Administrative Agent (or any sub-agent thereof), the Issuing Lender, the Swingline Loan Lender or any Related Party of any of the foregoing, each Lender severally agrees to pay to the Administrative Agent (or any such sub-agent), such Issuing Lender, such Swingline Loan Lender or such Related Party, as the case may be, such Lender's pro rata share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought based on each Lender's Ratable Share at such time) of such unpaid amount (including any such unpaid amount in respect of a claim asserted by such Lender); provided that with respect to such unpaid amounts owed to the Issuing Lender or the Swingline Loan Lender solely in its capacity as such, only the Lenders with Revolving Credit Commitments shall be required to pay such unpaid amounts, such payment to be made severally among them based on such Lenders' Ratable Share of the Revolving Credit Facility (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) provided, further, that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or any such sub-agent), the Issuing Lender or the Swingline Loan Lender in its capacity as such, or against any Related Party of any of the foregoing acting for the Administrative Agent (or any such sub-agent), the Issuing Lender or the Swingline Loan Lender in connection with such capacity. The obligations of the Lenders under this paragraph (b) are subject to the provisions of Section 2.2.

(d) Waiver of Consequential Damages, Etc. To the fullest extent permitted by applicable Law, the Borrower shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or Letter of Credit or the use of the proceeds thereof. No Indemnitee referred to in Section 12.3(b) shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby, except to the extent such liability or damages are determined by a court of competent jurisdiction by final and non-appealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee.

(e) Payments. All amounts due under this Section 12.3 shall be payable not later than ten (10) days after demand therefor.

(f) Survival. Each party's obligations under this Section 12.3 shall survive the termination of the Loan Documents and payment of the obligations hereunder.

12.4 Holidays. Whenever payment of a Loan to be made or taken hereunder shall be due on a day which is not a Business Day, such payment shall be due on the next Business Day (except as otherwise set forth herein) and such extension of time shall be included in computing interest and fees, except that the Loans under the Revolving Credit Facility shall be due on the Business Day preceding the Expiration Date if the Expiration Date is not a Business Day. Whenever any payment or action to be made or taken hereunder (other than payment of the Loans) shall be stated to be due on a day which is not a Business Day, such payment or action shall be made or taken on the next following Business Day, and such extension of time shall not be included in computing interest or fees, if any, in connection with such payment or action.

12.5 Notices; Effectiveness; Electronic Communication.

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile as follows:

(i) if to the Borrower or any other Loan Party, to it at 1201 Lake Woodlands Drive, Suite 4020, The Woodlands, Texas 77380, Attention of Richard F. Bunch III (Facsimile No. 281-466-1723; Telephone No. 281-466-1123);

(ii) if to the Administrative Agent, to PNC Bank, National Association at 2200 Post Oak Blvd., 20th Floor, Houston, Texas 77056, Attention of Cindy Young (Telephone No. 713- 499-8632);

(iii) if to PNC Bank, National Association in its capacity as Issuing Lender, to it at 2200 Post Oak Blvd., 20th Floor, Houston, Texas 77056, Attention of Cindy Young (Telephone No. 713-499-8632), and if to any other Issuing Lender, to it at the address provided in writing to the Administrative Agent and the Borrower at the time of its appointment as an Issuing Lender hereunder;

(iv) if to a Lender, to it at its address (or facsimile number) specified in its Administrative Questionnaire.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices delivered through electronic communications, to the extent provided in paragraph (b) below, shall be effective as provided in said paragraph (b).

(b) Electronic Communications. Notices and other communications to the Lenders and the Issuing Lender hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent, provided that the foregoing shall not apply to notices to any Lender or Issuing Lender pursuant to Article 2 if such Lender or Issuing Lender, as applicable, has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient, at its e-mail address as described in the foregoing clause (i), of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii) above, if such notice, email or other communication is not sent during the normal business

hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient.

(c) Change of Address, etc. Any party hereto may change its address or facsimile number for notices and other communications hereunder by notice to the other parties hereto.

(d) Platform.

(i) Each Loan Party agrees that the Administrative Agent may, but shall not be obligated to, make the Communications (as defined below) available to the Issuing Lender and the other Lenders by posting the Communications on the Platform.

(ii) The Platform is provided “as is” and “as available.” The Agent Parties (as defined below) do not warrant the adequacy of the Platform and expressly disclaim liability for errors or omissions in the Communications. No warranty of any kind, express, implied or statutory, including, without limitation, any warranty of merchantability, fitness for a particular purpose, non-infringement of third-party rights or freedom from viruses or other code defects, is made by any Agent Party in connection with the Communications or the Platform. In no event shall the Administrative Agent or any of its Related Parties (collectively, the “Agent Parties”) have any liability to the Borrower or the other Loan Parties, any Lender or any other Person or entity for damages of any kind, including, without limitation, direct or indirect, special, incidental or consequential damages, losses or expenses (whether in tort, contract or otherwise) arising out of the Borrower’s, any Loan Party’s or the Administrative Agent’s transmission of communications through the Platform. “Communications” means, collectively, any notice, demand, communication, information, document or other material provided by or on behalf of any Loan Party pursuant to any Loan Document or the transactions contemplated therein which is distributed to the Administrative Agent, any Lender or any Issuing Lender by means of electronic communications pursuant to this Section, including through the Platform.

12.6 Severability. The provisions of this Agreement are intended to be severable. If any provision of this Agreement shall be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability thereof in any other jurisdiction or the remaining provisions hereof in any jurisdiction. Without limiting the foregoing provisions of this Section, if and to the extent that the enforceability of any provisions in this Agreement relating to Defaulting Lenders shall be limited by Debtor Relief Laws, as determined in good faith by the Administrative Agent, the Issuing Lender or the Swingline Loan Lender, as applicable, then such provisions shall be deemed to be in effect only to the extent not so limited.

12.7 Duration; Survival. All representations and warranties of the Loan Parties contained herein or made in connection herewith shall survive the execution and delivery of this Agreement and the completion of the transactions hereunder, and shall continue in full force and effect until the Facility Termination Date. All covenants and agreements of the Borrower contained herein relating to the payment of principal, interest, premiums, additional compensation or expenses and indemnification, including those specified in the Notes, Section 5.10 and Section 12.3, shall survive the Facility Termination Date. All other covenants and agreements of the Loan Parties shall continue in full force and effect from and after the Closing Date and until the Facility Termination Date.

12.8 Successors and Assigns.

(a) Successors and Assigns Generally. The provisions of this Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns permitted hereby, except that neither the Borrower nor any other Loan Party may assign or otherwise transfer any of its rights or obligations hereunder (including, in each case, by way of an LLC Division) without the prior written consent of the Administrative Agent and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of paragraph (b) of this Section, (ii) by way of participation in accordance with the provisions of paragraph (d) of this Section, or (iii) by way of pledge or assignment of a security interest subject to the restrictions of paragraph (e) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in paragraph (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders. Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); provided that (in each case with respect to any Facility) any such assignment shall be subject to the following conditions:

(i) Minimum Amounts.

(1) in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Loans at the time owing to it (in each case with respect to any Facility) or contemporaneous assignments to related Approved Funds (determined after giving effect to such assignments) that equal at least the amount specified in paragraph (b)(i)(2) of this Section in the aggregate or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and

(2) in any case not described in clause (i)(1) of this Section, the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) or, if the applicable Commitment is not then in effect, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption Agreement with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption Agreement, as of the Trade Date) shall not be less than \$5,000,000 and shall be in integral multiples of \$1,000,000, in the case of any assignment in respect of the Revolving Credit Commitment of the assigning Lender, unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed).

(ii) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loan or the Commitment assigned.

(iii) Required Consents. No consent shall be required for any assignment except to the extent required by paragraph (b) (i)(2) of this Section and, in addition:

(1) the consent of the Borrower (such consent not to be unreasonably withheld or delayed) shall be required unless (x) an Event of Default has occurred and is continuing at the time of such assignment or (y) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund; provided that the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within five (5) Business Days after having received notice thereof;

(2) the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required for assignments in respect of the Revolving Credit Facility; and

(3) the consent of the Issuing Lender and Swingline Loan Lender (such consent not to be unreasonably withheld or delayed) shall be required for any assignment in respect of the Revolving Credit Facility.

(iv) Assignment and Assumption Agreement. The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption Agreement, together with a processing and recordation fee of \$3,500. The assignee, if it is not a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

(v) No Assignment to Certain Persons. No such assignment shall be made (A) to the Borrower or any of the Borrower's Affiliates or Subsidiaries or (B) to any Defaulting Lender or any of its Subsidiaries, or any Person who, upon becoming a Lender hereunder, would constitute a Defaulting Lender or a Subsidiary thereof.

(vi) No Assignment to Natural Persons. No such assignment shall be made to a natural Person (or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural Person).

(vii) Certain Additional Payments. In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto specified herein, the parties to the assignment shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Borrower and the Administrative Agent, the applicable pro rata share of Loans previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Administrative Agent, the Issuing Lender, the Swingline Loan Lender and each other Lender hereunder (and interest accrued thereon), and (y) acquire (and fund as appropriate) its full pro rata share of all Loans and participations in Letters of Credit and Swingline Loans in accordance with its Ratable Share. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under applicable Law without compliance

with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

(viii) Effectiveness; Release. Subject to acceptance and recording thereof by the Administrative Agent pursuant to paragraph (c), from and after the effective date specified in each Assignment and Assumption Agreement, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption Agreement, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption Agreement, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption Agreement covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 4.4, 5.8, and 12.3 with respect to facts and circumstances occurring prior to the effective date of such assignment; provided, that except to the extent otherwise expressly agreed by the affected parties, no assignment by a Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (d) of this Section.

(c) Register. The Administrative Agent, acting solely for this purpose as an agent of the Borrower, shall maintain at one of its offices in Houston, Texas or Pittsburgh, Pennsylvania a copy of each Assignment and Assumption Agreement delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts (and stated interest) of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and the Borrower, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Participations. Any Lender may at any time, without the consent of, or notice to, the Borrower or the Administrative Agent, sell participations to any Person (other than a natural Person, or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural Person, or the Borrower or any of the Borrower's Affiliates or Subsidiaries) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, and (iii) the Borrower, the Administrative Agent, the Issuing Lender and Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. For the avoidance of doubt, each Lender shall be responsible for the indemnity under Section 12.3 with respect to any payments made by such Lender to its Participant(s).

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree (other than

as is already provided for herein) to any amendment, modification or waiver with respect to Sections 12.1(a), 12.1(b), or 12.1(c)) that affects such Participant. The Borrower agrees that each Participant shall be entitled to the benefits of Sections 4.4, 5.8, 5.9 and 5.10 (subject to the requirements and limitations therein, including the requirements under Section 5.9(g) (it being understood that the documentation required under Section 5.9(g) shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section; provided that such Participant (A) agrees to be subject to the provisions of Section 5.13 as if it were an assignee under paragraph (b) of this Section 12.8; and (B) shall not be entitled to receive any greater payment under Sections 5.8 or 5.9, with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. Each Lender that sells a participation agrees, at the Borrower's request and expense, to use reasonable efforts to cooperate with the Borrower to effectuate the provisions of Section 5.13 with respect to any Participant. To the extent permitted by Law, each Participant also shall be entitled to the benefits of Section 10.2(b) as though it were a Lender; provided that such Participant agrees to be subject to Section 5.5 as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(e) Certain Pledges; Successors and Assigns Generally. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(f) Cashless Settlement. Notwithstanding anything to the contrary contained in this Agreement, any Lender may exchange, continue or rollover all or a portion of its Loans in connection with any refinancing, extension, loan modification or similar transaction permitted by the terms of this Agreement, pursuant to a cashless settlement mechanism approved by the Borrower, the Administrative Agent and such Lender.

(g) Arrangers/Bookrunners. Notwithstanding anything to the contrary contained in this Agreement, the name of any arranger and/or bookrunner listed on the cover page of this Agreement may be changed by the Administrative Agent to the name of any Lender or Lender's broker-dealer Affiliate, upon written request to the Administrative Agent by any such arranger and/or bookrunner and the applicable Lender or Lender's broker-deal Affiliate.

12.9 Confidentiality.

(a) General. Each of the Administrative Agent, the Lenders and the Issuing Lender agree to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its Related Parties (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential); (b) to the extent required or requested by any regulatory authority purporting to have jurisdiction over such Person or its Related Parties (including any self-regulatory authority, such as the National Association of Insurance Commissioners); (c) to the extent required by applicable Laws or regulations or by any subpoena or similar legal process; (d) to any other party hereto; (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder; (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights and obligations under this Agreement, or (ii) any actual or prospective party (or its Related Parties) to any swap, derivative or other transaction under which payments are to be made by reference to the Borrower and its obligations, this Agreement or payments hereunder; (g) to (i) any rating agency in connection with rating the Borrower or its Subsidiaries or the Revolving Credit Facility or (ii) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers with respect to the Revolving Credit Facility; (h) with the consent of the Borrower; or (i) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section, or (y) becomes available to the Administrative Agent, any Lender, any Issuing Lender or any of their respective Affiliates on a nonconfidential basis from a source other than the Borrower. In addition, the Administrative Agent and the Lenders may disclose the existence of this Agreement and information about this Agreement to market data collectors, similar service providers to the lending industry and service providers to the Administrative Agent and the Lenders in connection with the administration of this Agreement, the other Loan Documents, and the Commitments.

For purposes of this Section, "Information" means all information received from the Borrower or any of its Subsidiaries relating to the Borrower or any of its Subsidiaries or any of their respective businesses, other than any such information that is available to the Administrative Agent, any Lender or any Issuing Lender on a nonconfidential basis prior to disclosure by the Borrower or any of its Subsidiaries; provided that, in the case of information received from the Borrower or any of its Subsidiaries after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

(b) Sharing Information With Affiliates of the Lenders. Each Loan Party acknowledges that from time to time financial advisory, investment banking and other services may be offered or provided to the Borrower or one or more of its Affiliates (in connection with this Agreement or otherwise) by any Lender or by one or more Subsidiaries or Affiliates of such Lender and each of the Loan Parties hereby authorizes each Lender to share any information delivered to such Lender by such Loan Party and its Subsidiaries pursuant to this Agreement with any such Subsidiary or Affiliate of the Lender subject to the provisions of Section 12.9(a).

12.10 Counterparts; Integration; Effectiveness; Electronic Execution.

(a) Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Loan Documents, and any separate letter agreements with respect to fees payable to the Administrative Agent, constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof, including any prior confidentiality agreements and commitments. Except as provided in Article 7, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or e-mail shall be effective as delivery of a manually executed counterpart of this Agreement.

(b) Electronic Execution. The words “execution,” “signed,” “signature,” and words of like import in any Loan Document shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state Laws based on the Uniform Electronic Transactions Act.

12.11 CHOICE OF LAW; SUBMISSION TO JURISDICTION; WAIVER OF VENUE; SERVICE OF PROCESS; WAIVER OF JURY TRIAL.

(a) Governing Law. This Agreement and the other Loan Documents and any claims, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Agreement or any other Loan Document (except, as to any other Loan Document, as expressly specified therein) and the transactions contemplated hereby and thereby shall be governed by, and construed in accordance with, the Law of the State of New York. Each standby Letter of Credit issued under this Agreement shall be subject, as applicable, to the rules of the Uniform Customs and Practice for Documentary Credits, as most recently published by the International Chamber of Commerce (the “ICC”) at the time of issuance (“UCP”) or the rules of the International Standby Practices (ICC Publication Number 590) (“ISP98”), as determined by the Issuing Lender, and each trade Letter of Credit shall be subject to UCP, and in each case to the extent not inconsistent therewith, the Laws of the State of New York without regard to its conflict of laws principles.

The Borrower and each other Loan Party irrevocably and unconditionally agrees that it will not commence any action, litigation or proceeding of any kind or description, whether in law or equity, whether in contract or in tort or otherwise, against the Administrative Agent, any Lender, the Issuing Lender, or any Related Party of the foregoing in any way relating to this Agreement or any other Loan Document or the transactions relating hereto or thereto, in any forum other than the courts of the State of Texas sitting in Harris County, and of the United States District Court of the Southern District of Texas and any appellate court from any thereof, and each of the parties hereto irrevocably and unconditionally submits to the jurisdiction of such courts and agrees that all claims in respect of any such action, litigation or proceeding may be heard and determined in such Texas State court or, to the fullest extent permitted by applicable Law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action, litigation or proceeding shall be conclusive and may be enforced in other

jurisdictions by suit on the judgment or in any other manner provided by Law. Nothing in this Agreement or in any other Loan Document shall affect any right that the Administrative Agent, any Lender or any Issuing Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against the Borrower or any other Loan Party or its properties in the courts of any jurisdiction.

(b) Waiver of Venue. The Borrower and each other Loan Party irrevocably and unconditionally waives, to the fullest extent permitted by applicable Law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in paragraph (a) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by applicable Law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Service of Process. Each party hereto irrevocably consents to service of process in the manner provided for notices in Section 12.5. Nothing in this Agreement will affect the right of any party hereto to serve process in any other manner permitted by applicable Law.

(d) WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

12.12 Mutual Negotiations. This Agreement and other Loan Documents are the product of mutual negotiations by the parties thereto and their counsel, and no party shall be deemed the draftsman of this Agreement or any other Loan Document or any provision hereof or thereof or to have provided the same. Accordingly, in the event of any inconsistency or ambiguity or any provision of this Agreement or any other Loan Document, such inconsistency or ambiguity shall not be interpreted against any party because of such party's involvement in the drafting thereof.

12.13 Acknowledgement and Consent to Bail-In of Affected Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Affected Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the Write-down and Conversion powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an Affected Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the Write-down and Conversion powers of the applicable Resolution Authority.

12.14 USA PATRIOT Act Notice. Each Lender that is subject to the USA PATRIOT Act and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies Loan Parties that pursuant to the requirements of the USA PATRIOT Act, it is required to obtain, verify and record information that identifies the Loan Parties, which information includes the name and address of Loan Parties and other information that will allow such Lender or Administrative Agent, as applicable, to identify the Loan Parties in accordance with the USA PATRIOT Act. The Borrower shall, promptly following a request by the Administrative Agent or any Lender, provide all documentation and other information that the Administrative Agent or such Lender requests in order to comply with its ongoing obligations under applicable “know your customer” and anti-money laundering rules and regulations, including the Act.

12.15 Acknowledgement Regarding Any Supported QFCs. To the extent that the Loan Documents provide support, through a guarantee or otherwise, for Hedge Agreements or any other agreement or instrument that is a QFC (such support, “QFC Credit Support” and each such QFC a “Supported QFC”), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the “U.S. Special Resolution Regimes”) in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the Laws of the State of New York and/or of the United States or any other state of the United States):

(a) In the event a Covered Entity that is party to a Supported QFC (each, a “Covered Party”) becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the Laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the Laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of

the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

(b) As used in this Section 12.15, the following terms have the following meanings:

“BHC Act Affiliate” of a party means an “affiliate” (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

“Covered Entity” means any of the following: (i) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b), (ii) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (iii) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“Default Right” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

“QFC” has the meaning assigned to the term “qualified financial contract” in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

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IN WITNESS WHERE OF, the parties hereto, by their officers thereunto duly authorized, have executed this Agreement as of the day and year first above written.

ATTEST:

BORROWER:

TWFG HOLDING COMPANY, LLC,
a Texas limited liability company

By: /s/ Richard F. Bunch III
Richard F. Bunch III
President

Signature Page to Credit Agreement

GUARANTORS:

TWFG INSURANCE SERVICES, LLC,
a Texas limited liability company

By: /s/ Richard F. Bunch III
Richard F. Bunch III
President

TWFG GENERAL AGENCY, LLC,
a Texas limited liability company

By: /s/ Richard F. Bunch III
Richard F. Bunch III
President

PNC BANK, NATIONAL ASSOCIATION,
individually and as Administrative Agent

By: /s/ Cindy Young
Cindy Young
Senior Vice President

Signature Page to Credit Agreement

**RFB INTERESTS, INC. DBA TWFG
INTERCOMPANY SERVICES & COST ALLOCATION AGREEMENT**

This Intercompany Services and Cost Allocation Agreement (this “Agreement”) is entered into on October 1, 2017 to be retroactively in force as of January 1, 2017. The Agreement is by and among RFB Interests, Inc. DBA The Woodlands Financial Group (TWFG) and its subsidiaries (each an “Affiliate” and together the “Affiliates”) identified in the signature lines below this Agreement.

RECITALS

WHEREAS, TWFG may provide goods (“Goods”), third party services (“Third Party Services”), and management and other direct services including, without limitation, executive, corporate strategy, business development, legal, corporate governance, product management, product development, underwriting, marketing, customer sales, customer service, policy administration, billing, claims, reserving, sourcing and procurement, human resources, business integration, communications, strategic data and analytics, financial, investment, enterprise risk, reinsurance, internal audit, licensing, compliance, information and technology services (collectively, “Management Services”) used by the Affiliates in the conduct of their various businesses; and

WHEREAS, TWFG may at times, request Goods, Third Party Services and/or Management Services from one or more of the Affiliates for use in TWFG’s various businesses, including the provision of services to other affiliates and/or subsidiaries of TWFG; and

WHEREAS, when and to the extent that a Party hereunder is the provider of Goods, Third Party Services or Management Services to another Party under the terms and conditions of this Agreement, it is referred to herein as a “Service Provider”; and WHEREAS, when and to the extent that a Party hereunder is the recipient of Goods, Third Party Services or Management Services from another Party under the terms and conditions of this Agreement, it is referred to herein as a “Service Recipient”.

NOW, THEREFORE, in consideration of the mutual promises made and the terms and conditions hereunder described, the Parties agree as follows:

1. Goods and Services Provided on the Cost Allocation Method

- 1.1 Each Service Recipient shall be charged with its allocable share of the Service Provider’s actual costs incurred, or with the fair value of the services provided, as the case may be, in connection with the Service Provider’s provision of Goods, Third Party Services, and Management Services to the Service Recipient. Allocation of the Service Provider’s actual costs and/or the calculation of the fair value of the services provided shall occur in accordance with the following methods and procedures, in each case as applicable to and/or appropriate for the type of Goods, Third Party Services or Management Services at issue:
- a. The Service Provider will charge each Service Recipient on a pass-through cost basis for the Goods actually used by such Service Recipient on a not less than monthly basis.
 - b. The Service Provider will charge each Service Recipient on a pass-through cost basis for Third Party Services provided by third parties under contract with the Service Provider based on services actually used by such Service Recipient on a not less than monthly basis.

RFB INTERESTS, INC. DBA TWFG
INTERCOMPANY SERVICES & COST ALLOCATION AGREEMENT

- c. The Service Provider will charge each Service Recipient a monthly Management Services charge for management, administrative, clerical, facility charges and other direct services (including those included in the definition of Management Services contained in the first Recital of this Agreement) actually used by such Service Recipient in accordance with the following methods and procedures, on a not less than monthly basis, and in each case as applicable to and/or appropriate for the type of Management Service at issue:
- (i) based on a percentage of a full-time employee (“FTE”) that will spend time on activities involved in providing such Management Services to the Service Recipient, calculated as a percentage of the costs the Service Provider incurs for wages and benefits for the FTE;
 - (ii) based on actual hours that the Service Provider’s employees spend on activities involved in providing such Management Services to the Service Recipients, multiplied by an internally established billing rate; or
 - (iii) based on the fair value of the services provided as measured or determined by reference to what the Service Recipient would typically have to pay, either directly or on a pass-through basis, if the services at issue were provided to the Service Recipient by an unaffiliated third party in an arms-length transaction.

1.2 Not less than monthly, the Parties shall settle all charges incurred under this Agreement on a net basis.

1.3 The allocation and settlement methods described above shall be periodically reviewed and may be amended by TWFG in its reasonable discretion, upon notice to the Affiliates, if necessary for:

- a. Changes in business practices;
- b. Changes in Generally Acceptable Accounting Principles or Statutory Accounting principles; and
- c. Determinations that an inappropriate method has been used in the past which did not fairly distribute the costs among the parties.
- d. Changes in the actual hours that the Service Provider’s employees spend on activities involved in providing such Management Services to the Service Recipients.

Any change in allocation or settlement methods shall apply on the same basis to all Service Providers and Service Recipients.

2. General

2.1 TWFG and the Affiliates agree that the fundamental purposes of this Agreement are: (i) to secure the provision of Goods, Third Party Services, and Management Services on a cost-

RFB INTERESTS, INC. DBA TWFG
INTERCOMPANY SERVICES & COST ALLOCATION AGREEMENT

efficient and effective basis for the mutual benefit of Service Providers and Service Recipients hereunder; and (ii) to assure that Service Providers hereunder receive appropriate payments from Service Recipients hereunder so that the Service Providers have no material net cost for providing the Goods, Third Party Services, and Management Services, and so that no Service Recipient pays materially more than fair value for the Goods, Third Party Services, and Management Services.

- 2.2 Each Service Provider hereunder shall use its best efforts to provide the Management Services. Each Service Provider hereunder agrees to perform the Management Services in material compliance with: (i) applicable law; (ii) the same standards pursuant to which it performs similar functions with respect to its own operations; and (iii) the skill, diligence and expertise commonly expected from experienced and qualified personnel performing such duties in conformance with insurance industry standards. Notwithstanding the foregoing, each Service Recipient hereunder agrees that each Service Provider hereunder shall have no obligation to provide Management Services to a Service Recipient of a quality greater than the quality of such Management Services that the Service Provider maintains for its own operations.
- 2.3 Nothing in this Agreement shall constitute or be construed to be or create a partnership or joint venture relationship between any Service Recipient, on the one hand, and Service Provider, on the other hand, and every Service Provider's status under this Agreement shall be that of an independent contractor. In connection with the performance of Management Services under this Agreement, neither any Service Recipient nor any Service Provider shall make any statement or take any action that is inconsistent with the provisions of this Section 2.3. It is understood and agreed that the management, control and direction of the operations and policies of each Service Recipient shall remain at all times under the exclusive control of the Board of Directors or Officers of such Service Recipient.

3. Books and Records.

- 3.1 Each Service Provider shall keep accurate records and accounts of all Goods, Third Party Services, and Management Services provided pursuant to this Agreement. Such records and accounts shall be maintained in accordance with sound business practices, in a manner that clearly and accurately discloses the nature and details of the transaction and services and which, in accordance with generally accepted accounting principles, permits ascertainment of charges relating to the transaction and services, and shall be subject to such systems of internal control as are required by law. All records and accounts applicable to the provision of Goods, Third Party Services, or Management Services to any Service Recipient shall be available for inspection by such Service Recipient and its representatives, including such Service Recipient's independent public accounting firm, at any time upon request during commercially reasonable hours.
- 3.2 All such records and accounts shall be the property of each respective Service Provider, subject to the right of inspection of a Service Recipient under Section 3.1 of this Agreement and the examination rights of insurance and other applicable regulatory authorities. Notwithstanding the foregoing, to the extent that the Service Recipient is an insurance company, all such records and accounts shall be the property of the Service Recipient and shall at all times remain under the control of the Service Recipient.

RFB INTERESTS, INC. DBA TWFG
INTERCOMPANY SERVICES & COST ALLOCATION AGREEMENT

4. Indemnification.

- 4.1 Each Service Recipient shall be solely responsible, severally and not jointly, for, and shall hold harmless and indemnify each of their respective Service Provider(s), including their successors, officers, directors, employees, agents, and affiliates, from and against all losses, claims, damages, liabilities, and expenses, including any and all reasonable expenses and attorneys' fees and disbursements incurred in investigating, preparing or defending against any litigation or proceeding, whether commenced or threatened, or any other claim whatsoever, whether or not resulting in any liability, suffered, incurred, made, brought or asserted by any person not a party to this Agreement in connection with such Service Provider's provision of Management Services to such Service Recipient, unless such loss, claim, damage, liability, or expense results from the negligence, willful misconduct, or fraud of the Service Provider or its officers, directors, employees, agents, or affiliates or any other person engaged by the Service Provider to provide Management Services to such Service Recipient.
- 4.2 Each Service Provider shall be solely responsible for, and shall hold harmless and indemnify each of their respective Service Recipient(s), including their respective successors, officers, directors, employees, agents, and affiliates, from and against all losses, claims, damages, liabilities and expenses, including any and all reasonable expenses and attorneys' fees and disbursements incurred in investigating, preparing or defending against any litigation or proceeding, whether commenced or threatened, or any other claim whatsoever, whether or not resulting in any liability, suffered, incurred, made, brought, or asserted by any person not a party to this Agreement resulting from the negligence, willful misconduct, or fraud of the Service Provider or its officers, directors, employees, agents, or affiliates or any other person engaged by the Service Provider to provide Management Services to such Service Recipient.

5. Termination.

- 5.1 This agreement shall remain in effect for each year, unless terminated by the mutual written agreement of at least two parties. In the event any party ceases to be affiliated within the Group, this agreement automatically terminates only with respect to that member. Each party to this agreement may terminate this agreement without cause, but only with respect to such party, upon 30 days prior written notice. Each party to this agreement may terminate this agreement for cause, but only with respect to such party, upon 10 days prior written notice if the reason for such cause has not been cured during the notice period.
- 5.2 By TWFG, upon 30 days prior written notice to any Affiliate, if such Affiliate shall have become insolvent or shall have become subject to any voluntary or involuntary conservatorship, receivership, reorganization, liquidation or bankruptcy case or proceeding. Notwithstanding the foregoing, TWFG shall not be entitled to terminate this Agreement pursuant to this clause if the relevant Affiliate is an insurance company.
- 5.3 The aforesaid respective rights of termination of the Affiliates and TWFG may be exercised without prejudice to any other remedy to which the terminating Affiliate or TWFG, as the case may be, is entitled in law or in equity.

RFB INTERESTS, INC. DBA TWFG
INTERCOMPANY SERVICES & COST ALLOCATION AGREEMENT

6. Miscellaneous.

- 6.1 Any insurance company Affiliate shall not advance any funds to any Affiliate except to pay for services under this Agreement, and shall retain oversight for any Management Services provided to it by any Affiliate hereunder. All funds and invested assets of any insurance company Affiliate are the exclusive property of, held for the benefit of, and are subject to the control of itself.
- 6.2 If an Affiliate is placed into delinquency proceedings or seized by the Texas Commissioner of Insurance (the "Commissioner") pursuant to Tex. Ins. Code Chapter 443:
- a. All of the rights of the Affiliate under this Agreement extend to the receiver or Commissioner.
 - b. All books and records of the Affiliate will immediately be made available to the receiver or Commissioner, and shall be turned over to the receiver or Commissioner immediately upon request.
 - c. The non-insurance company Affiliates shall have no automatic right to terminate this Agreement.
 - d. The non-insurance company Affiliates shall continue to maintain any systems, programs or other infrastructure and will make them available to the receiver or Commissioner for so long as the Affiliate continues timely payments to TWFG for services.
- 6.3 Any notice under this Agreement shall be deemed given when personally delivered in writing, when sent via facsimile, when dispatched via overnight courier, or when mailed as described below and shall be deemed received when personally delivered in writing, on the date sent by facsimile transmission, 24 hours after being sent via overnight express courier, or 72 hours after it has been deposited in the United States Mail, registered or certified, postage pre-paid, properly addressed to the party to whom it is intended at the address set forth below or at such other address of which notice is given in accordance herewith:
- a. if to any Affiliate, to the address and other contact information maintained for the executive offices of such Affiliate on the books and records of TWFG, Attention: Secretary
 - b. if to TWFG, to:

RFB Interests, Inc. c/o
The Woodlands Financial Group
1201 Lake Woodlands Drive, Suite 4020
The Woodlands, TX 77380
Attention: Secretary
Facsimile: 281-466-1570

RFB INTERESTS, INC. DBA TWFG
INTERCOMPANY SERVICES & COST ALLOCATION AGREEMENT

Such notice shall be given at such other address or to such other representative as a party to this Agreement may furnish pursuant to this Section 6.3 to the other party to this Agreement.

- 6.4 No assignment, transfer or delegation, whether by merger or other operation of law or otherwise, of any rights or obligations under this Agreement shall be made by a party to this Agreement without the prior written consent of the other party to this Agreement and, if required by applicable law, the Texas Commissioner of Insurance, and any other insurance regulatory authority having jurisdiction over this Agreement. This Agreement shall be binding upon the parties hereto and their respective permitted successors and assigns.
- 6.5 This Agreement constitutes the entire agreement of the parties to this Agreement with respect to its subject matter, supersedes all prior agreements, and may not be amended except in writing signed by the party to this Agreement against whom the change is asserted. The failure of any party to this Agreement at any time or times to require the performance of any provision of this Agreement shall in no manner affect the right to enforce the same and no waiver by any party to this Agreement of any provision or breach of any provision of this Agreement in any one or more instances shall be deemed or construed either as a further or continuing waiver of any such provision or breach or as a waiver of any other provision or breach of any other provision of this Agreement.
- 6.6 In case any one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision or provisions had never been contained herein unless the deletion of such provision or provisions would result in such a material change as to cause continued performance of this Agreement as contemplated herein to be unreasonable or materially and adversely frustrate the objectives of the parties in originally entering into this Agreement as expressed in the Recitals to this Agreement.
- 6.7 This Agreement may be executed using two or more counterparts, each of which shall be deemed an original but all of which together constitute one and the same Agreement. This Agreement shall be deemed executed and delivered upon the exchange of executed documents by facsimile transmittal or scanned signature pages transmitted by electronic mail. Immediately following the exchange of executed documents by facsimile transmittal or electronic mail, the parties shall transmit signed original documents to each other, but the failure of either party to comply with this requirement shall not render this Agreement void or otherwise unenforceable.
- 6.8 Except as to matters covered by this Agreement or by another written agreement, no party hereto is an agent of any other, and shall not be liable for the obligations, acts or omissions of the other party.
- 6.9 The headings in this Agreement are for convenience only, and shall be accorded no weight in the construction of this Agreement.
- 6.10 This Agreement shall be construed and enforced according to the laws of the State of Texas.

[SIGNATURE PAGE FOLLOWS]

RFB INTERESTS, INC. DBA TWFG
INTERCOMPANY SERVICES & COST ALLOCATION AGREEMENT

IN WITNESS WHEREOF, TWFG and the below-named Affiliates have executed this agreement.

RFB Interests, Inc. DBA TWFG

By: /s/ Gordy Bunch

Gordy Bunch

Date: 10/13/17

TWFG General Agency

By: /s/ Jerry Mackey

Jerry Mackey

Date: 10/13/17

TWFG Insurance Services

By: /s/ Katherine Nolan

Katherine Nolan

Date: 10/13/17

TWFG Premium Finance Company

By: /s/ Katherine Nolan

Katherine Nolan

Date: 10/13/17

The Woodlands Insurance Company

By: /s/ Anthony Pascente

Anthony Pascente

Date: 10/13/17

First Amendment to Intercompany Services & Cost Allocation Agreement

This First Amendment to the RFB Interests, Inc. dba TWFG Intercompany Services & Cost Allocation Agreement is made and entered into this 3rd day of February, 2020, by and among RFB Interests, Inc. DBA The Woodlands Financial Group ("TWFG") and its subsidiaries (each an "Affiliate" and together the "Affiliates") identified in the signature lines below this First Amendment.

WHEREAS, TWFG and Affiliates have previously entered into an Intercompany Agreement dated October 1, 2017 with an effective date of January 1, 2017.

WHEREAS, effective March 19, 2018, RFB Interests Inc. dba The Woodlands Financial Group was converted from a Texas corporation to a Texas limited liability company, and its name was changed to TWFG Holding Company LLC.

WHEREAS TWFG Holding Company LLC acquired 100% of the shares of Evolution Agency Management, LLC on or around July 26, 2019.

WHEREAS, the parties wish to amend the prior Agreement.

NOW, THEREFORE in consideration of the mutual representations, agreements, and promises herein contained, the parties hereto agree as follows:

1. The Agreement is amended to reflect TWFG's change of name from RFB Interests Inc. dba The Woodlands Financial Group to TWFG Holding Company, LLC, effective March 19, 2018.
2. The Agreement is amended to add Evolution Agency Management, LLC as an Affiliate of TWFG and as a party to the Agreement, effective January 1, 2020.

IN WITNESS WHEREOF, TWFG and the below-named Affiliates, though their duly authorized representatives, execute this Agreement First Amendment.

TWFG Holding Company, LLC

By: /s/ Richard F. Bunch III
Richard F. Brunch III

Affiliates:

TWFG GENERAL AGENCY LLC

By: /s/ Jerry Mackey
Jerry Mackey

TWFG Insurance Services LLC

By: /s/ Katherine Nolan
Katherine Nolan

TWFG Premium Finance Company LLC

By: /s/ Katherine Nolan
Katherine Nolan

The Woodlands Insurance Company

By: /s/ Janice Zwinggi
Janice Zwinggi

Evolution Agency Management, LLC

By: /s/ Richard F. Bunch III
Richard F. Bunch III

Second Amendment to Intercompany Services & Cost Allocation Agreement

This Second Amendment (“Second Amendment”) to the RFB Interests, Inc. dba TWFG Intercompany Services & Cost Allocation Agreement (“Agreement”) is made and entered into this 1st day of June, 2022, by and among TWFG Holding Company, LLC as successor of RFB Interests, Inc. DBA The Woodlands Financial Group (“TWFG”) and its subsidiaries (each an “Affiliate” and together the “Affiliates”) as identified in the Intercompany Agreement and in the signature block below.

WHEREAS, TWFG and Affiliates previously entered into the Agreement dated October 1, 2017 with an effective date of January 1, 2017;

WHEREAS, the Agreement was amended February 3, 2020 to add Evolution Agency Management, LLC as Affiliate and to reflect the change of name of TWFG;

WHEREAS, TWFG formed TWFG CA Premium Finance Company, a California corporation and wholly-owned subsidiary of TWFG, on or around April 12, 2022.

WHEREAS, TWFG acquired PSN Business Processing, Inc., a Philippine corporation and wholly-owned subsidiary of TWFG, on or around May 4, 2022.

WHEREAS, the parties wish to amend the Agreement.

NOW, THEREFORE in consideration of the mutual representations, agreements, and promises herein contained, the parties hereto agree as follows:

1. The Agreement is amended to add TWFG CA Premium Finance Company as an Affiliate of TWFG and a party to the Agreement, effective April 12, 2022.
2. The Agreement is amended to add PSN Business Processing, Inc. as an Affiliate of TWFG and a party to the Agreement, effective May 4, 2022.

IN WITNESS WHEREOF, TWFG and the below-named Affiliates, though their duly authorized representatives, execute this Second Amendment.

TWFG Holding Company, LLC

By: /s/ Richard F. Bunch III

Name: Richard F. Bunch III

Title: President

Affiliates:

TWFG CA Premium Finance Company

By: /s/ Richard F. Bunch III

Name: Richard F. Bunch III

Title: President

PSN Business Processing, Inc.

By: /s/ Richard F. Bunch III

Name: Richard F. Bunch III

Title: President

AMENDED MANAGING GENERAL AGENCY AND CLAIMS ADMINISTRATION AGREEMENT

This Amended Managing General Agency And Claims Administration Agreement (“Agreement”) dated as of **August 1, 2022** (“Effective Date”) is entered into by and between The Woodlands Insurance Company (the “Company”), an insurance company organized under the laws of the State of Texas, and TWFG General Agency, LLC (“MGA” or “Agency”), a Texas limited liability company.

WHEREAS, the Company and MGA previously entered into a Managing General Agency Agreement with an effective date of January 1, 2017 and as amended from time to time;

WHEREAS, the Company and MGA wish to amend the terms of the previous Managing General Agency Agreement and to replace that agreement with this Agreement;

NOW THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the Company and MGA agree as follows:

1. Representations

1.1 The Company is an insurance company organized and existing under the laws of the State of Texas and has its principal place of business in The Woodlands, Texas.

1.2 Agency is a Texas limited liability company organized and existing under the laws of the State of Texas, licensed by the Texas Department of Insurance as a managing general agent, and has its principal place of business in The Woodlands, Texas.

2. Appointment

2.1 The Company hereby appoints Agency as its managing general agent (“MGA”) for the production of business as further set out in Schedule I of this Agreement, which may be amended from time to time.

2.2 Agency accepts such appointment and agrees to perform faithfully and diligently its duties as managing general agent to the best of its knowledge, skill, and judgment.

2.3 This Agreement is subject to the restrictions imposed upon the Company and Agency by Texas Department of Insurance and the Texas Insurance Code.

3. Services to Be Provided by MGA

The Company is authorized in Texas to write Property & Casualty (“P&C”) policies. The Company seeks assistance and expertise from the MGA in certain aspects of its insurance operations. The MGA warrants it has extensive experience in the insurance industry.

The specific services to be provided by the MGA are:

3.1 Licensing – This will include the following:

- a) Contracting P&C agents to write with the Company and appointing agents with the Department of Insurance.
- b) Obtaining and maintaining licenses to sell insurance in Texas and other states where requested by the Company.
- c) Compliance with Departments of Insurance and to maintain licenses once obtained. This will include all aspects of the Company's operations.
- d) Coordinating within the department(s) of the Company to assist in gathering and data procurement of information needed pursuant to the regulations or administrative code of those states where the Company does business.

3.2 Statistical Accounting – MGA will provide the statistical analysis expertise to perform the necessary functions needed by the Company. This includes:

- a) Providing reports of written and earned premiums;
- b) Providing statistical reports required by the Texas Department of Insurance and/or other states where the Company writes policies.
- c) Coordinating independent audits requested by the Company.

3.3 Management – MGA will provide executive management for the overall operation of the Company. MGA will be under the direct control and supervision of the CEO of the Company. These management tasks will include the following:

- a) Provide day to day management of routine operational matters;
- b) Interface with agents/brokers who sell the Company's products;
- c) Represent the Company in matters with the Texas Department of Insurance or like department/commissions in those states where the Company does business;
- d) Recommend to the Company's Board of Directors and CEO measures to increase efficiency and productivity;
- e) Recommend the key financial officers and operational personnel of the Company; and

- f) Oversee and manage the financial aspects of the Company in conjunction with the Company's CEO, President and Board of Directors.

4. Lines of Insurance

4.1 The lines of insurance covered by this Agreement, which MGA is authorized to solicit, receive, and accept, are limited to those set forth in Schedule I, and are further subject to the limits set forth in the Company's Program and Products Manual ("Manual"), as amended and updated by the Company from time to time in its sole discretion, and incorporated herein by reference. Amendments and updates to the Manual may include, without limitation, the addition or deletion of lines of insurance. Amendments and updates shall be delivered to MGA as they are adopted by the Company and shall become effective at such time as is designated by the Company, but not less than sixty (60) days after notice to MGA unless otherwise mutually agreed.

5. Authority of MGA

5.1 Subject to the limitations and requirements contained in this Agreement and in the Manual, MGA shall, on behalf of the Company, have the authority to receive and accept proposals for insurance coverage under the products set forth in the Manual ("Products").

5.2 MGA has authority to charge or caused to be charged premiums for such insurance as authorized by this Agreement and the Manual, and to collect, receive, and receipt for premiums on insurance tendered to the Company, and shall collect, receive, and receipt for insurance premiums becoming due for the insurance subject hereto in accordance with the terms of this Agreement, the Manual, and in compliance with the Texas Insurance Code.

5.3 MGA shall be responsible for underwriting risks and charging rates in accordance with the rules, regulations, rates, rating plans, rate filings, and terms included in the Manual and in accordance with the Texas Department of Insurance and the Texas Insurance Code. The Company reserves the right, in its sole discretion, to direct MGA to cancel or non-renew any policy written by MGA on behalf of the Company, in accordance with applicable law, by so notifying MGA. The Company further reserves the right, in its sole discretion, to decline or reject any risk submitted by MGA to the Company by so notifying MGA.

5.4 MGA shall notify the Company immediately on knowledge or receipt of any complaint filed by or with a regulatory entity (including the Texas Department of Insurance) with respect to insurance tendered to or written by or against the Company, MGA, or any Authorized Agent (as defined in paragraph 5.6). Within ten (10) days of receipt of any such complaint, or such shorter period as necessary to adequately respond to such complaint, MGA shall provide the Company with a copy of all documentation relating to such complaint, including without limitation a written summary of all facts relevant to such complaint. The Company, or, at the Company's written request MGA, will then respond to such complaint in such form as the Company and MGA determine necessary. The parties agree to work together to promptly and adequately respond to any such complaint. The Company shall have the same duty

to notify MGA and follow the same procedures set forth above with respect to any complaint against MGA which the Company receives or of which it acquires knowledge.

5.5 MGA, the Company, and their respective directors, officers, employees, representatives, and agents shall, in complying with all the terms of this Agreement, conform with all laws, general standards, rules and regulations of the insurance industry in Texas and the states in which the Company conducts business, including the regulations set forth by The Texas Department of Insurance, the Texas Insurance Code, and the Texas Administrative Code.

5.6 MGA is authorized to appoint Authorized Agents (as defined below) on behalf of the Company for the purpose of soliciting and accepting proposals for policies of insurance, renewals or receipts, certificates, and endorsements pertaining to the lines of insurance, and in such amounts as allowed in the Manual or otherwise in this Agreement.

5.7 MGA has no authority to insert any advertisement respecting the Company in any publication whatsoever, to provide advertising to Authorized Agents, or to disseminate any written materials with the Company's name without the prior written consent of the Company. In the event an advertisement containing the Company's name is approved by the Company and used by MGA or any Authorized Agent, MGA shall maintain, and provide to the Company upon request, an original copy of the advertisement and full details concerning where, when, and how it will be used.

5.8 MGA has no authority, either for itself or for any Authorized Agent, to make, alter, vary, or discharge any policy contract; to waive or extend any policy obligation or condition; or to incur any liability on behalf of the Company, unless in each case expressly so authorized in advance by the Company.

5.9 Except as permitted under Section 5 and Section 10.1 of this Agreement, MGA has no authority to, and may not, delegate any of its authority granted under this Agreement to any person or entity without prior written consent of the Company.

5.10 MGA has no authority to bind reinsurance retrocessions on behalf of the Company, nor may it commit the Company to participate in insurance or reinsurance syndicates.

5.11 MGA has no authority to collect payment from a reinsurer or commit the Company to a claim settlement with a reinsurer without prior written approval of the Company. If prior approval is given to MGA, MGA must promptly (within 48 hours) forward a report, notifying the Company.

5.12 MGA may not cede reinsurance on behalf of the Company to any reinsurer that is rated less than "A" by A.M. Best Company or that would not qualify for reinsurance credit under the Texas Insurance Code Chapters 492 or 493 and the rules adopted by the Texas Department of Insurance.

6. Appointment of MGA

6.1 MGA may sell insurance or market insurance authorized herein through agents and solicitors who are licensed pursuant to Article 21.14 of the Texas Insurance Code and who are duly authorized and appointed by the Company to act on the Company's behalf ("Authorized Agents") pertaining to the lines of insurance covered by, and subject to the limitations contained in, this Agreement and the Manual.

6.2 Notwithstanding the requirements of Paragraph 5.6, a proposed Authorized Agent must be approved by the Company in its sole discretion and must execute a Producer's Agreement in a form approved by the Company prior to being considered an Authorized Agent under this Agreement.

6.3 MGA shall supervise Authorized Agents and shall limit their authority to soliciting and accepting proposals for such insurance as shall be in accordance with this Agreement; the rules, regulations, rates, rating plans, and terms include in the Manual; the Producer's Agreement; and any restrictions placed upon such Authorized Agents by the laws of the State of Texas. MGA shall maintain a listing of all appointments of Authorized Agents appointed by the Company and shall maintain originals of all Producers' Agreements. On the Company's request, MGA shall allow the Company to review, or provide copies to the Company, of this listing or of any agreement with Authorized Agents.

6.4 MGA may not permit solicitation by or through unlicensed agents or agents not appointed by the Company pursuant to this Section 6, except through proposals received on occasion through licensed agents brokering policies pursuant to and in accordance with 28 Texas Administrative Code §19.905.

6.5 MGA may only perform such acts on behalf of the Company as are authorized by the type of insurance agent license required by the Texas Insurance Code and any corresponding regulations and by this Agreement, and shall hold the required agent license or licenses (e.g., LRA, MGA, Surplus Lines, etc., herein referred to as the "Licenses") prior to performing any such acts. Only such acts as are authorized under a particular License type shall be performed under that License.

6.6 MGA may not appoint a sub-managing general agent for the business of the Company.

6.7 MGA is authorized to terminate Authorized Agents in its sole discretion and in accordance with all applicable laws and regulations governing such terminations. In addition, Company may terminate any Authorized Agent in its sole discretion at any time.

7. Application, Binders and Policies

7.1 MGA shall be responsible for all policies entrusted to MGA, whether issued or not, and shall issue policies only in accordance with the terms of this Agreement and the rules,

regulations, rates, rating plans, and terms included in the Manual and in compliance with all applicable laws.

7.2 MGA shall cause all contracts of insurance which are affected pursuant to this Agreement to be properly evidenced by written policies or endorsement upon forms authorized by the Company and which are in compliance with all applicable laws.

7.3 MGA shall be responsible for procuring any renewal, extension, or new policy of insurance that may be required by the Company or by any applicable law, and such renewals, extensions, or new policies shall be issued in accordance with the terms of the policies, this Agreement, and all applicable laws.

7.4 MGA is authorized to effect non-renewal or cancellation on binders and policies written pursuant to this Agreement, but such non-renewals and cancellations shall be strictly in compliance with the terms of the policies and all applicable laws. The Company, in its sole judgment and discretion, may review and require the non-renewal or cancellation of any policies written by or through MGA. The Company reserves the right to directly cancel or non-renew any policy or insurance at any time, provided that the Company shall immediately notify MGA and that any such cancellation and/or non-renewal shall comply with Title 5, Subtitle C, Chapter 551 of the Texas Insurance Code and corresponding regulations.

7.5 MGA shall provide, at the Company's request, evidence of any or all insurance written, modified, or terminated, including, without limitation, exact copies of all applications, binders, daily reports, monthly reporting forms, and endorsements issued by or through Authorized Agents.

7.6 MGA shall be responsible for, shall maintain originals of, and shall keep accurate and separate records relating to all policies written by or through MGA on the Company's behalf, and MGA shall account to the Company, upon Company's request, for all outstanding and unused policy supplies. All unused policies, supplies, and forms of every kind furnished to MGA by the Company shall always remain the property of the Company and shall be surrendered to the Company upon the Company's demand.

8. Compensation

8.1 The Company shall pay to MGA for all authorized business placed with the Company under this Agreement the commissions and fees at the rates set forth in Schedule II to this Agreement, which may be amended from time to time by mutual agreement of the parties.

8.2 Commission will be reduced in the event the Company writes business directly with other agents or brokers not appointed through MGA. The reduction of commissions will be equal to the commission the Company pays directly to agents or brokers.

8.3 Agency shall not be required to return, as commission or return commission, monies greater than the total commission paid or otherwise payable to MGA.

9. Accounting and Remittance

9.1 Unless otherwise directed in writing by the Company, MGA and Authorized Agents shall be responsible for the collection of all premiums, fees, and monies on business written by the Company hereunder.

9.2 All premiums, less MGA's commissions, received by MGA and Authorized Agents for business written by the Company hereunder, whether before or after termination of this Agreement, shall be held in a fiduciary capacity as trustee for the Company.

9.3 MGA shall maintain and keep current a set of books and records relating to the business written pursuant to this Agreement. Such books and records shall be separate from all other books and records of MGA and shall accurately show the status of its accounts with the Company, and each Authorized Agent appointed hereunder, and shall be open for inspection, audit, and copying at any reasonable time by representatives of the Company or examiners for the Texas Department of Insurance. Such records shall be maintained for no less than five (5) years or until the completion of a financial examination of such records by the Texas Department of Insurance, whichever period is longer.

9.4 MGA shall, on all business placed by MGA and Authorized Agents and accepted by the Company, render to the Company on a monthly basis an itemized statement ("Agent's Report"), which statement shall be forwarded to the Company on or before the fifteenth (15th) day of the close of each month for which business is reported. The Company and MGA may agree to extend this deadline; however, the Agent's Report must be received by the Company no later than sixty (60) days from the close of the month for which business is reported. Such Agent's Report shall reflect business placed by MGA with the Company during the preceding month and shall include, without limitation, the following information:

- a) Net written and earned premium for the month;
- b) Commissions, thereon;
- c) Unearned premium at the end of the month;
- d) Premiums and policy count by program and major line of business;
- e) Paid losses and loss adjustment expense for the month;
- f) Outstanding losses and loss adjustment expenses outstanding at the end of the month;
- g) New claims by program and major line of business;
- h) A listing of losses, both open and closed (in the preceding month) by policy and claim including the coverage code for each claim and its status, loss reserves, and loss reserve changes by program and major line of business; and

i) Management fees.

Such Agent's Report shall be maintained by the Company for not less than three (3) years and will be made available to the Texas Department of Insurance for review, as required by law. MGA, upon request and at the expense of MGA, shall render detail on a policyholder name and policy number basis to support the information contained in the Agent's Report.

9.5 MGA shall use its best efforts to provide the Company prior to the 15th day of each month preliminary information with respect to each of the items to be included in the Agent's Report for the preceding month.

9.6 All premium monies collected by MGA, less commissions and claims paid, shall be held in trust in a premium trust account or accounts for the Company until payment is made to the Company. All funds deposited shall be held in a bank which is a member of the Federal Reserve System having equity capital (as shown on such bank's latest quarterly report of condition filed with its primary federal regulatory MGA) of not less than \$100 million and in accounts which are insured by the Federal Deposit Insurance Corporation. Such accounts shall be established and maintained in accordance with all laws, rules and regulations of the State of Texas and any requirements of the Company. The interest on such premium accounts shall be the property of MGA.

9.7 MGA shall not mingle any premium funds with any personal or business accounts, other MGA funds, or funds held in any other capacity. The accounts and records of MGA shall be kept in such a manner and form generally recognized as acceptable in the insurance industry and as may be reasonably required by the Company.

9.8 MGA shall remit to the Company on a monthly basis within thirty (30) days from the end of the month in which coverage is written the following:

- a) Net collected premium during the month; less
- b) Commissions, less
- c) Claims Paid.

The positive balance of (a) less (b) less (c) shall be remitted by MGA to Company with the Agent's Report. The Company and MGA may agree to extend this deadline; however, funds must be received by the Company no later than ninety (90) days from the close of the month for which coverage is written. Any balance shows to be due MGA shall be remitted by the Company as promptly as possible after receipt and verification of the Agent's Report, but not later than ninety (90) days after the end of the month in which such coverage is issued.

9.9 MGA hereby grants to the Company a security interest in all expirations of business placed with the Company pursuant to this Agreement. Such grant of security interest is without warranty by MGA as to the actual ownership of such expirations by MGA; it being

acknowledged that actual ownership of policy expirations may be the property of the local producing agent.

9.10 MGA will be responsible for the collection of premiums resulting from audits on canceled policies or on audits of policies not renewed by MGA.

9.11 MGA shall refund ratably to the Company, on business placed with the Company, commissions on canceled policies and on reduction in premiums at the same rate at which such commissions were originally retained or paid.

9.12 MGA may not offset balances due under this contract with any balances due under any other contract.

10. Claims

10.1 The Company delegates to the MGA claims handling authority for all claims adjusting, setting of loss reserves, and settlements. The payment of all loss and loss adjustment expenses shall be handled pursuant to Schedule III, as the Company and MGA may amend by mutual agreement from time to time. The Company retains final authority over disputes regarding claims settlements and setting of reserves. Notwithstanding the provisions of Paragraph 5.9, MGA may delegate all or a portion of its claims handling authority without written consent of Company.

10.2 Upon determination that a claim involves (a) a coverage dispute, (b) a demand in excess of policy limits, or (c) allegations of bad faith, violations of the Texas Deceptive Trade Practices Act, or violations of the Texas Insurance Code Article 21.21, MGA shall report such instance to the Company within thirty (30) days of determination. Upon receipt of notices that a suit of any type (coverage dispute, excess of policy limits, bad faith, violation of Deceptive Trade Practices Act, or any violations of Texas Insurance Code, Chapter 541) has been filed against the Company, MGA shall immediately give notice to the Company within forty-eight (48) hours after receipt of notice of such suit, which notice shall be accompanied by a copy of such suit.

10.3 MGA has claims settlement authority with a maximum dollar amount of such authority, per claim, which in no event shall exceed 1.0% of the insurer's policyholder surplus as of December 31st of the last completed calendar year, or \$30,000, whichever is greater as outlined in TEX ADM Code §19.1204(b)(17). Any settlement above this amount must be pre-approved by Company.

10.4 MGA shall submit all electronic claim files in a timely manner by not more than 15 days after the end of each month.

10.5 All Loss Adjustment Expenses shall be paid by Company according to Schedule III and Schedule IV, as Company and MGA may amend by mutual agreement from time to time.

11. Expenses Other than Loss Adjustment Expenses

11.1 MGA Expenses. Except as otherwise provided in this Agreement, MGA shall pay all expenses incurred by MGA in connection with the underwriting, production, marketing, and servicing of the policies and claims administration, including but not limited to the following:

- a) Printing of proposals, policy jackets, contracts of insurance, endorsements, cancellation notices, premium notices, records and reports, and all other documents required to fulfill the obligation of MGA under this Agreement;
- b) Advertising and public relations expenses authorized by MGA;
- c) MGA's general office expenses, including rent, salaries and benefits, utilities, data processing costs, transportation, furniture, fixtures, equipment, supplies, telephone, postage, and other general overhead expenses;
- d) Company's financial reporting and accounting related to programs written under this Agreement, including but not limited to general ledger accounting, financial statements, and MGA audits;
- e) Fees paid to independent contractors retained by MGA, licensing fees of MGA, commissions to Authorized Agents (unless agents are appointed directly with Company); and
- f) Any other expenses associated with underwriting business on behalf of the Company and any other MGA expenses of whatever kind or description.

11.2 Company's Expenses. The Company shall pay directly all charges and expenses directly attributable to Company's operations, including but not limited to the following: Board and Bureau fees; guarantee funds assessments and other assessments for, or based on, business written pursuant to this Agreement; premium taxes and any other assessments levied by a state or local governmental authority on business written hereunder; cost of reinsurance; legal and auditing expense, actuarial fees, banking fees, investment fees incurred at the direction of the Company, and any other reports or investigations initiated or required by Company.

12. Term and Termination

12.1 This Agreement is effective as of the Effective Date and shall continue to be effective until terminated in accordance with the terms of this Agreement.

12.2 This Agreement may be terminated without cause by the Company on or after three (3) years from its Effective Date in compliance with the notice and renewal provisions of Article 21.11-1 of the Code, or at any other time by mutual agreement of the parties.

12.3 Notwithstanding any provision contained in this Agreement to the contrary, either party may terminate this Agreement for cause on failure of the other party to comply with any provision of this Agreement (a “default”) after giving the other party written notice of the alleged default and a reasonable time (not less than thirty (30) days or more than (6) months) to cure such default; provided that the right to cure a default shall not apply to the following, and termination shall be effective immediately upon the giving of such notice:

- a) Failure by MGA to pay premiums to the Company within the time set forth in this Agreement;
- b) Failure by MGA to deliver to the Company an Agent’s Report within the time set forth in this Agreement;
- c) Revocation of a license necessary to a party’s performance hereunder;
- d) Issuance of a final, non-appeal able, restraining order, injunction, or other order by a governmental authority having proper jurisdiction which prohibits a party from carrying out this Agreement;
- e) Any party filing or becoming the subject of a petition seeking protection or satisfaction of debts under the bankruptcy, receivership or creditor’s rights laws of the party’s domiciliary state or country;
- f) At the option of the Company, the transfer or attempted transfer of a controlling interest in MGA without first obtaining the Company’s consent.

At the Company’s option, the Company may suspend any or all authority of MGA during the pendency of any material default of MGA, any dispute regarding any material default of MGA, or during any period, if any, allowed to cure any such material default. Any exercise by the Company of its rights under this provision to suspend any and all authority of MGA shall not be considered a default under the terms of this Agreement.

12.4 All power and authority of MGA granted under the terms of this Agreement shall cease upon termination of this Agreement.

12.5 In the event of termination of this Agreement when MGA is not in default and has accounted for and paid over to the Company all monies for which MGA is liable, then the Company shall permit MGA to retain all records of the business written pursuant to this Agreement, as well as use and control of expirations on the business written pursuant to this Agreement subject to any prior agreements with local producing agents regarding such policy expirations. In the event that MGA is in default under any provision of this Agreement and MGA has not cured such default within the time specified in Section 12.3, above, all records relating to the business written pursuant to this Agreement shall be vested in, returned immediately to, and become the exclusive property of the Company.

12.6 All software programs that are developed by MGA remain the property of MGA. In the event proprietary data of the Company has been collected and stored by MGA on behalf of the Company, such data shall remain the property of the Company.

12.7 Upon termination of this Agreement, MGA shall immediately cause to be delivered to the Company all property of the Company, including, without limitation, unused drafts, policies, manuals, forms, and where applicable, all records, including those related to expirations.

13. Indemnity

13.1 The Company (“indemnifying party”) agrees to indemnify, defend, and hold harmless the Agent from and against any and all claims, demands, monetary losses, judgments, and expenses (including reasonable attorneys’ fees and costs of court) to Agent caused by the Company’s failure to timely fund claims and/or authorized expenses. This section is intended to protect MGA from the homeowner property losses/claims which are expected to arise from the insurance policies placed in this Program and which the Company accepts the risk therefore by taking premiums.

13.2 Agent (“indemnifying party”) agrees to indemnify, defend and hold harmless the Company (“indemnified party”) from and against any and all claims, demand, monetary losses, judgments and/or expenses (including reasonable attorneys’ fees and costs of court) to the Company caused by the Agent:

- a) Placing any insurance that is not authorized by this Agreement or the Manual.
- b) Negligent claims handling including, but not limited to, monies paid out for extra contractual exposure.
- c) Premium monies not properly accounted for or turned over to the Company due to any negligence or omission of the Agent and/or its employees or subagents.
- d) Fraud or embezzlement of the Agent and/or its employees or subagents.

The Agent will procure any error and omission insurance to cover items (a) and (b) above.

14. Statistical Data

14.1 MGA shall furnish, or cause to be furnished, to the Company as soon as practicable after the close of each of the respective periods indicated in this section (in such formats as may be agreed to by the parties) reports showing the statistical data set forth in this section in respect of the business written hereunder.

- 14.2 Monthly, with the data segregated by major lines, the following information shall be provided:
- a) Net premiums written (gross premiums less returns during the month) and unearned premium at the end of the month.
 - b) Net losses paid (gross losses less salvages and other recoveries) and adjustments expenses paid during the month and loss reserves outstanding at the end of the month.
- 14.3 Annually, with the data segregated by major lines, the following information shall be provided:
- a) Annual summaries of net premiums written, during the year in such form so as to enable the Company to record such data in its annual statement. In force and unearned premium aggregated as to advance premiums, premiums running twelve (12) months or less from inception date of policy, and premiums running more than twelve (12) months or less from inception date of policy in such form as to enable the Company to record such data in its convention annual statement.
 - b) Annual summaries of net premiums for property business written by geographical location within Texas in such form as to enable the Company to record such premiums in its annual report to the Texas Catastrophe Property Insurance Association.
- 14.4 Periodically, with the data segregated by major lines, the following information shall be provided:
- a) Statistical or other data as may be required from time to time by regulatory authorities.
 - b) Statistical or other data as may be requested from time to time by the Company.

15. Errors and Omissions Insurance

15.1 MGA hereby agrees to maintain in full force and effect during the term of this Agreement a policy (or policies) of Errors and Omissions Insurance, issued by an insurer rated no less than "A-" by A.M. Best Company, which afford(s) coverage in the minimum amount of \$5,000,000, with a deductible not to exceed \$50,000. When MGA's in-force gross written premium with the Company exceeds \$25,000,000, MGA agrees to a reasonable increase in the amount of Errors and Omissions Insurance as determined by the Reinsurer, taking into consideration other amounts of in-force annual written premium in excess of \$25,000,000. Such Errors and Omissions Insurance shall be maintained by MGA at their sole cost and expense and shall be primary and non-contributing coverage over any valid and collectible insurance

available to the Company and Reinsurer. MGA shall immediately provide notification to the Company and Reinsurer in the event of lapse of the insurance coverages and shall furnish proof of such insurance at inception of this Agreement and at each subsequent renewal.

16. Audit

16.1 The Company shall have the right to audit MGA's records and systems related to the performance of this contract on a quarterly basis. All audits are at the discretion of the Company and at the Company's expense. Audits, at a minimum, will focus on claims procedures, timeliness of claims payments, timeliness of premium reporting and collection, compliance with underwriting guidelines and reconciliation of policy inventory. Results of such audits will be shared with MGA and corrective measures, if any, put in place. Audit results may also be made available to the Commissioner for review and remain on file with the Company for at least three (3) years.

16.2 If the insurer's aggregate premium volume increases by 30% in any 30-day period, the insurer shall cause an examination to be conducted within 90 days of any Texas MGA that writes more than 20% of an insurer's volume and that has experienced an increase of 20% in premium volume during the same 30-day period as outlined in TEX. ADM. CODE §19.1204(b)(19)(C).

17. Arbitration

17.1 As used in this paragraph the following terms have the indicated meanings:

- a) "AAA" means the American Arbitration Association (or any successor thereto).
- b) "Claim(s)" means all claims by either party hereto against the other (including any claims with respect to the interpretation or validity of this Agreement, the existence or scope of any duties owed hereunder or thereunder, whether or not any such duties have been performed or breached in any circumstances, or the extent or enforcement of any property rights created hereunder or thereunder or subject hereto or thereto).
- c) "Disputed Matters" means all Claims, all defenses against any Claims, and all controversies relating thereto.
- d) "Chosen Arbitrator" means the arbitrator selected by the party.
- e) "Drawn Arbitrator" means one of the persons listed in Attachment "A".

17.2 If either party hereto ever desires to assert a Claim against the other, the party asserting such Claim will give written notice thereof to the other party. During the five (5) business day period following receipt of such notice by the other party, both parties will discuss such Claim and the validity thereof. If the parties cannot come to agreement about such Claim

by the end of such period (as such period may be extended by mutual agreement), then within fifteen (15) days after the end of such period either party hereto shall submit such Claim and all Disputed Matters in any way related thereto to arbitration under the procedures in this paragraph.

17.3 All Disputed Matters shall be resolved by arbitration conducted by three (3) arbitrators in accordance with this paragraph and, to the extent not in conflict herewith, the Commercial Arbitration Rules of the AAA then in effect. Each such chosen arbitrator must be independent and impartial and have at least ten (10) years' experience in the property and casualty insurance business or managing general agency business. Within ten (10) days after the sending and receipt of a notice invoking arbitration as provided in subparagraph 14.2, each party hereto shall specify (by notice to the other) the name and address of an arbitrator. If a party has made a specification but has not received notice of a similar specification by the other party, then the party which has made a specification shall give notice to the other party that it has not received a specification from the other party. If the other party does not act to specify its arbitrator within an additional seven (7) days after the giving of such notice, the party who has made its specification may appoint the second arbitrator in place of the party who has failed to do so. Within fifteen (15) days after the first two (2) arbitrators have been appointed, they shall select the third arbitrator. If a third arbitrator has not been selected within such period, the third arbitrator will be randomly drawn in front of the parties' representatives from a list of arbitrators/mediators attached hereto as Exhibit "A".

17.4 Consistent with the expedited nature of arbitration, each party will, upon the written request of the other party, provide the other with copies of documents relevant to the issues raised by the Disputed Matter. Other discovery may be ordered by the arbitrators to the extent they deem relevant and appropriate, and any dispute regarding discovery, including disputes as to the need, the relevance, or scope thereof, shall be determined by the arbitrators, whose determination shall be conclusive. Unless both parties hereto agree otherwise, all arbitrations hereunder shall be held in The Woodlands, Texas.

17.5 Each party hereto shall proceed expeditiously with any such arbitration and shall conclude all proceedings thereunder, including any hearing, in order to allow a decision based on applicable law to be rendered within ninety (90) days after the appointment of the third arbitrator. The decision of any two (2) such arbitrators on the issues before them shall be final. Any award or order so decided may be enforced in any court having personal jurisdiction over the party against whom enforcement is sought. Each party shall bear its own expenses, including attorneys' fees and expenses or arbitration, in connection with any such arbitration. The fees of all three (3) arbitrators shall be totaled together and each party shall owe one-half of such cost at the conclusion of the arbitration.

17.6 Although the foregoing arbitrations shall be conducted under the rules of the AAA, the AAA itself shall not conduct such arbitrations, nor shall such arbitrations be considered under the auspices of the AAA, nor shall any fee be due to the AAA.

17.7 The arbitrators shall render their decision in accordance with the substantive laws of the State of Texas and the facts, rights, and duties established by this Agreement. The arbitrators are not empowered to award consequential, punitive or exemplary damages on any

Claim, and EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE TO RECOVER PUNITIVE OR EXEMPLARY DAMAGES ON ANY CLAIM, SAVE AND EXCEPT INSTANCES OF FRAUD OR EMBEZZLEMENT BY EITHER PARTY.

17.8 The arbitration process shall be kept confidential and such conduct, statements, promises, offers, views and opinions shall not be discoverable or admissible in any legal proceeding for any purpose.

18. Notification of Material Changes

18.1 MGA must notify insurer in writing within 30 days if there is a change in:

- a) Ownership of 10% or more of the outstanding stock of the MGA;
- b) Any principal officer of the MGA; or
- c) Any director of the MGA.

19. Entire Agreement

19.1 This Agreement sets forth the entire understanding between the parties and supersedes any and all prior agreements, whether written or oral, between the parties hereto.

20. General

20.1 The Company has no right of control over MGA as to the time, means, or manner of their performance of this Agreement, and nothing contained in this Agreement shall be construed to create the relationship of employer and employee between the Company and MGA, or any employees, representatives, or agents of MGA, or between the Company and any Authorized Agent.

20.2 MGA shall abide by all the limitations, warranties, restrictions, and terms contained in any reinsurance agreements put in place with or for the benefit of the Company, so long as MGA has been notified and provided with true and accurate copies of such agreements.

20.3 Except as otherwise provided in this Agreement, all changes to this Agreement shall be mutually agreed upon by the parties hereto in writing and shall state the effective date of such amendment or change.

20.4 All notices or other communication under this Agreement shall be in writing and shall be deemed given if (i) delivered to the addressee in person with written receipt of delivery; (ii) sent by an internationally recognized courier; or (iii) sent by facsimile in conjunction with one of the other approved methods of notice to the party at the address listed below or at such

other address as may from time to time be furnished, and in each such event, effectively only upon actual receipt.

If to MGA: TWFG General Agency, LLC
1201 Lake Woodlands Dr., Ste 4020
The Woodlands, TX 77380
Attention: RICHARD F BUNCH III
Telephone: (281) 367-3424
Facsimile: (281) 298-8626

If to the Company: The Woodlands Insurance Company
1201 Lake Woodlands Dr., Ste 4020
The Woodlands, TX 77380
Attention: RICHARD F BUNCH III
Telephone: (281) 367-3424
Facsimile: (281) 298-8626

20.5 All section headings in this Agreement are intended for convenience only and shall not control or affect the meaning, construction, or effect of this Agreement or any other provisions of this Agreement.

20.6 This Agreement shall be binding upon and inure to the benefit of MGA and the Company as well as their representatives, successors and permitted assigns.

20.7 If any provision of this Agreement is held to be unenforceable, this Agreement shall be considered divisible, and such provision shall be deemed inoperative to the extent it is deemed unenforceable, and all other respects of this Agreement shall remain in full force and effect; provided, however, that if any such provision may be made enforceable by limitation thereof, then such provisions shall be deemed to be so limited and shall be enforceable to the maximum extent permitted by applicable law.

20.8 The rights and remedies provided in this Agreement shall be cumulative and not exclusive of any rights or remedies provided in this Agreement or by applicable law.

20.9 This Agreement has been made pursuant to and shall be governed by and construed in accordance with, the laws of the State of Texas.

IN WITNESS WHEREOF, the parties have executed this Agreement, or caused this Agreement to be executed by their duly authorized representatives, all as of the date first above written.

THE WOODLANDS INSURANCE COMPANY

By: /s/ Richard F. Bunch III

Name: Richard F Bunch, III

Title: Manager

TWFG GENERAL AGENCY, LLC

By: /s/ Richard F. Bunch III

Name: Richard F Bunch, III

Title: Manager

EXHIBIT "A"

List of arbitrators to be randomly drawn per Section 17 of the Agreement:

Terry Fry
3555 Timmons Lane
Suite 1705
Houston, Texas 77027-6438

Katie Kennedy Former District Court Judge
4208 Sunset
Houston, Texas 77005-1908

Jerry Hoover
1700 West Loop South
Suite 1250B
Houston, Texas 77027-3006
(713) 622-0650

SCHEDULE I

To the

AMDNE MANAGING GENERAL AGENCY AND CLAIMS ADMINISTRATION AGREEMENT

By and Between

TWFG GENERAL AGENCY, LLC

And

THE WOODLANDS INSURANCE COMPANY

The MGA is authorized as follows:

Authorized Coverages: Homeowners, Wind only

Applicable States: Texas

Maximum Annual Net Written Premium Production: \$100,000,000.00 or to the extent permitted by applicable law or regulation. The Company has sole authority to restrict the amount of Net Written Premium which may be produced by MGA hereunder at any time upon thirty (30) days advance written notice.

SCHEDULE II

To the

AMENDED MANAGING GENERAL AGENCY AND CLAIMS ADMINISTRATION AGREEMENT

By and Between

TWFG GENERAL AGENCY, LLC

And

THE WOODLANDS INSURANCE COMPANY

COMPENSATION

Commission Applicable to New and Renewal Business for MGA Services:

Company and MGA agree to the following commission schedule for the managing general agent services, including claims services, described in this Agreement and its Schedules with respect to Company's new and renewal business.

MGA shall retain 18% of the Company's net collected premium as commission for its services under this Agreement, as set forth in the table immediately below. Such commission shall be based upon net collected premium due and payable by Company to MGA on a monthly basis pursuant to the terms of this Agreement.

Commissions will be paid to MGA on a monthly basis.

All policy and billing fees shall belong to MGA.

SCHEDULE III

To the

AMENDED MANAGING GENERAL AGENCY AND CLAIMS ADMINISTRATION AGREEMENT

By and Between

TWFG GENERAL AGENCY, LLC

And

THE WOODLANDS INSURANCE COMPANY

Loss Adjustment Expenses

1. Payment of “Loss Adjustment Expense.”

The Company shall be responsible to pay all Loss Adjustment Expenses. For purposes of this Agreement, Loss Adjustment Expense(s) shall mean any expense, internal and external, which is chargeable or attributable to the investigation, coverage analysis, estimating, adjustment, negotiation, disbursement, settlement, defense or general handling of any Claim(s) or action(s) related thereto, or to the protection and/or perfection of the Company’s and/or its insured’s right of subrogation, contribution or indemnification. Loss Adjustment Expense(s) includes, but is not limited to, the following:

- a) Attorney’s fees and disbursements incurred in connection with the determination of coverage and/or the adjustment, defense, negotiation or settlement of any Claim as well as attorney’s fees incurred for representation at depositions, hearings, pretrial conferences and/or trials;
- b) Litigation management expenses and other costs incurred in handling any Alternative Dispute Resolution proceeding (“ADR”), legal actions, including trials or appeals, or in pursuing any declaratory judgment action, including deposition fees, cost of appeal bonds, court reporter or stenographic service fees, filing fees, and other court costs, fees and expenses, transcript or printing costs and all discovery expenses; fees for service of process; and fees for witnesses’ testimony, opinions, or attendance at hearings or trial;
- c) Statutory fines or penalties as well as pre and post-judgment interest paid as a result of litigation, unless legal requirements define such interest as indemnity payments;
- d) Fees, salaries and expenses of adjusters and others incurred in the adjustment, negotiation, settlement or defense of any Claim;

- e) Subcontractor's fees and travel expenses, including but not limited to automobile and property appraisers, to the extent that same are incurred in the adjustment, negotiation, settlement or defense of any Claim;
- f) Experts' fees and expenses including reconstruction experts, engineers, cause and origin reports, photographers, accountants, economists, metallurgists, cartographers, architects, hand-writing experts, physicians, appraisers and other natural and physical science experts, plus the costs associated with preparation of expert reports, depositions, and testimony;
- g) Fees and expenses for surveillance, undercover operative and detective services or any other investigations;
- h) Fees and expenses for medical examinations, or autopsies, including diagnostic services, and related transportation costs, fees for medical reports and rehabilitation evaluations;
- i) Fees and expenses for any public records, medical records, credit bureau reports, and other like reports;
- j) Fees and expenses incurred where MGA determines it is reasonable to pursue the rights of contribution, indemnification or subrogation of the Company and/or its insured, including attorney and collection agency fees and/or expenses;
- k) Fees and expenses for maintaining records, general clerical, secretarial, office maintenance, occupancy costs, utilities, computer maintenance, supervisory and executive duties, supplies and postage;
- l) Fees, salaries and expenses for adjusters, appraisers, private investigators, hearing representatives, reinspectors, fraud investigators and others, if working in defense of a claim; and
- m) Any other expenses incurred by MGA and approved by Company in connection with the adjusting, recoding and paying of claims which are not otherwise payable under this Agreement. MGA shall not make any determination that any Expense incurred pursuant to this Agreement is a Loss Adjustment Expense. Company agrees that it is responsible for determining if an Expense incurred pursuant to this Agreement is a Loss Adjustment Expense.



1201 Lake Woodlands Dr. Suite 4020
The Woodlands, TX 77380

INDEPENDENT AGENT AGREEMENT

THIS AGREEMENT, made on this the _____ day of _____, 20____ is entered into, by, and between TWFG General Agency, LLC (“TWFG General Agency” or “TWFG”), with offices at 1201 Lake Woodlands, Suite 4020, The Woodlands, TX 77380, and

(Name)

A duly licensed insurance AGENT of the State of _____, hereinafter referred to as “AGENT” whose principal business address is

(Street, Suite #, City, State, ZIP Code)

WHEREAS, the purpose of this Agreement is to establish a framework within which AGENT and TWFG may grow their respective businesses;

WHEREAS, TWFG desires to be associated with AGENT for the primary purpose of having AGENT solicit, market, and sell life and health insurance, property and casualty insurance, and other forms of insurance and financial products on behalf of TWFG and the various companies TWFG represents;

WHEREAS, AGENT desires to be associated with TWFG for the primary purpose of availing itself of the Products, Services, and support offered by TWFG in order to more effectively solicit, market, and sell life and health insurance, property and casualty insurance, and other forms of insurance and financial products on behalf of TWFG and the various companies TWFG represents;

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows.

ARTICLE I: Definitions

As used herein, the terms below shall have the following meanings:

Carrier(s) — any duly licensed insurance company, insurance agency, MGA, or broker/dealer with which TWFG has a contractual relationship from time-to-time.

Commission(s) — any first-year Commissions and renewal Commissions received by TWFG as the result of the sale of Products by AGENT.

Customer — is the person or entity which AGENT refers to TWFG for the purpose of procuring an insurance policy or product.

Product(s) — any life insurance, annuity, disability insurance, long-term care insurance, health insurance, accident insurance, property and casualty insurance, or any other insurance policies and products that a properly licensed AGENT may sell.

TWFG General Agency — and any affiliates thereof. TWFG may use affiliates and related entities to help service and support this Agreement.

Service(s) — any marketing program, administrative support, insurance benefit, sales award, incentive plan, etc., and the materials which describe such a plan.

Year — TWFG's Fiscal Year beginning January 01 and ending December 31.

ARTICLE II: Authorities and Responsibilities

1. TWFG has access to certain insurance markets and companies (the "Companies"), and AGENT desires to use those markets. Available markets may change without notice.
 - 1.1. Pursuant to request that the underwriting facilities of TWFG be made available to AGENT, TWFG hereby grants authority to AGENT to receive proposals for such contracts of Insurance as TWFG has authority lawfully to make; subject, however, to the restrictions placed upon such AGENT by the laws of the State where AGENT does business ("Resident State") and further limited to the following terms and conditions which are mutually agreed upon between TWFG and AGENT.
 - 1.2. AGENT may receive proposals for insurance covering only such classes of risks and in such amounts as TWFG, may, from time to time, by letter, underwriting guide, rate chart or other written instructions, authorize AGENT to write; and collect and receive premiums on insurance (limited by the terms and conditions hereinafter stated) submitted by AGENT to, and accepted by, TWFG. TWFG and/or Carrier reserves the right to cancel or modify any insurance contract at any time.
 - 1.3. AGENT is being given a Binding Authority Appointment with TWFG in most cases and non-binding authority in a few instances.
 - a. **Binding Authority Appointment.** AGENT may be appointed with the Carrier and given a sub-code on TWFG's agent code. AGENT will be able to rate, quote, and bind online. AGENT will also be able to do servicing online – process endorsements, view billing, make payments, etc.
 - b. **Non-binding Authority Appointment.** In instances where online Carrier quoting, binding and online servicing are not offered (i.e., Chubb, AIG, etc.) AGENT will send risks to TWFG for quoting and binding. AGENT shall immediately forward to TWFG all quote proposals, signed applications, requests to bind, endorsements, and cancellation requests. Policies may not be bound by oral agreement. All requests to bind must be submitted in writing. AGENT shall not have authority to accept proposals for insurance and may not bind the Companies without written authority from TWFG and the Companies.
 - i. Notice of any commitment to liability and/or applications for any policy or policies shall be in accordance with the manuals and written or printed instructions now or hereafter furnished to the AGENT. The AGENT shall cancel or change the conditions of any insurance bound or issued hereunder, in conformity with any reasonable request of TWFG.
 - ii. Any negligent delay in complying with the provisions of the foregoing paragraph shall render AGENT liable for loss occurring on any unreported or canceled risk during the period of such delay.
2. All monies due to Carriers should be paid by the Customer or mortgagee directly to the Carrier.
 - 2.1. In the event TWFG shall, either during the term of this agreement or after its termination, refund premiums under any policy by reason of cancellation or otherwise, AGENT shall immediately return to TWFG the commission originally retained or paid to AGENT on the amount of the premium refund.

- 2.2. Binder charges, earned premiums and audit premiums on all cancellations are AGENT'S responsibility. Agency Bill Premiums are the AGENT's responsibility as well. Flat cancellations are not allowed.
- 2.3. All premiums and returned premiums and commissions on canceled policies and on reductions in premiums received by AGENT, either before or after termination of this Agreement, shall be held by AGENT in a fiduciary capacity as trustee for TWFG until delivered to TWFG or Carrier, or in case of returned premiums to Insured.
3. AGENT covenants and agrees to comply with all the terms and conditions of this Agreement, TWFG's policies as in effect from time to time, and with all applicable federal, state, and local laws, ordinances, and regulations.
4. AGENT must obtain appropriate signatures on applications, exclusions, endorsements, rejections, and all other applicable documentation.
5. AGENT shall, during the term of this Agreement, have an Errors and Omissions Insurance Policy carrying a combined limit of \$1,000,000. The insurance limits may be changed by TWFG if deemed advisable at the reasonable discretion of TWFG. AGENT agrees to provide TWFG with proof of current E & O coverage and DOI Licenses annually upon renewal, and at any time upon request by TWFG.
6. AGENT shall be responsible for all costs and expenses incurred in connection with the operation of AGENT'S office. AGENT specifically agrees to acquire the hardware and software deemed necessary in accordance with specifications required for processing transactions for Carriers to which TWFG provides access. TWFG may modify and amend the minimum specified hardware and software requirements from time to time by providing AGENT with notice of such change.
7. TWFG shall have no right of control over the AGENT as to the time, means or manner of the AGENT's conduct of its independent agency within the authority herein granted and nothing in this Agreement is intended or shall be deemed to constitute the AGENT as an employee of TWFG. AGENT is an independent contractor and does not have the authority to make representations of agreements on behalf of TWFG.
8. TWFG may appoint other agents in the same geographic area as AGENT. AGENT has not been assigned an exclusive territory.

ARTICLE III: Compensation

1. Unless otherwise agreed in writing, AGENT shall be paid a certain percentage of the gross premium received from Products sold and serviced by AGENT as shown on TWFG Monthly commission statements in accordance with the following guidelines:
- 1.1. **For Personal Lines P&C Business.** For Personal Lines P&C business, AGENT will receive between 70-100% of the first year and renewal Commission. Actual Commission rates vary by Carrier and may change from time to time.
- 1.2. **For Commercial Lines P&C Business.** For Commercial Lines P&C business, AGENT will receive between 50-100% of the first-year and renewal Commission. Actual Commission rates vary by Carrier and may change from time to time.
- 1.3. **For Life Insurance Business.** For Life Insurance business, AGENT will receive 95% of the Commission for each Product sold.
- 1.4. **For Premiums Financed through TWFG Premium Finance Company.** The compensation paid to the AGENT for policy premiums financed through TWFG Premium Finance Company will be 1.5% of the annual percentage rate (APR) spread for states that allow compensation tied to premium financing.
- 1.5. **Exclusions from Commission Calculations.** Any contingency payments, bonus payments, policy fees, or overrides paid to TWFG by any Carrier shall be the sole property of TWFG and will not be included in the calculation of AGENT's compensation.

- 1.6. **Deductions.** Charge-backs or other reductions by Carriers related to Commissions paid or to be paid to AGENT shall occur from time to time. To the extent that TWFG has already paid a Commission to AGENT and is required to reimburse Carrier for such charge-backs or other reductions, including but not limited to CLUE/MVR report fees, AGENT agrees to immediately reimburse TWFG its proportionate share of such charge-backs or other reductions within fifteen (15) days of written demand. TWFG, in its discretion, may set off AGENT's reimbursement obligation against future payments to AGENT.
2. No Commissions shall be paid if AGENT fails to maintain all appropriate licenses or violates the terms of this Agreement.
3. In all events, AGENT's right to receive Commissions under this Agreement is expressly conditioned upon TWFG and/or the carriers' reasonable ability to track and pay said Commissions.
4. TWFG reserves the right in its sole discretion to distribute additional contingency compensation to certain agents or to apply equitable methods of distribution of certain bonuses and other forms of compensation.
5. TWFG reserves the right to change or modify marketing programs, Carriers offered, commission rates and other incentive programs as published

ARTICLE IV: AGENT's Representations and Warranties

1. AGENT is in good standing under the laws of Resident State and has all requisite power and authority to carry on the business in which AGENT is engaged pursuant to the provisions of this Agreement.
2. AGENT has all the requisite power and authority to execute, deliver, and perform this Agreement and all other agreements to be executed and delivered by AGENT hereunder or in connection herewith. This Agreement and each such other agreement has been or will be duly executed and delivered by AGENT and constitute the legal, valid, and binding obligations of AGENT enforceable against AGENT in accordance with their terms.
3. AGENT maintains all the necessary licenses, permits, and all approvals of its Resident State and any federal, state, or local governmental entity necessary for AGENT to sell Insurance and/or Securities in that state and perform all other acts required under this Agreement.

ARTICLE V: Trademarks

1. AGENT shall not, without the prior written consent of TWFG, use "TWFG", "The Woodlands Financial Group", or related logos (collectively "Trademarks"), in any capacity whatsoever.
 - 1.1. AGENT acknowledges and agrees that TWFG is the exclusive owner of the Trademarks. AGENT agrees not to modify any of the Trademarks and will use the Trademarks only as approved by TWFG in writing. AGENT shall not use the Trademarks in advertising in any form, including, without limitation, direct mail, newspaper, magazine, television, and radio advertisement without prior written approval from TWFG.
 - 1.2. AGENT may not use the Trademarks in AGENT's name, contracts, Agreements, bank accounts, brochures, stationery, business cards, financial statements, or otherwise without prior written approval from TWFG.
 - 1.3. AGENT further acknowledges that all the goodwill associated with the Trademarks, regardless of its source, belongs exclusively to TWFG and remains the property of TWFG upon the termination or expiration of this Agreement.
 - 1.4. Any unauthorized use of the Trademarks shall constitute an infringement of the rights of TWFG, for which AGENT may be liable for damages or subject to equitable relief for the benefit of TWFG.

ARTICLE VI: Indemnity

1. AGENT hereby covenants and agrees to defend, indemnify, and hold harmless TWFG and its officer(s), director(s), employee(s), affiliates(s) and agent(s) from, against, and with respect to any and all demands, claims, actions or causes of actions, losses, liabilities, damages, assessments, deficiencies, taxes, costs and expenses, including without limitation, interest, penalties and reasonable attorneys' fees and expenses, asserted against, imposed upon or paid, incurred or suffered by TWFG, or its officer(s), director(s), employee(s), or agent(s), on account of or as a result of AGENT's activities or those of AGENT's employee(s) or agent(s) under this Agreement or transactions by AGENT or AGENT's employee(s) or agent(s).
2. TWFG hereby covenants and agrees to defend, indemnify, and hold harmless AGENT and its officer(s), director(s), employee(s), and agent(s) from, against, and with respect to any and all demands, claims, actions or causes of actions, losses, liabilities, damages, assessments, deficiencies, taxes, costs and expenses, including without limitation, interest, penalties, and reasonable attorneys' fees and expenses, asserted against, imposed upon or paid, incurred or suffered by AGENT, or its officer(s), director(s), employee(s), or agent(s), on account of or as a result of TWFG's activities or those of TWFG's employee(s) or agent(s) under this Agreement or transactions by TWFG or TWFG's employee(s) or agent(s).
3. In the event that TWFG becomes liable to any Carrier for the payment of a debt or obligation which was created by AGENT, AGENT's employee(s) or agent(s), AGENT agrees to indemnify and hold harmless for a percentage of said liability equal to the percentage payable to AGENT pursuant to Article III Section 1 of this Agreement.

ARTICLE VII: Right of Offset

1. Any indebtedness or obligation (including the indemnity obligation set forth in Article VI Sections 1, 2, and 3 of this Agreement), which one party may have to the other shall be payable on demand. TWFG shall have the right to offset any Commissions or other amounts payable to AGENT by TWFG or by Carriers against such indebtedness or obligation.

ARTICLE VIII: Term/ Termination

1. This Agreement will begin on the Effective Date identified below and shall continue in effect until terminated according to this Article VIII.
2. This Agreement may be terminated without cause by either party at any time by providing sixty (60) days advance written notice to the other party.
3. This Agreement will automatically terminate upon (a) the sale or transfer of substantially all of the stock or assets of AGENT, (b) the death of AGENT, if an individual, (c) bankruptcy of proceedings filed in favor or creditors rights against AGENT; or (d) upon the dissolution of AGENT, if a partnership, limited liability company, corporation, or other entity.
4. TWFG may immediately terminate this Agreement if: (a) AGENT has a criminal record, (b) in the event of fraud by AGENT or by the employee or agent of AGENT, (c) AGENT breaches any of the terms of conditions of this Agreement, or (d) if any law, statute, or ordinance is enacted which would cause the terms hereunder to be invalid or illegal. Upon Termination of this Agreement pursuant to this paragraph, Agent will forfeit all rights to receive future compensation under the terms of this agreement or any book purchase pursuant to Section 6.2.

5. Upon termination of this Agreement for any reason other than those set out in Article VIII, Section 4 above, Commissions on existing business will be collected and paid as follows:
- 5.1. As to Life and Health insurance policies: AGENT's right to receive earned commissions shall be vested and payable at the same percentage of Gross Revenue that AGENT was being paid at the time of termination, so long as Commissions exceed \$500 per year in the aggregate.
- 5.2. As to Property and Casualty Products: All Products sold by AGENT pursuant to this Agreement shall remain subject to this Agreement until such Policies are expired or are otherwise cancelled. Upon termination of this Agreement TWFG shall be entitled to continue to collect such commissions until termination of the underlying Policies, whether by expiration or cancellation. AGENT shall continue to be paid any Commissions pursuant to the terms of this Agreement so long as TWFG receives the underlying commission from the Carriers and the AGENT is licensed.
6. **Ownership of Expirations:** Upon termination of this Agreement for any reason other than those set out in Article VIII, Section 4 above, AGENT, having promptly accounted for and paid premiums for which it may be liable, the AGENT'S records, use and control of expirations on business accepted by TWFG shall remain the property of AGENT and be left in its undisputed possession. Otherwise, the record, use, and control of all expirations of business placed with TWFG will become vested in TWFG. If in disposing of these records and expirations, TWFG does not realize sufficient money to discharge in full AGENT'S indebtedness to TWFG, AGENT will remain liable for the balance of the indebtedness.
7. **AGENT'S Sale of Business:** AGENT agrees to give sixty (60) days advance written notice to TWFG of any transfer, sale, or merger of the AGENT's business. TWFG may, but is not obligated to, consent to the assignment of this Agreement to the successor. Failure to consent shall be an event of Termination and shall be governed by Article VIII. AGENT is and shall remain liable for any unpaid balances and transfer. Transfer or sale of AGENT's business shall not in any event affect TWFG's rights under this Agreement.
8. **Right of First Refusal:** In the event AGENT decides to sell its business, TWFG has the right of first refusal for any offer made to AGENT for business written pursuant to this Agreement. AGENT must advise TWFG in writing within thirty (30) days of any offer received and its terms. TWFG shall have thirty (30) days after receipt of such notice to exercise a right of first refusal and purchase the book of business placed through TWFG. If TWFG does not exercise its option within the thirty (30) day period, AGENT may sell the business.

ARTICLE X: Notices

1. Any notice required under this Agreement must be in writing, and it will be deemed to have been given, delivered, or served when delivered personally, by facsimile, or email to the party who is to receive.
2. Unless TWFG notifies AGENT in writing of different contact information, AGENT will provide any written notice to TWFG to:

TWFG General Agency, LLC
 1201 Lake Woodlands Drive, #4020
 The Woodlands, TX 7738
 Fax: 1-281-298-8626/ agentinfo@twfg.com

Unless AGENT notifies TWFG in writing of different contact information, TWFG will provide any written notice to:

Name: _____
Address: _____

Fax: _____
Email: _____

ARTICLE XI: Maintenance of Records

1. Books and Records. TWFG and AGENT shall each maintain at their respective principal office, for the duration of this Agreement and for seven (7) years thereafter, a system of files containing this Agreement and books and records of all accounts transactions relating to this Agreement, including records of a transaction with individual policyholders and with TWFG. AGENT grants TWFG the right, at all reasonable times and for any proper purpose, to examine, audit and/or copy AGENT’S files and record, either by an employee of TWFG or an individual contracted by TWFG.
2. Audits. AGENT shall fully cooperate with any audit or examination by any Department of Insurance or other authorized agencies and shall allow access to books and records maintained by AGENT pursuant to this Agreement. AGENT shall notify TWFG within three (3) business days of any such audit or examination.
3. Confidential Information. “Confidential Information” includes but is not limited to lists of insured’s names, addresses, policy numbers, other relevant policy information, applications, master policies, files, documents, and correspondence, sales literature, computer software, and other property, tangible and intangible, which TWFG furnishes to AGENT; any materials prepared by TWFG which relate to Products sold under this Agreement; and any other information disclosed to AGENT pursuant to this Agreement not generally known to the public.
 - 3.1. AGENT agrees to maintain the confidentiality of all Confidential Information provided by TWFG and/or obtained by AGENT in connection with its services under this Agreement. AGENT shall not use, disclose or permit such information to be used or disclosed at any time prior to or after the termination of this Agreement, except to the extent necessary for AGENT to perform services under this Agreement or as specifically permitted in writing by TWFG.
 - 3.2. AGENT shall exercise the same degree of care and protection with respect to TWFG’s Confidential Information that it exercises with respect to its own Confidential Information, but in no event shall AGENT exercise less than a reasonable standard of care.
 - 3.3. AGENT acknowledges that a breach of this Section may cause irreparable harm to TWFG entitling TWFG to seek injunctive relief, among other remedies, without the necessity of posting a bond or other security. This Section shall survive the termination of this Agreement.
4. Unless otherwise authorized in writing, upon the termination of this Agreement or upon the request of TWFG, AGENT shall promptly either:
 - a) return such Confidential Information and all reproductions and copies thereof, and provide certification to TWFG that all such Confidential Information has been returned; or
 - b) destroy such Confidential Information and provide certification to TWFG that all such Confidential Information has been destroyed;
5. Privacy. TWFG and AGENT agree that they will comply with the applicable privacy laws and not take any action to cause the other party to be in breach of the privacy laws affecting it. Subject to compliance with the applicable privacy laws, AGENT and TWFG may disclose to each other nonpublic personal information

of the Customer for the sole purpose of facilitating the delivery of services under this Agreement. Notwithstanding the foregoing, neither Party shall disclose a Customer's nonpublic personal information or confidential data unless the disclosure follows all applicable privacy laws and regulations and the respective Customer's consent. All nonpublic personal information will be considered Confidential Information and shall not be disclosed to third parties except:

- a) to process insurance-related transactions;
- b) to authorized government regulators or as may be required by law;
- c) in response to a court-issued subpoena; or
- d) upon written consent of the Client.

Each Party will safeguard the confidentiality of such disclosed nonpublic personal information as required by law to the same degree that each Party guards its own nonpublic personal information. If the applicable privacy laws change, the Parties shall take such action necessary to comply with the law as it then exists.

ARTICLE XII: Miscellaneous

1. This Agreement may be modified by TWFG at any time by providing thirty (30) days advance written notice to AGENT.
2. This Agreement shall inure to the benefit of and be binding upon AGENT and TWFG, their respective agents, personal representatives, heirs, successors, transferees, and assigns.
3. Except as otherwise expressly provided herein, the rights and obligations of AGENT pursuant to this Agreement may not be assigned without the express written consent of TWFG.
4. If any provision of this Agreement shall be found to be invalid by any court of competent jurisdiction, such holding shall not adversely affect any other provision of this Agreement, and this Agreement shall otherwise remain binding.
5. Failure to enforce any provision of this Agreement shall not be construed as a waiver, nor shall such failure prevent the later enforcement of said provision.
6. This Agreement may be executed in counterparts, in which case all such counterparts shall constitute one and the same Agreement.
7. This Agreement shall be construed in accordance with and governed by the laws of TEXAS, without giving effect to conflicts of laws. The exclusive venue for any dispute hereunder shall lie in the courts of Montgomery County, Texas.
8. This Agreement may be signed and transmitted by facsimile, email, or electronic signature, and such signatures may be treated as an original document.
9. This Agreement shall not be construed either more favorably or more strongly against either party.
10. The Agreement constitutes the entire Agreement of the parties with respect to the subject matter hereof and supersedes all prior negotiations and Agreements, whether written or oral.

THE PARTIES HERETO DO HEREBY EXECUTE THIS AGREEMENT TO BE EFFECTIVE THE ____ DAY OF _____,
20____.

TWFG General Agency, LLC

Agent

Richard F. Bunch III

(Print Name)

(Print Name)

(Signature)

(Signature)

President / CEO

(Title)

(Title)

BRANCH OFFICE AGREEMENT
(AGENCY WITH EXISTING BOOK)

This TWFG BRANCH OFFICE AGREEMENT is entered into as of the ____ day of _____, 20____ (“Effective Date”) by, and between TWFG INSURANCE SERVICES, LLC, (“TWFG”), a Texas limited liability company, with its principal offices located at: 1201 Lake Woodlands Drive, Suite 4020, The Woodlands, Texas 77380, and

(Entity or d.b.a.)

a/an _____, and _____

(Sole Proprietor, Corporation, etc.) (Individual Name(s))

(“BRANCH”), whose principal business address is _____. TWFG and BRANCH are sometimes referred to herein individually as “Party” and collectively as the “Parties.”

INTRODUCTION

BRANCH is an independently owned and operated insurance agency, which currently has an existing Book of Business. BRANCH understands it will be one of numerous Branches of TWFG and seeks the benefits of association with TWFG.

TWFG is engaged in the insurance agency business for property, casualty, health, life, and other types of insurance and provides insurance-related services to independent insurance agencies. TWFG has several other branches that are operating under a like, or similar arrangements, to this Agreement.

The Parties wish to establish a framework within which they may facilitate the availability of Insurance Products to Clients through direct sales contacts by BRANCH. TWFG has and/or shall purchase a twenty (20%) ownership interest in the Book of Business which BRANCH brings into this Agreement. Subject to the terms herein, BRANCH’S Book of Business shall remain with TWFG or another TWFG branch. **READ THIS AGREEMENT CAREFULLY.**

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

ARTICLE I: DEFINITIONS

As used herein, the terms below shall have the following meanings:

“**Agreement**” means this TWFG Branch Office Agreement and any schedules, amendments or addendums to the TWFG Branch Office Agreement.

“**Book**” and/or “**Book of Business**” means the BRANCH s total list of Clients from which policies are currently in force.

“**Carrier(s)**” means the entity which offers insurance policies or products to Clients. For purposes of this Agreement, a Carrier is any duly licensed insurance company, MGA, insurance agency, or broker-dealer with whom TWFG has a contractual relationship.

“**Client(s)**” means individuals or business entities who seek to purchase insurance and insurance products through TWFG, including referrals and prospective clients identified by BRANCH.

“**Commission(s)**” means a percentage of the Premiums paid by the Carrier, which may vary by Carrier and product sold. For purposes of this Agreement, Commissions include first-year commissions, renewal commissions, trailer commissions, and agency fees paid as the result of the sale of Insurance Products sold to Clients by TWFG and/or BRANCH. Commissions do not include any contingency, additional incentive and/or bonus payments paid by Carriers.

“**Confidential Information**” means information regarding TWFG’s trade secrets and confidential or proprietary information, including Client information. Client information includes, but is not limited to, information regarding the names, phone numbers, addresses, email addresses, ages, policy history, types of policies, amounts of insurance, premium amounts, the description and location of insured property, the expiration or renewal dates of policies, and other information identifying facts and circumstances specific to the Client and relevant to the sales and servicing of insurance products or subject to any privacy law. Confidential Information also includes Client listings; Client information contained within TWFG’s designated agency management system; proprietary business and development plans of TWFG; forms, manuals, and other training materials provided by TWFG; Carrier contracts, Carrier codes and Carrier login credentials of TWFG; information and materials identified by TWFG or Branch as a trade secret or confidential, and any information concerning other matters affecting or relating to the company that are not otherwise lawfully available to the public. Confidential information may be oral, written, electronic data file or any other medium.

“**Gross Revenue**” means the full Commissions paid to TWFG by the Carriers. Gross Revenue excludes any contingency, additional incentive and/or bonus payments on TWFG’s entire book of business (which could include BRANCH’s book) and/or overrides paid to TWFG in its capacity as a managing general agent. “**BRANCH’s Gross Revenue**” means the portion of Commissions received by the BRANCH itself.

“**Insurance Agent(s)**” means any individual or entity duly licensed by any appropriate regulatory authority and authorized, by contract or otherwise, to sell Insurance Products for Carriers.

“**Premiums**” means the charge or cost to the Client for the purchase of an insurance policy or product. Premium amounts are solely determined by the Carriers, based upon Carriers’ underwriting and pricing guidelines.

“**Insurance Product(s)**” means any life insurance, annuity, disability insurance, long-term care insurance, accident insurance, property insurance, casualty insurance, and any other insurance or related product which TWFG has a Carrier(s) and/or a market for purposes of sales by BRANCH.

“**Service Providers**” means an Insurance Agent, producer, customer service representative, employee, agent, representative, or independent contractor who performs services for BRANCH.

ARTICLE II: SCOPE AND AUTHORITY

2.1 Upon execution of this Agreement, and from time to time thereafter, TWFG shall take all necessary steps to cause BRANCH to become appointed with Carrier(s) as an Insurance Agent of TWFG for the marketing and sale of Insurance Products.

2.2 BRANCH shall devote its full-time efforts to exclusively sell and promote the sale of Insurance Products offered through TWFG.

2.3 BRANCH shall identify and market itself to the public as a branch of TWFG and must include "TWFG" in its name. The Insurance Agent's individual name may also be included in BRANCH's name to identify itself to the public. No other names may be used to identify and market BRANCH to the public unless otherwise agreed in writing by the Parties.

2.4 TWFG may establish certain marketing and branding standards for BRANCH, which are subject to change from time to time. BRANCH shall comply with all marketing and branding standards of TWFG, unless otherwise agreed in writing by the Parties.

2.5 BRANCH shall continuously maintain a formal office in a business setting and available for meeting Clients. BRANCH is not permitted to operate out of an office shared with another business or a home used as a residence. The choice and location of an office must be approved in writing by TWFG.

2.6 BRANCH shall procure and maintain all required state and/or regulatory licenses or appointments necessary for it to perform its services under this Agreement.

2.7 Carrier Relationships. BRANCH acknowledges and agrees that TWFG owns the Carrier contracts, Carrier codes and Carrier required documentation for all Insurance Products sold through TWFG.

2.7.1. TWFG retains the right to grant and/or terminate BRANCH's access to any Carrier at any time and for any reason. TWFG may change the list of available Carriers from time to time. All Carriers may not be available in all states and regions. All Carriers may not be available to all branches of TWFG.

2.7.2. BRANCH acknowledges that a Carrier may grant and/or terminate BRANCH's access at any time and for any reason, and that a Carrier may unilaterally change the availability of Insurance Products and/or Commissions paid on Insurance Products. BRANCH acknowledges that BRANCH's access to certain Carriers, the availability of Insurance Products to BRANCH, and the amounts of Commissions paid on Insurance Products are outside the control of TWFG.

2.7.3. Any change of Carriers, Insurance Products and/or Commissions shall be effective immediately, either from the earlier of:

- (a) the date notice is mailed, electronically mailed, or sent by facsimile by TWFG to BRANCH; or
- (b) the date such action was implemented by Carrier.

2.7.4. TWFG and Carriers may set certain rules, guidelines and procedures regarding the Insurance Products sold through TWFG, which may change from time to time upon notice to BRANCH. BRANCH agrees to follow all rules, guidelines and procedures of TWFG and Carrier with respect to, without limitation, solicitation, underwriting, extension of credit, and use of propriety materials and property.

- 2.7.5. During the Term of this Agreement, BRANCH shall not seek or accept direct appointments from any Carrier without TWFG's written consent.
- 2.7.6. During the Term of this Agreement, BRANCH shall not directly or indirectly, solicit or sell Insurance Products on behalf of any insurance company, MGA, insurance agency or broker-dealer in which TWFG does not have an appointment. All Insurance Products sold through BRANCH shall be placed exclusively through TWFG contracts with Carriers.
- 2.7.7. In the event that BRANCH breaches Section 2.7.5 or 2.7.6, BRANCH shall pay to TWFG all commissions earned and/or received from such Insurance Products sold by BRANCH that were not written pursuant to a TWFG contract with a Carrier. Payment shall be due to TWFG by BRANCH within fifteen (15) days after collection of Premium for such Insurance Products or within sixty (60) days after billing for such Insurance Products, whichever occurs first. BRANCH agrees that in the event of a breach of Section 2.7.5, BRANCH hereby assigns its right to such commissions to TWFG and authorizes the Carrier(s) involved in said transaction to remit any commissions directly to TWFG.

2.8 BRANCH has no authority to act as an agent or to bind TWFG in any way, except for the placement of Insurance Products within the rules, guidelines, and procedures of TWFG and the Carrier. No other authority or power is granted or implied other than what is specifically set out in this Agreement. BRANCH cannot borrow money in the name of TWFG or represent that TWFG will co-sign or guarantee a loan for BRANCH.

2.9 BRANCH agrees to perform all duties and responsibilities under this Agreement faithfully, diligently and to the best of its ability, consistent with the highest and best standards of the industry. BRANCH shall follow all applicable federal, state, and local laws and regulations pertaining to BRANCH's business. BRANCH shall be responsible for ensuring all of BRANCH's Service Providers follow all applicable laws and regulations.

2.10 BRANCH agrees to follow the terms of **Schedule 1 — Branch Standards and Expectations**, which may be amended by TWFG from time to time. TWFG may, from time to time, conduct audits regarding the requirements of the Branch Standards and Expectations. In the event Branch fails to follow the requirements of the Branch Standards and Expectations, TWFG may require BRANCH to employ the efforts of the TWFG Service Center pursuant to Section 7.3.

2.11 During the term of this Agreement, BRANCH owners and Insurance Agents may be required to maintain memberships in one or more of the following professional organizations: a) Independent Insurance Agents and Brokers of America (IIABA), b) Trusted Choice, c) Professional Insurance Agents (PIA) and other local insurance organizations as deemed appropriate by TWFG. The Parties agree that these organizations both promote and set forth accepted and recognized practices of conduct for insurance agents.

2.12 Any services performed by the Parties shall be performed under the terms of this Agreement.

2.13 BRANCH is an independent contractor of TWFG. Under no circumstances shall either Party be deemed an employee of the other Party. Neither Party shall have power or control over the other Party with respect to:

- (a) its hours or times of operation;
- (b) hours, pay or compensation to employees of either Party; or
- (c) routine decisions in the day-to-day course of business.

TWFG has no power or control over the methods or manner in which BRANCH conducts its business in accordance with the terms of this Agreement. Any and all joint venture or partnership status is hereby expressly denied, and the Parties expressly state that they have not formed, either expressly or impliedly, a joint venture or partnership.

Service Providers of BRANCH.

2.14 BRANCH shall promptly notify TWFG in writing of any Service Provider of BRANCH who performs services for BRANCH under this Agreement.

- 2.14.1. BRANCH is responsible to ensure BRANCH's Service Providers comply with the terms of this Agreement and TWFG Branch Standards and Expectations.
- 2.14.2. BRANCH's Service Providers must sign a Confidentiality and Non-Disclosure Agreement prior to providing services.
- 2.14.3. BRANCH shall be solely responsible to pay all compensation to BRANCH's Service Providers. Any Insurance Agent that sells or solicits any Insurance Products for BRANCH must sign a written agreement that acknowledges TWFG's ownership interest in Commissions received from Insurance Products sold by the BRANCH through TWFG.
- 2.14.4. BRANCH shall provide TWFG with a copy of Service Provider's insurance license. BRANCH shall not permit any Service Provider to quote, issue policies, counsel clients on coverage, or otherwise perform services of a licensed agent unless the Service Provider is properly licensed in the applicable state to do so.
- 2.14.5. BRANCH shall promptly notify TWFG in writing of the termination of any of BRANCH's Service Provider.

2.15 BRANCH must notify TWFG and receive approval prior to a change in:

- (a) Any ownership of the stock and/or ownership interest in the BRANCH;
- (b) Any principal officer, managing person or designated responsible licensed producer of BRANCH.

ARTICLE III: TWFG PURCHASE OF 20% OF BRANCH'S BOOK OF BUSINESS

3.1 Upon the terms, and subject to the conditions, warranties and representations of this Agreement, BRANCH shall sell and transfer to TWFG a twenty (20%) percent ownership interest in BRANCH's existing Book of Business that BRANCH brings to TWFG as of the Effective Date, including all expirations, policy records, files documents and papers, and the goodwill associated with the Book of Business.

3.2 In consideration of BRANCH's transfer of the Book of Business to TWFG, and subject to the terms and conditions of this Agreement, TWFG shall pay BRANCH the total purchase price of \$ _____ ("**Purchase Price**").

3.3 TWFG shall pay BRANCH the Purchase Price within sixty (60) days of the Effective Date. Once this payment is made by TWFG to BRANCH, TWFG's ownership interest in the Book of Business shall remain at twenty (20%) percent as the BRANCH'S Book of Business grows and develops.

3.4 As of the Effective Date, BRANCH warrants and represents to TWFG:

- (a) The commissions statements and financial documents previously provided by BRANCH to TWFG fairly present the Book of Business at the dates and for the periods indicated, and there have been no material adverse changes in the Book of Business.
- (b) BRANCH is the lawful owner of the Book of Business and has good right and due authorization to sell it. BRANCH neither knows, nor has reason to know, of the existence of any outstanding claim or title, or interest or lien in, to, or on the Book of Business.
- (c) There are no pending or threatened claims, actions or liabilities known to Branch that might affect the Book of Business or the purchase and sale described in this Article III.

3.5 Ownership of Client Accounts. Branch agrees that all Clients, including the Book of Business brought to TWFG by BRANCH and any Insurance Products sold by BRANCH during the Term, together with all expirations and other records with respect thereto, and/or any goodwill in therewith, are the exclusive property of TWFG and shall continue as such both during and after termination of this Agreement.

3.6 Except as provided pursuant to Section 14.5.1 or Section 14.5.2, BRANCH shall not assign, sell or transfer, nor shall it permit any individual or entity to encumber, assign, sell or transfer all or any part of the Book of Business subject to this Agreement.

ARTICLE IV: COMPENSATION TO BRANCH

4.1 Ownership of Commissions. All Commissions on the Book of Business, and the right to receive Commissions generated pursuant to the sale of Insurance Products resulting from efforts of BRANCH's, shall belong to TWFG. BRANCH's right to compensation is only through this Agreement. BRANCH shall take whatever actions are necessary to remit or direct all Commissions and related commission statements to TWFG.

4.2 For property and casualty business, TWFG shall pay to BRANCH eighty (80%) percent of Commissions received by TWFG for Insurance Products sold and serviced by BRANCH as shown on TWFG's monthly Commission statements. Any chargebacks or other reductions by Carriers related to BRANCH's production of business, including but not limited to MVR fees, CLUE fees, and inspection fees shall be deducted from BRANCH's Commissions. To the extent that TWFG has already paid BRANCH a Commission for which TWFG is required to reimburse a Carrier later, BRANCH agrees to reimburse all such amounts to TWFG within fifteen (15) days after written demand. TWFG, in its discretion, may set off BRANCH's reimbursement obligations against future payments to BRANCH. Upon BRANCH's request, TWFG shall provide BRANCH with documentation of all such offsets and reimbursements.

4.3 For life, health, and annuities products, TWFG shall pay to BRANCH variable commission rates depending on the Insurance Product and the Carrier.

4.4 **Bonuses.** Any and all additional compensation from Carrier, including but not limited to bonuses, profit sharing, incentives, trips, gifts, gift cards, or like items ("**Bonuses**") shall belong to TWFG. BRANCH shall take whatever actions necessary to remit or direct all Bonuses to TWFG. Notwithstanding the foregoing, TWFG reserves the right, but not the obligation, in its sole discretion, to distribute all or part of any Bonuses to BRANCH from time to time.

ARTICLE V: RIGHT OF INSPECTION OF BOOKS AND RECORDS

5.1 BRANCH grants TWFG the right, at all reasonable times, to make an examination and audit of BRANCH's financial books and records and to make copies if deemed necessary by TWFG.

- 5.1.1. Examination, audit, and copying can either be by an employee of TWFG or an individual contracted by TWFG to do such inspection.
- 5.1.2. Such audit shall be at TWFG's sole cost and expense unless said audit determines that the financial information and/or Commission statements provided by BRANCH to TWFG were inaccurate by more than five (5%) percent. If the audit determines that the financial information and/or Commission statements were inaccurate by more than five (5%) percent, then TWFG may charge BRANCH the expense of said examination and/or audit.

5.2 TWFG grants BRANCH the right, at all reasonable times, to make an examination and audit of TWFG's financial books and records as they relate to BRANCH and BRANCH's Book of Business, and to make copies if deemed necessary by BRANCH.

- 5.2.1. Examination, audit, and copying can either be by an employee of BRANCH or an individual contracted by BRANCH.
- 5.2.2. Such audit shall be at BRANCH's sole cost and expense unless said audit determines that the financial information and/or Commission Statements provided by TWFG to BRANCH were inaccurate by more than five (5%) percent. If the audit determines that the financial information and/or Commission Statements were inaccurate by more than five (5%) percent, then BRANCH may charge TWFG the expense of said examination and/or audit.

ARTICLE VI: FEES AND EXPENSES

6.1 Branch shall pay TWFG a non-refundable initial startup fee of FIVE THOUSAND AND 00/100 (\$5,000.00) DOLLARS, due and payable on the Effective Date of this Agreement.

6.2 BRANCH shall pay TWFG the Monthly Fees as shown on **Schedule 2 — Monthly Fees**, which are subject to change from time to time with at least (30) days advance written notice. Monthly Fees shall be due on or before the 5th day of each month.

6.3 Monthly fees and/or other amounts owed by BRANCH shall be deducted from BRANCH'S monthly Commissions. Branch authorizes TWFG to charge any remaining balance owed by BRANCH to the credit card on file, deduct by ACH from BRANCH's operating account on file, or off-set against future Commissions.

6.4 Unless otherwise set forth in this Agreement, each Party shall be solely responsible for all costs and expenses incurred in connection with this Agreement and its own respective operations.

6.5 Errors and Omissions (E&O) Coverage. During the Term of this Agreement, BRANCH shall maintain E&O Coverage, at BRANCH's sole expense, for Insurance Products sold by BRANCH and insurance-related services provided by BRANCH pursuant to this Agreement.

- 6.5.1. TWFG's E&O Coverage. BRANCH will be included on TWFG's E&O Insurance Policy (the "**Policy**"). The Policy is subject to change from time to time and at the reasonable discretion of TWFG. TWFG shall provide BRANCH with written notice of any change in the Policy's amount, coverage(s), deductible, or monthly fee not less than thirty (30) days before such change. See **Schedule 3 — E&O Current Terms and Rates** attached for the current monthly fee and deductible per claim. Upon request by BRANCH, TWFG shall provide BRANCH with evidence of such insurance coverage. TWFG reserves the right in its sole discretion to set the deductible for each BRANCH. BRANCH is responsible for the payment of any Policy deductible for any act, error or omission of BRANCH or any of its respective partners, officers, directors, employees, representatives, Service Providers or Insurance Agents that results in filing a claim with the Policy. BRANCH acknowledges and agrees any claims brought for negligent errors or omissions for less than the applicable deductible shall be self-insured by the BRANCH. The E&O carrier has the right to deny BRANCH the right to participate in the Policy if BRANCH fails to meet minimum requirements.
- 6.5.2. If BRANCH does not qualify for TWFG's E&O Insurance Policy, BRANCH shall obtain E&O insurance coverage on its own with minimum limits and coverages comparable to TWFG's E&O Policy. The policy must name TWFG as an additional insured, and BRANCH must provide TWFG evidence of such insurance annually and upon request.
- 6.5.3. BRANCH shall cooperate with TWFG in good faith in the defense of any E&O claim brought against BRANCH and/or TWFG.
- 6.5.4. BRANCH shall fulfill all TWFG standards and Policy requirements necessary to maintain coverage and shall maintain eligibility during the Term.

- 6.5.5. Upon termination of this Agreement by any Party, BRANCH agrees to secure tail coverage for both Parties for a period of one year following termination. The cost of the E&O premium for one year shall be deducted from any monies TWFG owes BRANCH at termination. BRANCH shall pay any remaining amounts within five (5) days of termination.

ARTICLE VII: RIGHT TO REQUIRE BRANCH TO USE TWFG SERVICE CENTER

7.1 The BRANCH shall develop and maintain internal procedures to timely handle customers questions, comments, transactions and complaints.

7.2 If TWFG obtains any written or oral complaints from customers about BRANCH, including but not limited to BRANCH's failure to timely respond to questions, comments, or transactional issues, BRANCH agrees to cooperate in good faith with TWFG to determine the source of the customer complaints and to rectify any issues.

7.3 If complaints about the BRANCH persist and the identified issues are not corrected, TWFG may require BRANCH to employ the efforts of the TWFG Service Center. The BRANCH shall pay the then existing rates of the TWFG Service Center, until such time that TWFG has determined in its reasonable discretion that BRANCH has resolved the identified issues. The costs of the Service Center are set out on **Schedule 4 – TWFG Service Center Fees**, which is subject to change from time to time.

ARTICLE VIII: INTELLECTUAL PROPERTY

8.1 BRANCH shall not, without the prior written consent of TWFG, make use of the names "TWFG Holding Company, LLC" "TWFG General Agency, LLC," "The Woodlands Financial Group," "TWFG," "TWFG Insurance Services, LLC," "The Woodlands Insurance Company," "TWICO" or related logos (collectively "**Trademarks**") in any capacity whatsoever; provided, however, that TWFG hereby grants BRANCH a limited, revocable license (the "**License**") to use the Trademarks "TWFG Insurance Services" and "TWFG" (the "**Licensed Marks**") during the Term of this Agreement in connection with the performance of BRANCH's services under this Agreement.

- 8.1.1. BRANCH acknowledges and agrees that TWFG is the exclusive owner of such Trademarks, and that the Trademarks are well established and have a brand recognition with the public.
- 8.1.2. BRANCH agrees not to modify any of the Licensed Marks and shall use the Licensed Marks only as permitted and for the purposes contemplated by this Agreement.
- 8.1.3. Except for the use of the Licensed Marks for the purposes contemplated by this Agreement, BRANCH shall not use the Trademarks in writing in any form, including, without limitation, direct mail, website, newspaper, magazine, television, and radio advertisement without prior written approval from TWFG.
- 8.1.4. BRANCH may not use "TWFG" in its own contracts, agreements, bank accounts, brochures, stationery, business cards, financial statements, or otherwise without written approval from TWFG. TWFG shall not unreasonably withhold its approval if the Licensed Marks are used in connection with BRANCH s use in selling and/or marketing Insurance Products.

8.1.5. BRANCH further acknowledges that all the goodwill associated with the Licensed Marks, regardless of its source, belongs exclusively to TWFG and remains the property of TWFG upon the termination of this Agreement.

8.1.6. Any unauthorized use by BRANCH of the Trademarks shall constitute an infringement on the rights of TWFG, for which BRANCH may be liable for damages or subject to equitable relief for the benefit of TWFG. BRANCH's unauthorized use of the Licensed Marks entitles TWFG to seek injunctive relief in the District Courts of Montgomery County, Texas, without the necessity of posting a bond or other security. TWFG shall also be entitled to any damages associated with BRANCH's unauthorized use, and such claim shall be made under Article XII of this Agreement.

8.2 Insurance Company Logos or Trademarks of Third Parties. BRANCH shall not display or use in marketing materials the names of any Carrier unless prior approval has been obtained directly from such Carrier. TWFG does not have the authority to make such approval on behalf of Carriers.

8.3 Licensed Materials. During the Term, TWFG may provide BRANCH with the use of a TWFG webpage, software applications, product brochures, marketing materials, written content and other proprietary works of TWFG ("**Licensed Materials**"). BRANCH hereby acknowledges and agrees, that the Licensed Materials and any intellectual property in or related to the Licensed Materials, including, without limitation, copyrights, copyrightable material, patents, patentable material, trademarks, service marks, and trade secrets ("**Licensed Materials IP**") are either owned by TWFG or owned by a third party and licensed to TWFG under a licensing agreement ("**Third Party Licensing Agreements**"). During the Term of this Agreement, TWFG grants BRANCH a non-exclusive, revocable, limited license to use the Licensed Materials and Licensed Materials IP for the limited purpose of providing services pursuant to this Agreement. BRANCH acknowledges, agrees and warrants that: (a) BRANCH shall be bound to and comply with any and all Third Party Licensing Agreements; (b) Branch shall not use the Licensed Materials or the Licensed Materials IP for any purpose other than the limited purpose stated herein; and (c) Branch shall be solely liable for any claims, costs, expenses or damages incurred by any party arising from BRANCH's breach or default of its obligations and/or warranties in this Paragraph. To the extent allowable under law, BRANCH shall release, defend, indemnify and hold TWFG, including its employees, shareholders, directors, officers, parent companies, insurers, agents, and affiliates, harmless from and against any claim arising from BRANCH's any breach or default of its obligation and/or warranties in this paragraph.

ARTICLE IX: MANDATORY DATA INPUT

9.1 Agency Management System. Subject to the provisions of Paragraph 8.3 of this Agreement, BRANCH shall be required to use TWFG's designated agency management system ("**AMS**"). TWFG currently uses an AMS from Evolution Agency Management, LLC ("**EVO**"), but reserves the right in its sole discretion to change the designated AMS. BRANCH must follow all applicable terms and conditions required to use and access the AMS.

9.2 BRANCH is required to enter all policy information, including but not limited to Client information, Carrier required documentation, signatures, correspondence and diary events, of all transactions subject to this Agreement into the AMS. **This is an absolutely critical function of the relationship between the Parties.** BRANCH acknowledges that all data maintained in the AMS,

including but not limited to Client information, Commissions, and policy information, is a trade secret of TWFG and remains the property of TWFG.

9.3 BRANCH understands and agrees that BRANCH's failure to timely input policy information into the AMS may cause harm to the Client and TWFG. If any policy is not timely entered into the AMS, or otherwise remains unclaimed by BRANCH for a period of sixty (60) days after notice has been announced (an "**Unclaimed Account**"), then BRANCH shall forfeit any Commission for that Unclaimed Account to TWFG. BRANCH may reclaim future renewal Commissions on the Unclaimed Account by providing the necessary policy information to TWFG relating to the Unclaimed Account prior to the first renewal. On accounts reclaimed prior to the first renewal, TWFG shall pay BRANCH's Commissions pursuant to the terms of this Agreement at the renewal date and thereafter. If BRANCH fails to reclaim the Unclaimed Account before the first renewal date, then BRANCH shall forfeit all future Commissions and ownership of that Unclaimed Account to TWFG.

ARTICLE X: CONFIDENTIAL INFORMATION AND DATA SECURITY

10.1 During the Term of this Agreement, BRANCH shall be given access to Confidential Information of TWFG. BRANCH agrees to maintain the confidentiality of all Confidential Information provided by TWFG and/or obtained by BRANCH in connection with its services under this Agreement. BRANCH shall not use, disclose or permit such information to be used or disclosed at any time prior to or after the termination of this Agreement, except as specifically permitted in writing by TWFG or as provided by the express provisions of this Agreement. BRANCH also agrees to maintain, and cause its Service Provider, agents, and subcontractors to maintain, the terms and conditions of this Agreement strictly confidential and not to disclose same to any third party, except as expressly permitted in writing by TWFG. BRANCH shall be responsible for ensuring that its Service Providers, agents, subcontractors, and contractors abide by the terms of this Section. BRANCH shall exercise the same degree of care and protection with respect to TWFG's Confidential Information that it exercises with respect to its own Confidential Information, but in no event shall BRANCH exercise less than a reasonable standard of care, and in addition shall not directly or indirectly disclose, copy, distribute, republish or allow any third party to have access to any of TWFG's Confidential Information except to the extent expressly permitted in writing by TWFG. Notwithstanding the above, BRANCH may disclose TWFG's Confidential Information to its Service Providers, vendors, and agents who have a need to know and only to the extent necessary for BRANCH to perform services under this Agreement, and only to third parties if so required by law (including a court order or subpoena). BRANCH acknowledges that a breach of this Section may cause irreparable harm to TWFG, entitling TWFG to seek injunctive relief, among other remedies, without the necessity of posting a bond or other security. This Section shall survive the termination of this Agreement.

10.2 Unless otherwise authorized in writing, upon the termination of this Agreement or upon the request of TWFG, BRANCH shall promptly either:

- (a) return such Confidential Information and all reproductions and copies thereof, and provide certification to TWFG that all such Confidential Information has been returned; or
- (b) destroy such Confidential Information and provide certification to TWFG that all such Confidential Information has been destroyed.

10.3 Notwithstanding the above, neither Party shall disclose a Client's nonpublic personal information or confidential data unless the disclosure follows all applicable privacy laws and regulations

and the respective Client's consent. All nonpublic personal information shall be considered Confidential Information and shall not be disclosed to third parties except:

- (a) to process insurance-related transactions;
- (b) to authorized government regulators or as may be required by law;
- (c) in response to a court-issued subpoena; or
- (d) upon written consent of the Client.

10.4 Each Party shall safeguard the confidentiality of such disclosed nonpublic personal information as required by law to the same degree that each Party guards its own nonpublic personal information. Each Party shall comply with the applicable privacy laws and not take any action to cause the other Party to be in breach of the privacy laws affecting it. If the applicable privacy laws change, the Parties shall take such action necessary to comply with the law as it then exists. Subject to compliance with the applicable privacy laws, the Parties may disclose to each other nonpublic personal information of the Clients for the sole purpose of facilitating the delivery of services under this Agreement.

10.5 The Parties acknowledge that this Agreement is a Joint Marketing Agreement as defined in the Gramm-Leach Bliley Act ("GLBA") as implemented by the NCUA, the Federal Trade Commission (FTC) 16 CFR Section 313.1 et seq., and the SEC. The Parties each shall take whatever measures are necessary to remain in compliance with such privacy regulations. The Parties agree that they themselves shall undertake to fulfill the guidelines set forth by the NCUA and SEC in compliance with the GLBA and to require third parties involved in the resultant contractual relationship to undertake in writing a security information program of compliance with, and fulfillment of the guidelines of, the GLBA and applicable regulations.

10.6 BRANCH and BRANCH's Service Providers may be assigned certain login credentials to access Third-Party Services and/or other TWFG software applications. BRANCH agrees to protect the secrecy of such login credentials, and BRANCH shall not share login credentials or permit others to share login credentials, except in situations when a Carrier does not provide unique login credentials. BRANCH is responsible for protecting the security of passwords, and TWFG shall not be held liable for any unauthorized access to Third-Party Service and/or software using BRANCH's login credentials and/or passwords.

10.7 Security of Nonpublic Personal Information. Each party warrants and represents that it has, and will maintain in effect for so long as it retains nonpublic personal information, adequate administrative, technical, and physical safeguards which will protect such nonpublic personal information from unauthorized transfer or use including, but not limited to, practices and procedures designed to: (a) ensure the security and confidentiality of nonpublic personal information, (b) protect against any unauthorized access to or use of nonpublic personal information and any anticipated threats or hazards to the security or integrity of nonpublic personal information, and (c) inform its agents and Service Providers that the nonpublic personal information is confidential and must not be disclosed other than as is contemplated by this Agreement.

10.7.1. Each Party has and shall maintain throughout the Term:

- (a) a written security policy that implements reasonable administrative, technical, and physical safeguards designed to protect and prevent unauthorized or prohibited use of nonpublic information; and
- (b) an incident response plan, which is designed to promptly respond to, and recover from, any act or attempt to gain unauthorized access nonpublic information.

10.7.2. Each Party shall notify the other Party as soon as reasonably practical after becoming aware of an actual occurrence of any circumstance pursuant to which applicable laws and regulations require notification of such event to be given to affected parties and/or regulatory bodies, including any act or attempt to gain unauthorized access to, disrupt, or misuse any nonpublic information.

10.8 Third-Party Vendors/Outsourcing. BRANCH may not outsource services under this Agreement to any third-party vendor with access to Confidential Data, Nonpublic Personal Information, or Licensed Materials (“**Third-Party Vendor**”) without the prior written consent of TWFG. All Third-Party Vendors must meet minimum requirements for cyber liability insurance and data security as set by TWFG, which may change from time to time. TWFG retains the right, in its sole discretion, to approve or deny BRANCH’s use of any Third-Party Vendor.

ARTICLE XI: REPRESENTATIONS, WARRANTIES, AND COVENANTS

11.1 BRANCH makes the following representations, warranties, and covenants:

- 11.1.1. BRANCH is in good standing under the laws of the state in which BRANCH transacts business and has all requisite power and authority to carry on the business in which the BRANCH is engaged pursuant to the provisions of this Agreement.
- 11.1.2. BRANCH has all requisite power and authority to execute, deliver, and perform this Agreement and all other agreements to be executed and delivered by BRANCH in connection herewith. The execution, delivery, and performance of this Agreement has been authorized, executed, and delivered by BRANCH and all of those individuals claiming an ownership interest in BRANCH, and this Agreement constitutes the legal, valid, and binding obligations of BRANCH enforceable against BRANCH in accordance with its terms.
- 11.1.3. BRANCH shall, and shall require all Insurance Agents of BRANCH to, maintain all the necessary licenses, permits, and all approvals of any federal, state, or local governmental entity necessary to sell insurance and perform all other acts required under this Agreement.
- 11.1.4. BRANCH shall only sell those Insurance Products offered by TWFG. BRANCH agrees it shall not sell any other Insurance Products outside this Agreement.

11.1.5. BRANCH acknowledges and agrees that it is one of numerous branches of TWFG. TWFG may set up any additional branches in its sole discretion, and these other branches may compete with BRANCH for Clients.

11.1.6. BRANCH is not subject to any pending non-compete or related contracts which prevent BRANCH from entering into this Agreement or otherwise inhibit BRANCH's ability to sell insurance. See **Schedule 5 — Non-Competition/Non-Solicitation Agreements as to Prior Employer/Agency**, attached hereto.

11.2 TWFG makes the following representations, warranties, and covenants:

11.2.1. TWFG is in good standing under the laws of the states within which TWFG offers Products and has all requisite power and authority to carry on the business in which TWFG is engaged pursuant to the provisions of this Agreement.

11.2.2. TWFG has all requisite power to execute, deliver and perform this Agreement and all other agreements to be executed and delivered by TWFG in connection herewith. The execution, delivery, and performance of this Agreement have been authorized, executed, and delivered by TWFG, and this Agreement constitutes the legal, valid, and binding obligations of TWFG enforceable against TWFG in accordance with its terms.

11.2.3. TWFG maintains all the necessary licenses, permits, and all approvals of any federal, state, or local governmental entity necessary for TWFG to sell Insurance Products and to perform all other acts required under this Agreement.

11.2.4. The performance of the Parties' obligations hereunder in accordance with the terms of this Agreement shall not, to the knowledge of TWFG, violate any of the provisions of any applicable laws.

ARTICLE XII: INDEMNITY

12.1 BRANCH hereby covenants and agrees to defend, indemnify, and hold harmless TWFG and its officers, directors, shareholders, employees, affiliates, insurers, parent companies and agents from, against, and with respect to any and all claims, demands, actions, or causes of actions, losses, liabilities, damages, assessments, deficiencies, taxes, costs, and expenses, including, without limitation, interest, penalties, E&O deductibles, and reasonable attorney fees and expenses, arising out of or resulting from or relating to:

- (a) any breach by BRANCH of any of its covenants or promises in this Agreement;
- (b) the inaccuracy of any representation or warranty by BRANCH in this Agreement;
- (c) any act, error, or omission of BRANCH or any of its respective partners, officers, directors, affiliates, employees, representatives, producers, customer service representatives (CSR), independent contractors, Service Providers and/or Insurance Agents unless such act, error, or omission was at the direction of TWFG.;

- (d) any acts of fraud committed by BRANCH; or
- (e) any liability or expense incurred by BRANCH in its business operations.

12.2 TWFG hereby covenants and agrees to defend, indemnify, and hold harmless BRANCH, its partners, and the respective officers, directors, employees, agents, Service Providers and Insurance Agents of BRANCH from, against, and with respect to any and all claims, demands, actions, or causes of actions, losses, liabilities, damages, assessments, deficiencies, taxes, costs, and expenses, including without limitation interest, penalties, E&O deductibles, and reasonable attorney fees and expenses, arising out of or resulting from or relating to:

- (a) any breach by TWFG of any of its covenants or promises in this Agreement;
- (b) the inaccuracy of any representation or warranty by TWFG in this Agreement; or
- (c) any act, error, or omission of TWFG or any of its officers, directors, or employees.

12.3 It is the expressed intent of this ARTICLE XI that each Party shall pay for, and hold harmless, the other Party for liabilities a Party itself creates or causes. Each Party shall be responsible for its own negligent acts and/or omissions that arise through the operation of this Agreement and shall INDEMNIFY the other Party for any financial loss, including attorney fees that Party incurs due to such errors and/or omissions.

ARTICLE XIII: RIGHT OF OFFSET

13.1 Any indebtedness or obligation (including the indemnity obligation set forth in Sections 12.1 and 12.2 of the Agreement) that either Party may have against the other shall be payable on demand. TWFG has the right to offset any monies owed by BRANCH from BRANCH's Commissions.

ARTICLE XIV: TERM AND TERMINATION

14.1 This Agreement shall begin on the Effective Date and shall remain in effect until terminated pursuant to this Article 14 ("Term").

14.2 This Agreement may be terminated without cause by either Party by giving thirty (30) days advance written notice to the other Party. Unless this Agreement expressly provides otherwise (or by its nature a specific provision cannot survive this Agreement), all provisions of this Agreement shall survive any termination of this Agreement.

14.3 This Agreement may be terminated by either Party in the event of death of BRANCH owner, and BRANCH may exercise either the sale or Buy-Out option under Section 14.5.1 or 14.5.2 below. In the alternative, upon mutual agreement of the Parties, BRANCH may continue operating as a branch of TWFG if a spouse or a representative of the estate holds a valid license, obtains an emergency license from the state department of insurance, or designates a licensed individual, within ninety (90) days. TWFG may require BRANCH to employ the efforts of the TWFG Service Center pursuant to

Section 7.3 until a sale or Buy-Out is completed, the licensed individual is designated, or new branch paperwork is completed.

14.4 TWFG may immediately terminate this Agreement if any of the following occur:

- (a) Any BRANCH owner and/or Insurance Agent of BRANCH is convicted of a felony or fined by a regulatory agency (such as a state Department of Insurance) for the violation of law or regulation involving fraud, theft, embezzlement and/or other charge involving dishonesty;
- (b) Any BRANCH owner and/or Insurance Agent of BRANCH is charged by a Carrier, regulatory agency, or a law enforcement agency, with fraud, theft, embezzlement, or any other act or crime involving dishonesty. TWFG may terminate this Agreement immediately if it finds objective and material misrepresentation by BRANCH, including but not limited to a Carrier refusing to allow BRANCH or one of its' Insurance Agents to sell Insurance Products due to any irregularities in accounting, bookkeeping, or the veracity of information supplied by BRANCH in an application, loss notice, or associated documents sent for the purpose of procuring insurance or the submission of a claim;
- (c) BRANCH loses its insurance license and fails to reinstate said license within thirty (30) days thereof;
- (d) BRANCH is unable to obtain Errors & Omissions insurance at limits required by TWFG or has a lapse in E&O coverage for more than thirty (30) days;
- (e) BRANCH is the subject of any insolvency, receivership or bankruptcy proceeding or any other proceedings for the settlement of debts; BRANCH makes or seeks an assignment for the benefit of creditors; or dissolution of BRANCH.
- (f) BRANCH materially breaches this Agreement and fails to cure said breach within thirty (30) days of receiving notice of breach.

14.4.1. Upon any termination of this Agreement pursuant to any subsection of 14.4, BRANCH shall be required to exercise either the sale pursuant to Section 14.5.1 or Buy-Out pursuant to Section 14.5.2.

14.5 Upon any termination of this Agreement pursuant to Section 14.2, the following provisions apply:

14.5.1. BRANCH shall sell its Book (and its eighty (80%) percent interest in Gross Revenues related to the Book) to either another TWFG-approved BRANCH, or a TWFG-approved Agent, at a negotiated price. TWFG has the right of first refusal for any offer made to BRANCH for its Book. BRANCH must advise TWFG of any offer received within ten (10) days of receipt. If TWFG exercises its' option, it must close the sale within forty-five (45) days of its' election to purchase the Book.

14.5.2. At BRANCH's election, it may require TWFG to purchase the Book subject to qualifying terms (a "Buy-Out") and the terms and conditions contained herein. In order to be eligible for a Buy-Out, BRANCH must:

- (a) have been an active producing agent under the terms of this Agreement for a minimum twelve (12) month consecutive period prior to the election to require a buyout;
- (b) for the twelve months immediately preceding the date of termination have had a collective and/or cumulative minimum total BRANCH's Gross Revenue of \$100,000.00 or more; and
- (c) otherwise have been in full compliance with the terms of this Agreement.
- (d) The purchase price for the Book by TWFG shall be its fair market value as agreed upon by TWFG and BRANCH. IF TWFG and BRANCH are unable to agree on the fair market value, then it shall be determined by an independent appraiser jointly selected by TWFG and BRANCH, each of whom shall pay one-half of the fees and costs of the appraiser. Fair market value shall consider the Commissions received by BRANCH and TWFG and TWFG's existing twenty (20%) percent ownership of such Commissions. If TWFG and BRANCH are unable to agree on the selection of an appraiser within thirty (30) days after notice of BRANCH'S election to require the purchase of the Book by TWFG at a value as determined by an independent appraiser, then each of them shall select an independent appraiser within twenty (20) days after the expiration of such thirty (30) day period. The two appraisers so selected shall each independently appraise the Book and, as long as the difference in the two (2) appraisals does not exceed five (5%) percent of the value of the lower of the two appraisals, the fair market value shall be conclusively deemed to equal the average of the two appraisals. The determination of such appraisers shall be binding on TWFG and BRANCH, each of whom shall pay for its own appraiser. If any Party fails to select an independent appraiser within the time specified above, the fair market value of the Book shall be conclusively deemed to equal the appraisal of the independent appraiser timely selected by the other. If the difference between the two appraisals referred to above exceeds five (5%) percent of the lower of the two (2) appraisals, then the two (2) appraisers selected shall select a third appraiser who shall also independently appraise the Book. In such case, the fair market value of the Book shall be the average of the two (2) closest appraisals, and such determination shall be binding on TWFG and BRANCH, each of whom shall pay one half (1/2) of the fees and costs of the third appraiser. In determining the fair market value, the appraisers appointed under this Agreement shall consider all opinions and relevant evidence submitted to them by the Party, or otherwise obtained by them, and shall set forth their determination in writing together with their opinions and the considerations on which the opinions are based, with a signed counterpart to be delivered to each Party, within sixty (60) days after

commencing the appraisal. The decision of appraisal is final and not subject to appeal in the absence of fraud. The closing of the transaction shall occur not later than thirty (30) days after the determination of the purchase price. The payment of the purchase price may be made in equal installments over a five (5) year period from the closing of the transaction; or upon pre-negotiated terms agreed upon, in writing, prior to the closing of the transaction.

- 14.5.3. Upon any termination of this Agreement, in the unlikely event the payment of Commissions to BRANCH hereunder is found to be invalid or illegal, BRANCH shall have the right to exercise the Buy-Out pursuant to Section 14.5.2. above.
- 14.5.4. Any sale pursuant to Section 14.5.1 or Buy-Out pursuant to Section 14.5.2 shall include all of BRANCH's right to future commission on its Book of Business as of the date of termination of this Agreement.
- 14.5.5. **Non-Solicitation of Clients.** Subject to the sale or Buy-Out set forth in either Sections 14.5.1 or 14.5.2 above, BRANCH, in consideration for the monies received from TWFG, hereby agrees not to directly or indirectly compete with the Book (and Client accounts) included in the transaction between BRANCH and TWFG for a period of two (2) years following the date of the Buyout and within one-mile of the office(s) in the which BRANCH operated as of the date of Buy-Out. This Non-Solicitation Agreement is binding on any person or entity with any ownership interest in the BRANCH and who received money from its' purchase. The Non-Solicitation Agreement is valid solely for the Clients and Client accounts which comprise the Book of Business as of the date of the Buy-Out. This Agreement shall be binding upon and inure to the benefit of the Party, their successors, assigns, and personal representatives. If BRANCH violates this Non-Solicitation Clause, TWFG may seek injunctive relief in a Court of competent jurisdiction, and BRANCH agrees to pay TWFG's attorneys fees if TWFG is successful in obtaining an injunction or other affirmative relief.

14.6 **Non-Solicitation of Employees.** During the Term of this Agreement and for a period of one year after termination, BRANCH shall not, directly or indirectly, solicit or actively seek to hire any employee, Service Provider and/or Insurance Agent of TWFG without written consent of TWFG.

ARTICLE XV: MEDIATION AND ARBITRATION

15.1 If a dispute arises out of an alleged breach of this Agreement, or the relationship created thereby, the complaining Party must first try, in good faith, to settle any such dispute by mediation. The mediation shall be administered either:

- (a) with the American Arbitration Association ("AAA") under its Commercial Mediation Procedures; or
- (b) with an agreed-upon mediator as selected by the Parties.

This mediation process, or attempt at mediation, must be done before resorting to arbitration. To invoke this provision, the complaining Party must send a letter to the other stating the general nature of the dispute and requesting mediation. The mediation must occur within ninety (90) days

of the date of a Party's initial letter requesting mediation. If, for any reason, the ninety (90) days has passed, the complaining Party may invoke arbitration procedures as set forth below.

15.2 If mediation (either through AAA or through an agreed mediator) is unsuccessful and/or has not timely occurred, per Section 15.1, any alleged breach or any claim arising out of, or relating to this Agreement, shall be settled by arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules. Arbitration shall be commenced by the complaining Party sending a letter to the AAA offices in Houston, Texas, with a copy to the address of the other Party and its counsel, if applicable. Thereafter, all procedures are governed by the AAA Rules.

15.3 Regardless of the ultimate outcome of mediation and/or arbitration (or both), each Party shall bear its own respective share of the cost/charges incurred. This cost allocation is to encourage an early resolution of any dispute. The prevailing Party receiving an arbitration award shall be entitled to its attorney fees. Any award of attorney fees to the prevailing Party is capped at \$15,000.00. The attorney fees are capped to also encourage an early resolution to any dispute.

15.4 The enforcement of any arbitration award can be made by filing a legal action in any Court of competent jurisdiction. Absent a finding of fraud in the arbitration process itself, the decision or finding in arbitration is final and binding on the Parties.

15.5 If Mediation is unsuccessful, the only exception to the exclusivity of the arbitration process is TWFG's right to file an action in any Court of competent jurisdiction to enforce the Non-Solicitation Clause of Section 14.5.5 and 14.6 of this Agreement. If TWFG is successful in obtaining an injunction, or other affirmative relief, BRANCH shall owe TWFG's reasonable attorney fees incurred in bringing such action.

ARTICLE XVI: EXECUTION OF AGREEMENT AND RELATED TERMS

16.1 Except where otherwise stated herein, this Agreement may not be amended except in a writing signed by both Parties.

16.2 Any notice required or permitted to be given in writing under this Agreement shall be deemed duly given and effective either when served personally, by facsimile, or by electronic mail on the other Party or when placed in the United States mail, postage prepaid, by certified or registered mail, return receipt requested or when received by overnight courier service to the Party at its address as set forth below or as otherwise designated by the Party in writing as follows:

TWFG: TWFG Insurance Services, LLC
1201 Lake Woodlands Dr., Suite 4020
The Woodlands, Texas 77380
Attn: Richard F. Bunch, III

BRANCH: _____

16.3 BRANCH may not assign or transfer this Agreement or any of its rights or obligations hereunder, or contract with any third party to perform any of its responsibilities or obligations relating to this Agreement without the prior written consent of TWFG. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns.

16.4 If any provision of this Agreement is determined to be void, voidable, invalid, unenforceable, or inoperative for any reason, such holding, declaration, or pronouncement shall not adversely affect any other provision of this Agreement, and this Agreement shall otherwise remain in full force and effect and be enforced in accordance with its terms, including in a manner that may be reasonably required in order to render any provision that has been held, declared, or pronounced, void, voidable, invalid, unenforceable, or inoperative to become valid, enforceable, and operative.

16.5 Failure to enforce any portion of this Agreement on one or more occasions shall not be construed as a waiver, nor shall such failure prevent the later enforcement of said provision.

16.6 This Agreement may be executed in counterparts, in which case, all such counterparts shall constitute one in the same Agreement.

16.7 This Agreement shall be construed in accordance with and governed by the laws of the State of Texas, without giving effect to conflicts of laws.

16.8 The parties agree that the use of electronic signatures for the execution of this Agreement shall be legal and binding and have the same full force and effect as if originally signed.

16.9 The Parties acknowledge and agree that they have had ample opportunity to review this Agreement with their legal counsel and have had equal input into its contents. The Parties further agree that this Agreement shall not be construed either more favorably or more strongly against either Party. The headings in this Agreement are for ease of reference and should be considered by a reading of the Agreement as a whole.

16.10 The Agreement constitutes the entire agreement of the Parties with respect to the subject matter hereof, and supersedes all prior negotiations and agreements, whether written or oral.

16.11 Nothing herein contained is intended to confer any right or remedy under or by reason of this Agreement on any person or entity other than the Parties hereto and their respective successors and permitted assigns, and no action may be brought against any Party hereto by any third party claiming as a third-party beneficiary to this Agreement or the transactions contemplated herein.

16.12 Once this Agreement is signed by all Parties a copy can be used for all purposes as if it were an original.

16.13 If this Agreement becomes effective at a time when BRANCH is a party to a pre-existing agreement regarding the subject matter contained herein, this Agreement supersedes and replaces any agreement between the parties hereto regarding the subject matter contained herein.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date and year first above written.

BRANCH:

BY: _____

Name: _____

Title: _____

TWFG INSURANCE SERVICES, LLC

A Texas Limited Liability Company

BY: _____

Richard F. Bunch, III

President & CEO

INDIVIDUALLY

(All Owners or Principals of BRANCH Must Sign)

BY: _____

Name: _____

BY: _____

Name: _____

SCHEDULE 1
(RETAIL BRANCH - NEW AGENCY)

BRANCH STANDARDS AND EXPECTATIONS

TWFG Insurance Services was founded with the goal of providing its clients with a variety of coverage choices while providing comprehensive and exemplary personal service, thus earning a reputation for excellence in our industry. With this in mind, branch owners are required to do the following:

- Do not take or AOR clients from another TWFG branch without discussion and agreement with the other branch owner.
- Do not bind business without collecting and remitting money to TWFG home office (agency bill.)
- Follow carrier guidelines, underwriting rules and procedures.
- Use TWFG's Agency Management System to maintain all prospect, client and policy information including all documents and attachments.
- Represent and brand your office as TWFG Insurance Services. This includes social media, signage, email address, website, phone greeting, letterhead and business cards.
- Regularly maintain diaries.
- Only write business through carriers contracted by TWFG.
- Gain prior approval for all "non-TWFG" produced/published marketing materials.
- Maintain an approved commercial office and obtain prior approval from TWFG prior to moving.
- Project a professional image.
- Be available to support clients.
- Commit to learning all new carriers and keep up to date on all carriers used by your branch.
- Attend carrier training webinars and classes.
- Check and respond to emails and other forms of communication from TWFG home office.
- Attend Annual Agent Convention or one other branch meeting during the calendar year.
- Do not solicit intentionally clients, producers or employees from another TWFG Branch or home office.

These standards are for the betterment and protection of TWFG Branch offices. Failure to comply can put all agents at risk of losing carriers, clients, and support. Failure to follow guidelines can result in a cancellation of your contract with TWFG and/or forfeiture of book of business and right to commissions.

All standards are subject to revisions.

Branch Owner Signature

Date

**SCHEDULE 4
(RETAIL BRANCH - NEW AGENCY)**

TEMPORARY SERVICE CENTER AGREEMENT

BRANCH Name: _____

Key Agent Name: _____
(If Applicable)

Services Provided.

See attached two pages for list of services provided. BRANCH is still responsible for all new business or application requirements. BRANCH must provide or arrange for its clients or new clients to contact the Service Center. This Service Center Agreement is intended to provide customer service support for BRANCH's operation but does NOT actually find new customers or generate new sales to BRANCH.

Service Center Fee. In addition to TWFG's regular 20% of all commissions pursuant to the Branch Agreement, once implemented, an additional 20% of Branch paid commissions for prior 3-month period. This will be calculated on a daily commissionable average with a minimum \$50 per day charge.

Date Service to Begin: _____

Date Service to End: _____

Does BRANCH want its email to be checked daily? YES NO

If Yes: Email Address: _____ **Login:** _____ **Password:** _____

Is BRANCH able to transfer its incoming calls? YES NO

If Yes, phones must be transferred to: 281-367-3424

If No, voicemail must tell clients to call: 281-367-3424 and go to the "service option."

Are you able to transfer faxes? YES NO

If Yes, faxes must be transferred to: 281-298-8626

DO you want TWFG to quote or Issue new policy business? YES NO

****If yes, please check with TWFG for more details.****

It is BRANCH's responsibility to make sure TWFG is aware and has properly scheduled for BRANCH'S service center needs.

Date: _____

Signature: _____

Printed Name: _____

Position with BRANCH: _____

TWFG Approved Signature: _____

Date: _____

For Corporate Office Use Only: Received: _____ Responded: _____ Accounting: _____ Approved: _____

SERVICES PROVIDED BY SERVICE CENTER

New, Renewal and Endorsement Dec's

- Agency Management System will be updated
- Dec Page will be scanned into Agency Management System
- Insured copy will be forwarded to client
- Diary will include endorsement information

Endorsement Request

- Endorsement will be processed with carrier
- Documents will be provided as needed
- Follow up will occur to finalize endorsement
- Agency Management System will be updated, and an open diary will be created
- Documents will be imaged into Agency Management System

Underwriting for Established Business (not new business)

- Request will be researched and information will be forwarded to the inquiring carrier
- Activity will be documented via open diary in Agency Management System
- Any applicable documents will be scanned into Agency Management System

Cancellation Request

U/W Request:

- Request will be researched and information will be forwarded to carrier to avoid cancellation

Insured Request:

- CSR will process

- Agency Management System will be updated and an open diary will be sent to agent of record
- Any applicable documents will be scanned into Agency Management System

TWIA

- Renewal information will be sent to insured/mortgage company to collect renewal premium
- Agency Management System will be updated and activity will be documented with an open diary to agent of record
- If renewal premium has not been paid one week before renewal, certified notification will be sent to insured
- Any applicable documents will be imaged into Agency Management System

Return Mail

- Client will be contacted to get correct address
- Mail will be forwarded to insured
- Agency Management System and carrier will be updated
- An open diary will be sent to AOR

Billing Inquiry

- Information will be provided to the insured
- Offer will be made to process payment over phone (if option is available)
- Activity will be documented via diary in Agency Management System

Verifying Coverage

- Coverage will be verified
- Changes will be processed (if needed)
- Activity will be documented in Agency Management System with open diary to agent of record

Any applicable documents will be imaged into Agency Management System

Claims

Claim information will be taken

Client will be advised of best interest

Activity will be documented in Agency Management System via open diary to agent of record

Any applicable documents will be scanned into agency management system

****QUOTE & ISSUE****

QUOTE AND ISSUE REQUESTS WILL ONLY BE DONE IF REQUESTED BY Branch with specific instructions.

If you are out less than 3 days any quote or bind request (unless urgent) will be diarized to you to complete upon return.

TWFG will consider providing this service on a case by case basis depending upon the time out of office and individual circumstances.

SCHEDULE 5
NON-COMPETE/NON-SOLICITATION AGREEMENTS AS TO PRIOR EMPLOYER/AGENCY
(RETAIL BRANCH - NEW AGENCY)

BRANCH agrees that during the Term of this Agreement, all BRANCH Owners and any staff or producers shall abide by all prior non-compete and/ or non-solicitation agreements or covenants they may have signed or agreed to in the past with any entity other than TWFG.

BRANCH may have developed a relationship with prior policyholders and compiled information concerning the names, address, ages, the description and location of insured's property, and the expiration and renewal dates of their policies with Branch, and other valuable information concerning their policyholders or other confidential information and trade secrets from previous employers. Should BRANCH had signed or agreed to any agreements acknowledging that this information constitutes trade secrets and confidential business information and was wholly owned by any other entity or individual, BRANCH agrees to take all reasonable steps to maintain the value and confidentiality of such information. Branch will fully comply with all Agreements with a prior employer or agency, and will advise TWFG, in writing, as to such Agreements before beginning its' relationship with TWFG.

Should Branch take such confidential information and use for his or her own benefit and to the detriment of others it may be deemed a breach of contract and may constitute an injunctive relief from the damaged party to prevent further wrongful conduct by BRANCH. BRANCH agrees to abide by and take all reasonable steps to maintain the value and confidentiality of others property.

TWFG may terminate the BRANCH OFFICE AGREEMENT for cause should BRANCH willfully and intentionally breach any prior agreements. BRANCH shall be solely responsible for all costs and expenses incurred should legal recourses be taken by another party.

BRANCH hereby covenants and agrees to defend, indemnify, and hold harmless TWFG and its officers, directors, employees, and agents from, against, and with respect to any and all claims, demands, actions, or causes of actions, losses, liabilities, damages, assessments, deficiencies, taxes, costs, and expenses, including, without limitation, interest, penalties, E&O deductibles, and reasonable attorney fees and expenses, arising out of or resulting from or relating to any breach by BRANCH of any of its covenants or agreements with prior employers and/or agencies.

BRANCH DOES DOES NOT have any prior non-compete agreements.

If "**DOES**," list name of entity and attach a copy of such agreement: _____

Dated: _____

BY: _____

BY: _____

Printed Name

Printed Name

Branch Owner

Title

Title

Title

BRANCH SCHEDULE 6

Hardware, Software & Operating System Requirements

IMPORTANT: Complete form for each computer work station and server to be used with TWFG. Each must meet the specifications listed below. These requirements have nothing to do with servers.

HARDWARE (check yes to indicate you have at least the minimum required)

- | | | |
|------------------------------|-----------------------------|--|
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | Computer: Computer with a minimum of 1 GHz or higher. Refer to the paperwork provided when you purchased the computer. Or To check: click on My Computer, click on Control Panel, click on System and look under the General tab. |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | Computer: Computer with a minimum of 256 MB of Memory or higher. To check: click on My Computer, click on Control Panel, click on System and look under the General tab. |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | Computer: Computer with a minimum of .5 GB open/free hard drive space. To check: click on My Computer, right click on "C" click on Properties. Open/Free hard drive space is listed. |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | SCANNER: A multi-page, high quality scanner is essential for daily activities. All documentation is required to be attached within the management system. |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | FAX: It is necessary that you have a working fax machine or an electronic fax service that allows you to send and receive faxes from your computer. |

SOFTWARE (check yes to indicate you have at least the minimum required)

- | | | |
|------------------------------|-----------------------------|--|
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | Google Chrome web browser. Can be downloaded for free from https://www.google.com/chrome/ |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | Adobe Acrobat Reader in a version that is current within the last two year. Can be downloaded for free from http://get.adobe.com/reader/otherversions/ |

OPERATING SYSTEM (check yes to indicate you have at least the minimum required)

- | | | |
|------------------------------|-----------------------------|--|
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | Microsoft Windows version 7 or higher operating system. TWFG's management system does not have full functionality on Mac computers. |
|------------------------------|-----------------------------|--|

Date

Signature

Printed Name

Branch Owner

Title

BRANCH SCHEDULE 7

OFFICE LOCATIONS

TWFG branch offices are typically located in commercial areas such as office complexes, strip-centers, shopping malls, professional office buildings and free-standing commercial locations which are leased or owned by the BRANCH.

BRANCH agrees to maintain a formal commercial office location during the term of their Branch Office Agreement. Prior to moving or changing locations BRANCH will give TWFG at least a 60 day prior notice and must obtain prior approval prior to moving.

RELOCATION GUIDELINES AND REQUIREMENTS

You must obtain TWFG's written approval before relocating your branch from your existing location. 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 TWFG's prior written approval of the permanent location. We also prohibit the location or relocation of your branch 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 TWFG's written approval before closing a branch location from which you operate. Additionally, TWFG must approve the transfer of your branch. The transferor will be required to pass the approval process that all branches must pass in order to be granted a TWFG branch.

The following are **not acceptable** locations or environments for TWFG Branch locations:

- Residential Homes
- Virtual Offices – Office which do not have a permanent office location available to BRANCH.
- Insurance Offices shared with NON-TWFG Branch agents
- Non-Professional locations

BRANCH'S LOCATION WILL BE:

Physical:	Mailing:
Address: _____	Address: _____
City, St, Zip: _____	City, St, Zip: _____
Office is located in a/an:	
<input type="checkbox"/> Strip Center	<input type="checkbox"/> Office
<input type="checkbox"/> Free-Standing Commercial Building	<input type="checkbox"/> Executive Suite
	<input type="checkbox"/> Other: _____

Branch must provide TWFG with interior & exterior pictures of the location in a digital format.

The contact numbers for the Branch will be:

Phone: _____	Fax: _____
--------------	------------

_____ Signature	_____ Date
---------------------------	----------------------

_____ Printed Name	_____ Date
------------------------------	----------------------

Branch Owner _____
Title _____

BRANCH SCHEDULE 8

Information Needed for P&C Appointment Paperwork

TWFG needs the information below in order to complete carrier appointment forms on your behalf. You will be contacted if any additional information is needed. Forms needing signatures or agent-specific information will be sent to you; you will be responsible for signing these forms and returning them to TWFG to be submitted for you. You will receive final copies of all forms that are submitted.

1. List any Non-Resident State Licenses: _____
2. County/Parish Office Located in: _____ 3. Number of Employees: _____
4. Marital Status: Not Married Married (answer questions 4a & 4b)
 - 4a. Spouse's Name: _____
 - 4b. Maiden Name: _____
5. Place of Birth: _____ 6. Mother's Maiden Name: _____
7. Are you a registered FINRA Rep? No Yes (answer questions 7a – 7f)
 - 7a. Broker Dealer Name: _____
 - 7b. CRD#: _____ 7c. Completion Date: _____
 - 7d. Who was your most Recent Anti-Money Laundering Training (AML) with? _____
 - 7e. AML Training Completion Date: _____
 - 7f. Honors: CLU ChFC CFC CFP MDRT FLMI NQA
 Other: _____

8. Are you LIFE & HEALTH Licensed? No Yes (Please complete Schedule 9)

9. Please list all residence addresses you have had during the past 5 years.

From (mm/yy)	To (mm/yy)	Street Address	City, State	Zip

Prior Agency Sales Data - Please provide estimates for the prior year of business at your agency:

Retention Rate (%): _____ Total Revenue in actual money earned (not Premium): \$_____

New Business Distribution: how much of your last year's premium was from New Business (%): _____

Please summarize your production history below:

Carrier	Written Premium	1 yr Loss Ratio	3 yr Loss Ratio	Personal Premium	Commercial Premium	Other Premium

BRANCH SCHEDULE 8, CONTINUED

Information Needed for Appointment Paperwork

Yes/No Questions

- | | | | |
|-----|--|------------------------------|-----------------------------|
| 1. | Have you ever had your Insurance Licensed Suspended, Cancelled, or Revoked? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 2. | Has and State, Federal, Legal, or Regulatory agency ever filed a complaint against you or have you ever been sanctioned, censured, penalized, or disciplined? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 3. | Have you ever been subject to an insurance investigation due to a consumer complaint? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 4. | Have you ever been convicted of or pled guilty to any felony or misdemeanor other than a minor traffic offense? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 5. | Have you or your agency ever filed for bankruptcy? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 6. | Has an E&O carrier ever denied claims, paid claims, or cancelled your coverage? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 7. | Are you currently a party to litigation or the subject of investigations? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 8. | Have you ever had a bond denied or cancelled? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 9. | Do you have any unpaid tax liens? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 10. | Are you indebted to any insurance company, general agent, manager, or broker? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 11. | If you use a DBA, is your Business Name registered with the Secretary of State and the Department of Insurance?
<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A; I do not use a business name | | |
| 12. | Have you ever been affiliated with or employed by: | | |
| | Allstate <input type="checkbox"/> No <input type="checkbox"/> Yes, from _____ to _____ | | |
| | Bristol West <input type="checkbox"/> No <input type="checkbox"/> Yes, from _____ to _____ | | |
| | Farmers <input type="checkbox"/> No <input type="checkbox"/> Yes, from _____ to _____ | | |
| | Zurich <input type="checkbox"/> No <input type="checkbox"/> Yes, from _____ to _____ | | |

I acknowledge that both the GA Independent Agent and the Exclusive Branch offerings have been presented to me and that I am opting for the Exclusive Branch offering.

Initials: _____ Date: _____

By signing this form, I authorize TWFG to fill out applications for carrier appointments and establish accounts with reporting agencies on my behalf.

Date

Signature

Printed Name

BRANCH OFFICE AGREEMENT
(NEW INSURANCE AGENCY)

This TWFG BRANCH OFFICE AGREEMENT is entered into as of the ____ day of _____, 20____ (“Effective Date”) by, and between TWFG INSURANCE SERVICES, LLC, (“TWFG”), a Texas limited liability company, with its principal offices located at: 1201 Lake Woodlands Drive, Suite 4020, The Woodlands, Texas 77380, and

(Entity or d.b.a.)

a/an _____, and _____

(Sole Proprietor, Corporation, etc.) (Individual Name(s))

(“BRANCH”), whose principal business address is _____

_____. TWFG and BRANCH are sometimes referred to herein individually as “Party” and collectively as the “Parties.”

INTRODUCTION

BRANCH is an independently owned and operated insurance agency, which does not currently have an existing Book of Business. BRANCH understands it will be one of numerous Branches of TWFG and seeks the benefits of association with TWFG.

TWFG is engaged in the insurance agency business for property, casualty, health, life, and other types of insurance and provides insurance-related services to independent insurance agencies. TWFG has several other branches that are operating under a like, or similar arrangements, to this Agreement.

The Parties wish to establish a framework within which they may facilitate the availability of Insurance Products to Clients through direct sales contacts by BRANCH. As part of this Agreement, TWFG will provide BRANCH with resource and services to grow its Book of Business and will share commissions with BRANCH. Subject to the terms herein, BRANCH’S Book of Business shall remain with TWFG or another TWFG branch. **READ THIS AGREEMENT CAREFULLY.**

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

ARTICLE I: DEFINITIONS

As used herein, the terms below shall have the following meanings:

“**Agreement**” means this TWFG Branch Office Agreement and any schedules, amendments or addendums to the TWFG Branch Office Agreement.

“**Book**” and/or “**Book of Business**” means the BRANCH s total list of Clients from which policies are currently in force.

“**Carrier(s)**” means the entity which offers insurance policies or products to Clients. For purposes of this Agreement, a Carrier is any duly licensed insurance company, MGA, insurance agency, or broker-dealer with whom TWFG has a contractual relationship.

“**Client(s)**” means individuals or business entities who seek to purchase insurance and insurance products through TWFG, including referrals and prospective clients identified by BRANCH.

“**Commission(s)**” means a percentage of the Premiums paid by the Carrier, which may vary by Carrier and product sold. For purposes of this Agreement, Commissions include first-year commissions, renewal commissions, trailer commissions, and agency fees paid as the result of the sale of Insurance Products sold to Clients by TWFG and/or BRANCH. Commissions do not include any contingency, additional incentive and/or bonus payments paid by Carriers.

“**Confidential Information**” means information regarding TWFG’s trade secrets and confidential or proprietary information, including Client information. Client information includes, but is not limited to, information regarding the names, phone numbers, addresses, email addresses, ages, policy history, types of policies, amounts of insurance, premium amounts, the description and location of insured property, the expiration or renewal dates of policies, and other information identifying facts and circumstances specific to the Client and relevant to the sales and servicing of insurance products or subject to any privacy law. Confidential Information also includes Client listings; Client information contained within TWFG’s designated agency management system; proprietary business and development plans of TWFG; forms, manuals, and other training materials provided by TWFG; Carrier contracts, Carrier codes and Carrier login credentials of TWFG; information and materials identified by TWFG or Branch as a trade secret or confidential, and any information concerning other matters affecting or relating to the company that are not otherwise lawfully available to the public. Confidential information may be oral, written, electronic data file or any other medium.

“**Gross Revenue**” means the full Commissions paid to TWFG by the Carriers. Gross Revenue excludes any contingency, additional incentive and/or bonus payments on TWFG’s entire book of business (which could include BRANCH’s book) and/or overrides paid to TWFG in its capacity as a managing general agent. “**BRANCH’s Gross Revenue**” means the portion of Commissions received by the BRANCH itself.

“**Insurance Agent(s)**” means any individual or entity duly licensed by any appropriate regulatory authority and authorized, by contract or otherwise, to sell Insurance Products for Carriers.

“**Premiums**” means the charge or cost to the Client for the purchase of an insurance policy or product. Premium amounts are solely determined by the Carriers, based upon Carriers’ underwriting and pricing guidelines.

“**Insurance Product(s)**” means any life insurance, annuity, disability insurance, long-term care insurance, accident insurance, property insurance, casualty insurance, and any other insurance or related product which TWFG has a Carrier(s) and/or a market for purposes of sales by BRANCH.

“**Service Providers**” means an Insurance Agent, producer, customer service representative, employee, agent, representative, or independent contractor who performs services for BRANCH.

ARTICLE II: SCOPE AND AUTHORITY

2.1 Upon execution of this Agreement, and from time to time thereafter, TWFG shall take all necessary steps to cause BRANCH to become appointed with Carrier(s) as an Insurance Agent of TWFG for the marketing and sale of Insurance Products.

2.2 BRANCH shall devote its full-time efforts to exclusively sell and promote the sale of Insurance Products offered through TWFG.

2.3 BRANCH shall identify and market itself to the public as a branch of TWFG and must include "TWFG" in its name. The Insurance Agent's individual name may also be included in BRANCH's name to identify itself to the public. No other names may be used to identify and market BRANCH to the public unless otherwise agreed in writing by the Parties.

2.4 TWFG may establish certain marketing and branding standards for BRANCH, which are subject to change from time to time. BRANCH shall comply with all marketing and branding standards of TWFG, unless otherwise agreed in writing by the Parties.

2.5 BRANCH shall continuously maintain a formal office in a business setting and available for meeting Clients. BRANCH is not permitted to operate out of an office shared with another business or a home used as a residence. The choice and location of an office must be approved in writing by TWFG.

2.6 BRANCH shall procure and maintain all required state and/or regulatory licenses or appointments necessary for it to perform its services under this Agreement.

2.7 Carrier Relationships. BRANCH acknowledges and agrees that TWFG owns the Carrier contracts, Carrier codes and Carrier required documentation for all Insurance Products sold through TWFG.

2.7.1. TWFG retains the right to grant and/or terminate BRANCH's access to any Carrier at any time and for any reason. TWFG may change the list of available Carriers from time to time. All Carriers may not be available in all states and regions. All Carriers may not be available to all branches of TWFG.

2.7.2. BRANCH acknowledges that a Carrier may grant and/or terminate BRANCH's access at any time and for any reason, and that a Carrier may unilaterally change the availability of Insurance Products and/or Commissions paid on Insurance Products. BRANCH acknowledges that BRANCH's access to certain Carriers, the availability of Insurance Products to BRANCH, and the amounts of Commissions paid on Insurance Products are outside the control of TWFG.

2.7.3. Any change of Carriers, Insurance Products and/or Commissions shall be effective immediately, either from the earlier of:

- (a) the date notice is mailed, electronically mailed, or sent by facsimile by TWFG to BRANCH; or
- (b) the date such action was implemented by Carrier.

2.7.4. TWFG and Carriers may set certain rules, guidelines and procedures regarding the Insurance Products sold through TWFG, which may change from time to time upon notice to BRANCH. BRANCH agrees to follow all rules, guidelines and procedures of TWFG and Carrier with respect to, without limitation, solicitation, underwriting, extension of credit, and use of propriety materials and property.

- 2.7.5. During the Term of this Agreement, BRANCH shall not seek or accept direct appointments from any Carrier without TWFG's written consent.
- 2.7.6. During the Term of this Agreement, BRANCH shall not directly or indirectly, solicit or sell Insurance Products on behalf of any insurance company, MGA, insurance agency or broker-dealer in which TWFG does not have an appointment. All Insurance Products sold through BRANCH shall be placed exclusively through TWFG contracts with Carriers.
- 2.7.7. In the event that BRANCH breaches Section 2.7.5 or 2.7.6, BRANCH shall pay to TWFG all commissions earned and/or received from such Insurance Products sold by BRANCH that were not written pursuant to a TWFG contract with a Carrier. Payment shall be due to TWFG by BRANCH within fifteen (15) days after collection of Premium for such Insurance Products or within sixty (60) days after billing for such Insurance Products, whichever occurs first. BRANCH agrees that in the event of a breach of Section 2.7.5, BRANCH hereby assigns its right to such commissions to TWFG and authorizes the Carrier(s) involved in said transaction to remit any commissions directly to TWFG.

2.8 BRANCH has no authority to act as an agent or to bind TWFG in any way, except for the placement of Insurance Products within the rules, guidelines, and procedures of TWFG and the Carrier. No other authority or power is granted or implied other than what is specifically set out in this Agreement. BRANCH cannot borrow money in the name of TWFG or represent that TWFG will co-sign or guarantee a loan for BRANCH.

2.9 BRANCH agrees to perform all duties and responsibilities under this Agreement faithfully, diligently and to the best of its ability, consistent with the highest and best standards of the industry. BRANCH shall follow all applicable federal, state, and local laws and regulations pertaining to BRANCH's business. BRANCH shall be responsible for ensuring all of BRANCH's Service Providers follow all applicable laws and regulations.

2.10 BRANCH agrees to follow the terms of **Schedule 1 — Branch Standards and Expectations**, which may be amended by TWFG from time to time. TWFG may, from time to time, conduct audits regarding the requirements of the Branch Standards and Expectations. In the event Branch fails to follow the requirements of the Branch Standards and Expectations, TWFG may require BRANCH to employ the efforts of the TWFG Service Center pursuant to Section 7.3.

2.11 During the term of this Agreement, BRANCH owners and Insurance Agents may be required to maintain memberships in one or more of the following professional organizations: a) Independent Insurance Agents and Brokers of America (IIABA), b) Trusted Choice, c) Professional Insurance Agents (PIA) and other local insurance organizations as deemed appropriate by TWFG. The Parties agree that these organizations both promote and set forth accepted and recognized practices of conduct for insurance agents.

2.12 Any services performed by the Parties shall be performed under the terms of this Agreement.

2.13 BRANCH is an independent contractor of TWFG. Under no circumstances shall either Party be deemed an employee of the other Party. Neither Party shall have power or control over the other Party with respect to:

- (a) its hours or times of operation;
- (b) hours, pay or compensation to employees of either Party; or
- (c) routine decisions in the day-to-day course of business.

TWFG has no power or control over the methods or manner in which BRANCH conducts its business in accordance with the terms of this Agreement. Any and all joint venture or partnership status is hereby expressly denied, and the Parties expressly state that they have not formed, either expressly or impliedly, a joint venture or partnership.

Service Providers of BRANCH.

2.14 BRANCH shall promptly notify TWFG in writing of any Service Provider of BRANCH who performs services for BRANCH under this Agreement.

- 2.14.1. BRANCH is responsible to ensure BRANCH's Service Providers comply with the terms of this Agreement and TWFG Branch Standards and Expectations.
- 2.14.2. BRANCH's Service Providers must sign a Confidentiality and Non-Disclosure Agreement prior to providing services.
- 2.14.3. BRANCH shall be solely responsible to pay all compensation to BRANCH's Service Providers. Any Insurance Agent that sells or solicits any Insurance Products for BRANCH must sign a written agreement that acknowledges TWFG's ownership interest in Commissions received from Insurance Products sold by the BRANCH through TWFG.
- 2.14.4. BRANCH shall provide TWFG with a copy of Service Provider's insurance license. BRANCH shall not permit any Service Provider to quote, issue policies, counsel clients on coverage, or otherwise perform services of a licensed agent unless the Service Provider is properly licensed in the applicable state to do so.
- 2.14.5. BRANCH shall promptly notify TWFG in writing of the termination of any of BRANCH's Service Provider.

2.15 BRANCH must notify TWFG and receive approval prior to a change in:

- (a) Any ownership of the stock and/or ownership interest in the BRANCH;
- (b) Any principal officer, managing person or designated responsible licensed producer of BRANCH.

ARTICLE III: OWNERSHIP OF CLIENT ACCOUNTS

3.1 **Ownership of Client Accounts.** Branch agrees that all Clients, the Book of Business, and any Insurance Products sold by BRANCH during the Term, together with all expirations and other records with respect thereto, and/or any goodwill in therewith, are the exclusive property of TWFG and shall continue as such both during and after termination of this Agreement.

3.2 Except as provided pursuant to Section 14.5.1 or Section 14.5.2, BRANCH shall not assign, sell or transfer, nor shall it permit any individual or entity to encumber, assign, sell or transfer all or any part of the Book of Business subject to this Agreement.

ARTICLE IV: COMPENSATION TO BRANCH

4.1 **Ownership of Commissions.** All Commissions on the Book of Business, and the right to receive Commissions generated pursuant to the sale of Insurance Products resulting from efforts of BRANCH's, shall belong to TWFG. BRANCH's right to compensation is only through this Agreement. BRANCH shall take whatever actions are necessary to remit or direct all Commissions and related commission statements to TWFG.

4.2 For property and casualty business, TWFG shall pay to BRANCH eighty (80%) percent of Commissions received by TWFG for Insurance Products sold and serviced by BRANCH as shown on TWFG's monthly Commission statements. Any chargebacks or other reductions by Carriers related to BRANCH's production of business, including but not limited to MVR fees, CLUE fees, and inspection fees shall be deducted from BRANCH's Commissions. To the extent that TWFG has already paid BRANCH a Commission for which TWFG is required to reimburse a Carrier later, BRANCH agrees to reimburse all such amounts to TWFG within fifteen (15) days after written demand. TWFG, in its discretion, may set off BRANCH's reimbursement obligations against future payments to BRANCH. Upon BRANCH's request, TWFG shall provide BRANCH with documentation of all such offsets and reimbursements.

4.3 For life, health, and annuities products, TWFG shall pay to BRANCH variable commission rates depending on the Insurance Product and the Carrier.

4.4 **Bonuses.** Any and all additional compensation from Carrier, including but not limited to bonuses, profit sharing, incentives, trips, gifts, gift cards, or like items ("**Bonuses**") shall belong to TWFG. BRANCH shall take whatever actions necessary to remit or direct all Bonuses to TWFG. Notwithstanding the foregoing, TWFG reserves the right, but not the obligation, in its sole discretion, to distribute all or part of any Bonuses to BRANCH from time to time.

ARTICLE V: RIGHT OF INSPECTION OF BOOKS AND RECORDS

5.1 BRANCH grants TWFG the right, at all reasonable times, to make an examination and audit of BRANCH's financial books and records and to make copies if deemed necessary by TWFG.

5.1.1. Examination, audit, and copying can either be by an employee of TWFG or an individual contracted by TWFG to do such inspection.

5.1.2. Such audit shall be at TWFG's sole cost and expense unless said audit determines that the financial information and/or Commission statements provided by BRANCH to TWFG were inaccurate by more than five (5%) percent. If the

audit determines that the financial information and/or Commission statements were inaccurate by more than five (5%) percent, then TWFG may charge BRANCH the expense of said examination and/or audit.

5.2 TWFG grants BRANCH the right, at all reasonable times, to make an examination and audit of TWFG's financial books and records as they relate to BRANCH and BRANCH's Book of Business, and to make copies if deemed necessary by BRANCH.

5.2.1. Examination, audit, and copying can either be by an employee of BRANCH or an individual contracted by BRANCH.

5.2.2. Such audit shall be at BRANCH's sole cost and expense unless said audit determines that the financial information and/or Commission Statements provided by TWFG to BRANCH were inaccurate by more than five (5%) percent. If the audit determines that the financial information and/or Commission Statements were inaccurate by more than five (5%) percent, then BRANCH may charge TWFG the expense of said examination and/or audit.

ARTICLE VI: FEES AND EXPENSES

6.1 Branch shall pay TWFG a non-refundable initial startup fee of FIVE THOUSAND AND 00/100 (\$5,000.00) DOLLARS, due and payable on the Effective Date of this Agreement.

6.2 BRANCH shall pay TWFG the Monthly Fees as shown on **Schedule 2 — Monthly Fees**, which are subject to change from time to time with at least (30) days advance written notice. Monthly Fees shall be due on or before the 5th day of each month.

6.3 Monthly fees and/or other amounts owed by BRANCH shall be deducted from BRANCH'S monthly Commissions. Branch authorizes TWFG to charge any remaining balance owed by BRANCH to the credit card on file, deduct by ACH from BRANCH's operating account on file, or off-set against future Commissions.

6.4 Unless otherwise set forth in this Agreement, each Party shall be solely responsible for all costs and expenses incurred in connection with this Agreement and its own respective operations.

6.5 Errors and Omissions (E&O) Coverage. During the Term of this Agreement, BRANCH shall maintain E&O Coverage, at BRANCH's sole expense, for Insurance Products sold by BRANCH and insurance-related services provided by BRANCH pursuant to this Agreement.

6.5.1. TWFG's E&O Coverage. BRANCH will be included on TWFG's E&O Insurance Policy (the "**Policy**"). The Policy is subject to change from time to time and at the reasonable discretion of TWFG. TWFG shall provide BRANCH with written notice of any change in the Policy's amount, coverage(s), deductible, or monthly fee not less than thirty (30) days before such change. See **Schedule 3 — E&O Current Terms and Rates** attached for the current monthly fee and deductible per claim. Upon request by BRANCH, TWFG shall provide BRANCH with evidence of such insurance coverage. TWFG reserves the right in its sole discretion to set the deductible for each BRANCH. BRANCH is responsible for the payment of any Policy deductible for any act, error or omission of BRANCH or any of its respective partners, officers, directors,

employees, representatives, Service Providers or Insurance Agents that results in filing a claim with the Policy. BRANCH acknowledges and agrees any claims brought for negligent errors or omissions for less than the applicable deductible shall be self-insured by the BRANCH. The E&O carrier has the right to deny BRANCH the right to participate in the Policy if BRANCH fails to meet minimum requirements.

- 6.5.2. If BRANCH does not qualify for TWFG's E&O Insurance Policy, BRANCH shall obtain E&O insurance coverage on its own with minimum limits and coverages comparable to TWFG's E&O Policy. The policy must name TWFG as an additional insured, and BRANCH must provide TWFG evidence of such insurance annually and upon request.
- 6.5.3. BRANCH shall cooperate with TWFG in good faith in the defense of any E&O claim brought against BRANCH and/or TWFG.
- 6.5.4. BRANCH shall fulfill all TWFG standards and Policy requirements necessary to maintain coverage and shall maintain eligibility during the Term.
- 6.5.5. Upon termination of this Agreement by any Party, BRANCH agrees to secure tail coverage for both Parties for a period of one year following termination. The cost of the E&O premium for one year shall be deducted from any monies TWFG owes BRANCH at termination. BRANCH shall pay any remaining amounts within five (5) days of termination.

ARTICLE VII: RIGHT TO REQUIRE BRANCH TO USE TWFG SERVICE CENTER

7.1 The BRANCH shall develop and maintain internal procedures to timely handle customers questions, comments, transactions and complaints.

7.2 If TWFG obtains any written or oral complaints from customers about BRANCH, including but not limited to BRANCH's failure to timely respond to questions, comments, or transactional issues, BRANCH agrees to cooperate in good faith with TWFG to determine the source of the customer complaints and to rectify any issues.

7.3 If complaints about the BRANCH persist and the identified issues are not corrected, TWFG may require BRANCH to employ the efforts of the TWFG Service Center. The BRANCH shall pay the then existing rates of the TWFG Service Center, until such time that TWFG has determined in its reasonable discretion that BRANCH has resolved the identified issues. The costs of the Service Center are set out on **Schedule 4 – TWFG Service Center Fees**, which is subject to change from time to time.

ARTICLE VIII: INTELLECTUAL PROPERTY

8.1 BRANCH shall not, without the prior written consent of TWFG, make use of the names "TWFG Holding Company, LLC" "TWFG General Agency, LLC," "The Woodlands financial Group," "TWFG," "TWFG Insurance Services, LLC," "The Woodlands Insurance Company," "TWICO" or related logos (collectively "**Trademarks**") in any capacity whatsoever; provided, however, that TWFG hereby grants BRANCH a limited, revocable license (the "**License**") to use the Trademarks "TWFG

Insurance Services” and “TWFG” (the “**Licensed Marks**”) during the Term of this Agreement in connection with the performance of BRANCH’s services under this Agreement.

- 8.1.1. BRANCH acknowledges and agrees that TWFG is the exclusive owner of such Trademarks, and that the Trademarks are well established and have a brand recognition with the public.
- 8.1.2. BRANCH agrees not to modify any of the Licensed Marks and shall use the Licensed Marks only as permitted and for the purposes contemplated by this Agreement.
- 8.1.3. Except for the use of the Licensed Marks for the purposes contemplated by this Agreement, BRANCH shall not use the Trademarks in writing in any form, including, without limitation, direct mail, website, newspaper, magazine, television, and radio advertisement without prior written approval from TWFG.
- 8.1.4. BRANCH may not use “TWFG” in its own contracts, agreements, bank accounts, brochures, stationery, business cards, financial statements, or otherwise without written approval from TWFG. TWFG shall not unreasonably withhold its approval if the Licensed Marks are used in connection with BRANCH’s use in selling and/or marketing Insurance Products.
- 8.1.5. BRANCH further acknowledges that all the goodwill associated with the Licensed Marks, regardless of its source, belongs exclusively to TWFG and remains the property of TWFG upon the termination of this Agreement.
- 8.1.6. Any unauthorized use by BRANCH of the Trademarks shall constitute an infringement on the rights of TWFG, for which BRANCH may be liable for damages or subject to equitable relief for the benefit of TWFG. BRANCH’s unauthorized use of the Licensed Marks entitles TWFG to seek injunctive relief in the District Courts of Montgomery County, Texas, without the necessity of posting a bond or other security. TWFG shall also be entitled to any damages associated with BRANCH’s unauthorized use, and such claim shall be made under Article XII of this Agreement.

8.2 Insurance Company Logos or Trademarks of Third Parties. BRANCH shall not display or use in marketing materials the names of any Carrier unless prior approval has been obtained directly from such Carrier. TWFG does not have the authority to make such approval on behalf of Carriers.

8.3 Licensed Materials. During the Term, TWFG may provide BRANCH with the use of a TWFG webpage, software applications, product brochures, marketing materials, written content and other proprietary works of TWFG (“**Licensed Materials**”). BRANCH hereby acknowledges and agrees, that the Licensed Materials and any intellectual property in or related to the Licensed Materials, including, without limitation, copyrights, copyrightable material, patents, patentable material, trademarks, service marks, and trade secrets (“**Licensed Materials IP**”) are either owned by TWFG or owned by a third party and licensed to TWFG under a licensing agreement (“**Third Party Licensing Agreements**”). During the Term of this Agreement, TWFG grants BRANCH a non-exclusive, revocable, limited license to use the Licensed Materials and Licensed Materials IP for the limited purpose of providing services pursuant to this Agreement. BRANCH acknowledges, agrees and warrants that: (a) BRANCH shall be bound to and comply with any and all Third Party Licensing Agreements; (b) Branch shall not use the Licensed

Materials or the Licensed Materials IP for any purpose other than the limited purpose stated herein; and (c) Branch shall be solely liable for any claims, costs, expenses or damages incurred by any party arising from BRANCH's breach or default of its obligations and/or warranties in this Paragraph. To the extent allowable under law, BRANCH shall release, defend, indemnify and hold TWFG, including its employees, shareholders, directors, officers, parent companies, insurers, agents, and affiliates, harmless from and against any claim arising from BRANCH's any breach or default of its obligation and/or warranties in this paragraph.

ARTICLE IX: MANDATORY DATA INPUT

9.1 Agency Management System. Subject to the provisions of Paragraph 8.3 of this Agreement, BRANCH shall be required to use TWFG's designated agency management system ("AMS"). TWFG currently uses an AMS from Evolution Agency Management, LLC ("EVO"), but reserves the right in its sole discretion to change the designated AMS. BRANCH must follow all applicable terms and conditions required to use and access the AMS.

9.2 BRANCH is required to enter all policy information, including but not limited to Client information, Carrier required documentation, signatures, correspondence and diary events, of all transactions subject to this Agreement into the AMS. **This is an absolutely critical function of the relationship between the Parties. BRANCH acknowledges that all data maintained in the AMS, including but not limited to Client information, Commissions, and policy information, is a trade secret of TWFG and remains the property of TWFG.**

9.3 BRANCH understands and agrees that BRANCH's failure to timely input policy information into the AMS may cause harm to the Client and TWFG. If any policy is not timely entered into the AMS, or otherwise remains unclaimed by BRANCH for a period of sixty (60) days after notice has been announced (an "**Unclaimed Account**"), then BRANCH shall forfeit any Commission for that Unclaimed Account to TWFG. BRANCH may reclaim future renewal Commissions on the Unclaimed Account by providing the necessary policy information to TWFG relating to the Unclaimed Account prior to the first renewal. On accounts reclaimed prior to the first renewal, TWFG shall pay BRANCH's Commissions pursuant to the terms of this Agreement at the renewal date and thereafter. If BRANCH fails to reclaim the Unclaimed Account before the first renewal date, then BRANCH shall forfeit all future Commissions and ownership of that Unclaimed Account to TWFG.

ARTICLE X: CONFIDENTIAL INFORMATION AND DATA SECURITY

10.1 During the Term of this Agreement, BRANCH shall be given access to Confidential Information of TWFG. BRANCH agrees to maintain the confidentiality of all Confidential Information provided by TWFG and/or obtained by BRANCH in connection with its services under this Agreement. BRANCH shall not use, disclose or permit such information to be used or disclosed at any time prior to or after the termination of this Agreement, except as specifically permitted in writing by TWFG or as provided by the express provisions of this Agreement. BRANCH also agrees to maintain, and cause its Service Provider, agents, and subcontractors to maintain, the terms and conditions of this Agreement strictly confidential and not to disclose same to any third party, except as expressly permitted in writing by TWFG. BRANCH shall be responsible for ensuring that its Service Providers, agents, subcontractors, and contractors abide by the terms of this Section. BRANCH shall exercise the same degree of care and protection with respect to TWFG's Confidential Information that it exercises with respect to its own Confidential Information, but in no event shall BRANCH exercise less than a reasonable standard of care, and in addition shall not directly or indirectly disclose, copy, distribute, republish or allow any third party

to have access to any of TWFG's Confidential Information except to the extent expressly permitted in writing by TWFG. Notwithstanding the above, BRANCH may disclose TWFG's Confidential Information to its Service Providers, vendors, and agents who have a need to know and only to the extent necessary for BRANCH to perform services under this Agreement, and only to third parties if so required by law (including a court order or subpoena). BRANCH acknowledges that a breach of this Section may cause irreparable harm to TWFG, entitling TWFG to seek injunctive relief, among other remedies, without the necessity of posting a bond or other security. This Section shall survive the termination of this Agreement.

10.2 Unless otherwise authorized in writing, upon the termination of this Agreement or upon the request of TWFG, BRANCH shall promptly either:

- (a) return such Confidential Information and all reproductions and copies thereof, and provide certification to TWFG that all such Confidential Information has been returned; or
- (b) destroy such Confidential Information and provide certification to TWFG that all such Confidential Information has been destroyed.

10.3 Notwithstanding the above, neither Party shall disclose a Client's nonpublic personal information or confidential data unless the disclosure follows all applicable privacy laws and regulations and the respective Client's consent. All nonpublic personal information shall be considered Confidential Information and shall not be disclosed to third parties except:

- (a) to process insurance-related transactions;
- (b) to authorized government regulators or as may be required by law;
- (c) in response to a court-issued subpoena; or
- (d) upon written consent of the Client.

10.4 Each Party shall safeguard the confidentiality of such disclosed nonpublic personal information as required by law to the same degree that each Party guards its own nonpublic personal information. Each Party shall comply with the applicable privacy laws and not take any action to cause the other Party to be in breach of the privacy laws affecting it. If the applicable privacy laws change, the Parties shall take such action necessary to comply with the law as it then exists. Subject to compliance with the applicable privacy laws, the Parties may disclose to each other nonpublic personal information of the Clients for the sole purpose of facilitating the delivery of services under this Agreement.

10.5 The Parties acknowledge that this Agreement is a Joint Marketing Agreement as defined in the Gramm-Leach Bliley Act ("GLBA") as implemented by the NCUA, the Federal Trade Commission (FTC) 16 CFR Section 313.1 et seq., and the SEC. The Parties each shall take whatever measures are necessary to remain in compliance with such privacy regulations. The Parties agree that they themselves shall undertake to fulfill the guidelines set forth by the NCUA and SEC in compliance with the GLBA and to require third parties involved in the resultant contractual relationship to undertake in writing a security information program of compliance with, and fulfillment of the guidelines of, the GLBA and applicable regulations.

10.6 BRANCH and BRANCH's Service Providers may be assigned certain login credentials to access Third-Party Services and/or other TWFG software applications. BRANCH agrees to protect the secrecy of such login credentials, and BRANCH shall not share login credentials or permit others to share login credentials, except in situations when a Carrier does not provide unique login credentials. BRANCH is responsible for protecting the security of passwords, and TWFG shall not be held liable for any unauthorized access to Third-Party Service and/or software using BRANCH's login credentials and/or passwords.

10.7 Security of Nonpublic Personal Information. Each party warrants and represents that it has, and will maintain in effect for so long as it retains nonpublic personal information, adequate administrative, technical, and physical safeguards which will protect such nonpublic personal information from unauthorized transfer or use including, but not limited to, practices and procedures designed to: (a) ensure the security and confidentiality of nonpublic personal information, (b) protect against any unauthorized access to or use of nonpublic personal information and any anticipated threats or hazards to the security or integrity of nonpublic personal information, and (c) inform its agents and Service Providers that the nonpublic personal information is confidential and must not be disclosed other than as is contemplated by this Agreement.

10.7.1. Each Party has and shall maintain throughout the Term:

- (a) a written security policy that implements reasonable administrative, technical, and physical safeguards designed to protect and prevent unauthorized or prohibited use of nonpublic information; and
- (b) an incident response plan, which is designed to promptly respond to, and recover from, any act or attempt to gain unauthorized access nonpublic information.

10.7.2. Each Party shall notify the other Party as soon as reasonably practical after becoming aware of an actual occurrence of any circumstance pursuant to which applicable laws and regulations require notification of such event to be given to affected parties and/or regulatory bodies, including any act or attempt to gain unauthorized access to, disrupt, or misuse any nonpublic information.

10.8 Third-Party Vendors/Outsourcing. BRANCH may not outsource services under this Agreement to any third-party vendor with access to Confidential Data, Nonpublic Personal Information, or Licensed Materials ("**Third-Party Vendor**") without the prior written consent of TWFG. All Third-Party Vendors must meet minimum requirements for cyber liability insurance and data security as set by TWFG, which may change from time to time. TWFG retains the right, in its sole discretion, to approve or deny BRANCH's use of any Third-Party Vendor.

ARTICLE XI: REPRESENTATIONS, WARRANTIES, AND COVENANTS

11.1 BRANCH makes the following representations, warranties, and covenants:

11.1.1. BRANCH is in good standing under the laws of the state in which BRANCH transacts business and has all requisite power and authority to carry on the business in which the BRANCH is engaged pursuant to the provisions of this Agreement.

- 11.1.2. BRANCH has all requisite power and authority to execute, deliver, and perform this Agreement and all other agreements to be executed and delivered by BRANCH in connection herewith. The execution, delivery, and performance of this Agreement has been authorized, executed, and delivered by BRANCH and all of those individuals claiming an ownership interest in BRANCH, and this Agreement constitutes the legal, valid, and binding obligations of BRANCH enforceable against BRANCH in accordance with its terms.
- 11.1.3. BRANCH shall, and shall require all Insurance Agents of BRANCH to, maintain all the necessary licenses, permits, and all approvals of any federal, state, or local governmental entity necessary to sell insurance and perform all other acts required under this Agreement.
- 11.1.4. BRANCH shall only sell those Insurance Products offered by TWFG. BRANCH agrees it shall not sell any other Insurance Products outside this Agreement.
- 11.1.5. BRANCH acknowledges and agrees that it is one of numerous branches of TWFG. TWFG may set up any additional branches in its sole discretion, and these other branches may compete with BRANCH for Clients.
- 11.1.6. BRANCH is not subject to any pending non-compete or related contracts which prevent BRANCH from entering into this Agreement or otherwise inhibit BRANCH's ability to sell insurance. See **Schedule 5 — Non-Competition/Non-Solicitation Agreements as to Prior Employer/Agency**, attached hereto.

11.2 TWFG makes the following representations, warranties, and covenants:

- 11.2.1. TWFG is in good standing under the laws of the states within which TWFG offers Products and has all requisite power and authority to carry on the business in which TWFG is engaged pursuant to the provisions of this Agreement.
- 11.2.2. TWFG has all requisite power to execute, deliver and perform this Agreement and all other agreements to be executed and delivered by TWFG in connection herewith. The execution, delivery, and performance of this Agreement have been authorized, executed, and delivered by TWFG, and this Agreement constitutes the legal, valid, and binding obligations of TWFG enforceable against TWFG in accordance with its terms.
- 11.2.3. TWFG maintains all the necessary licenses, permits, and all approvals of any federal, state, or local governmental entity necessary for TWFG to sell Insurance Products and to perform all other acts required under this Agreement.
- 11.2.4. The performance of the Parties' obligations hereunder in accordance with the terms of this Agreement shall not, to the knowledge of TWFG, violate any of the provisions of any applicable laws.

ARTICLE XII: INDEMNITY

12.1 **BRANCH hereby covenants and agrees to defend, indemnify, and hold harmless TWFG and its officers, directors, shareholders, employees, affiliates, insurers, parent companies**

and agents from, against, and with respect to any and all claims, demands, actions, or causes of actions, losses, liabilities, damages, assessments, deficiencies, taxes, costs, and expenses, including, without limitation, interest, penalties, E&O deductibles, and reasonable attorney fees and expenses, arising out of or resulting from or relating to:

- (a) any breach by BRANCH of any of its covenants or promises in this Agreement;
- (b) the inaccuracy of any representation or warranty by BRANCH in this Agreement;
- (c) any act, error, or omission of BRANCH or any of its respective partners, officers, directors, affiliates, employees, representatives, producers, customer service representatives (CSR), independent contractors, Service Providers and/or Insurance Agents unless such act, error, or omission was at the direction of TWFG.;
- (d) any acts of fraud committed by BRANCH; or
- (e) any liability or expense incurred by BRANCH in its business operations.

12.2 TWFG hereby covenants and agrees to defend, indemnify, and hold harmless BRANCH, its partners, and the respective officers, directors, employees, agents, Service Providers and Insurance Agents of BRANCH from, against, and with respect to any and all claims, demands, actions, or causes of actions, losses, liabilities, damages, assessments, deficiencies, taxes, costs, and expenses, including without limitation interest, penalties, E&O deductibles, and reasonable attorney fees and expenses, arising out of or resulting from or relating to:

- (a) any breach by TWFG of any of its covenants or promises in this Agreement;
- (b) the inaccuracy of any representation or warranty by TWFG in this Agreement; or
- (c) any act, error, or omission of TWFG or any of its officers, directors, or employees.

12.3 It is the expressed intent of this ARTICLE XI that each Party shall pay for, and hold harmless, the other Party for liabilities a Party itself creates or causes. Each Party shall be responsible for its own negligent acts and/or omissions that arise through the operation of this Agreement and shall INDEMNIFY the other Party for any financial loss, including attorney fees that Party incurs due to such errors and/or omissions.

ARTICLE XIII: RIGHT OF OFFSET

13.1 Any indebtedness or obligation (including the indemnity obligation set forth in Sections 12.1 and 12.2 of the Agreement) that either Party may have against the other shall be payable on demand. TWFG has the right to offset any monies owed by BRANCH from BRANCH's Commissions.

ARTICLE XIV: TERM AND TERMINATION

14.1 This Agreement shall begin on the Effective Date and shall remain in effect until terminated pursuant to this Article 14 (“**Term**”).

14.2 This Agreement may be terminated without cause by either Party by giving thirty (30) days advance written notice to the other Party. Unless this Agreement expressly provides otherwise (or by its nature a specific provision cannot survive this Agreement), all provisions of this Agreement shall survive any termination of this Agreement.

14.3 This Agreement may be terminated by either Party in the event of death of BRANCH owner, and BRANCH may exercise either the sale or Buy-Out option under Section 14.5.1 or 14.5.2 below. In the alternative, upon mutual agreement of the Parties, BRANCH may continue operating as a branch of TWFG if a spouse or a representative of the estate holds a valid license, obtains an emergency license from the state department of insurance, or designates a licensed individual, within ninety (90) days. TWFG may require BRANCH to employ the efforts of the TWFG Service Center pursuant to Section 7.3 until a sale or Buy-Out is completed, the licensed individual is designated, or new branch paperwork is completed.

14.4 TWFG may immediately terminate this Agreement if any of the following occur:

- (a) Any BRANCH owner and/or Insurance Agent of BRANCH is convicted of a felony or fined by a regulatory agency (such as a state Department of Insurance) for the violation of law or regulation involving fraud, theft, embezzlement and/or other charge involving dishonesty;
- (b) Any BRANCH owner and/or Insurance Agent of BRANCH is charged by a Carrier, regulatory agency, or a law enforcement agency, with fraud, theft, embezzlement, or any other act or crime involving dishonesty. TWFG may terminate this Agreement immediately if it finds objective and material misrepresentation by BRANCH, including but not limited to a Carrier refusing to allow BRANCH or one of its’ Insurance Agents to sell Insurance Products due to any irregularities in accounting, bookkeeping, or the veracity of information supplied by BRANCH in an application, loss notice, or associated documents sent for the purpose of procuring insurance or the submission of a claim;
- (c) BRANCH loses its insurance license and fails to reinstate said license within thirty (30) days thereof;
- (d) BRANCH is unable to obtain Errors & Omissions insurance at limits required by TWFG or has a lapse in E&O coverage for more than thirty (30) days;
- (e) BRANCH is the subject of any insolvency, receivership or bankruptcy proceeding or any other proceedings for the settlement of debts; BRANCH makes or seeks an assignment for the benefit of creditors; or dissolution of BRANCH.

(f) BRANCH materially breaches this Agreement and fails to cure said breach within thirty (30) days of receiving notice of breach.

14.4.1. Upon any termination of this Agreement pursuant to any subsection of 14.4, BRANCH shall be required to exercise either the sale pursuant to Section 14.5.1 or Buy-Out pursuant to Section 14.5.2.

14.5 Upon any termination of this Agreement pursuant to Section 14.2, the following provisions apply:

14.5.1. BRANCH shall sell its Book (and its eighty (80%) percent interest in Gross Revenues related to the Book) to either another TWFG-approved BRANCH, or a TWFG-approved Agent, at a negotiated price. TWFG has the right of first refusal for any offer made to BRANCH for its Book. BRANCH must advise TWFG of any offer received within ten (10) days of receipt. If TWFG exercises its' option, it must close the sale within forty-five (45) days of its' election to purchase the Book.

14.5.2. At BRANCH's election, it may require TWFG to purchase the Book subject to qualifying terms (a "**Buy-Out**") and the terms and conditions contained herein. In order to be eligible for a Buy-Out, BRANCH must:

- (a) have been an active producing agent under the terms of this Agreement for a minimum twelve (12) month consecutive period prior to the election to require a buyout;
- (b) for the twelve months immediately preceding the date of termination have had a collective and/or cumulative minimum total BRANCH's Gross Revenue of \$100,000.00 or more; and
- (c) otherwise have been in full compliance with the terms of this Agreement.
- (d) The purchase price for the Book by TWFG shall be its fair market value as agreed upon by TWFG and BRANCH. IF TWFG and BRANCH are unable to agree on the fair market value, then it shall be determined by an independent appraiser jointly selected by TWFG and BRANCH, each of whom shall pay one-half of the fees and costs of the appraiser. Fair market value shall consider the Commissions received by BRANCH and TWFG and TWFG's existing twenty (20%) percent ownership of such Commissions. If TWFG and BRANCH are unable to agree on the selection of an appraiser within thirty (30) days after notice of BRANCH'S election to require the purchase of the Book by TWFG at a value as determined by an independent appraiser, then each of them shall select an independent appraiser within twenty (20) days after the expiration of such thirty (30) day period. The two appraisers so selected shall each independently appraise the Book and, as long as the difference in the two (2) appraisals does not exceed five (5%) percent of the value of the lower of the two appraisals, the fair market value shall be conclusively deemed to equal the average of the two appraisals. The determination of such appraisers shall be binding on TWFG and

BRANCH, each of whom shall pay for its own appraiser. If any Party fails to select an independent appraiser within the time specified above, the fair market value of the Book shall be conclusively deemed to equal the appraisal of the independent appraiser timely selected by the other. If the difference between the two appraisals referred to above exceeds five (5%) percent of the lower of the two (2) appraisals, then the two (2) appraisers selected shall select a third appraiser who shall also independently appraise the Book. In such case, the fair market value of the Book shall be the average of the two (2) closest appraisals, and such determination shall be binding on TWFG and BRANCH, each of whom shall pay one half (1/2) of the fees and costs of the third appraiser. In determining the fair market value, the appraisers appointed under this Agreement shall consider all opinions and relevant evidence submitted to them by the Party, or otherwise obtained by them, and shall set forth their determination in writing together with their opinions and the considerations on which the opinions are based, with a signed counterpart to be delivered to each Party, within sixty (60) days after commencing the appraisal. The decision of appraisal is final and not subject to appeal in the absence of fraud. The closing of the transaction shall occur not later than thirty (30) days after the determination of the purchase price. The payment of the purchase price may be made in equal installments over a five (5) year period from the closing of the transaction; or upon pre-negotiated terms agreed upon, in writing, prior to the closing of the transaction.

- 14.5.3. Upon any termination of this Agreement, in the unlikely event the payment of Commissions to BRANCH hereunder is found to be invalid or illegal, BRANCH shall have the right to exercise the Buy-Out pursuant to Section 14.5.2. above.
- 14.5.4. Any sale pursuant to Section 14.5.1 or Buy-Out pursuant to Section 14.5.2 shall include all of BRANCH's right to future commission on its Book of Business as of the date of termination of this Agreement.
- 14.5.5. **Non-Solicitation of Clients.** Subject to the sale or Buy-Out set forth in either Sections 14.5.1 or 14.5.2 above, BRANCH, in consideration for the monies received from TWFG, hereby agrees not to directly or indirectly compete with the Book (and Client accounts) included in the transaction between BRANCH and TWFG for a period of two (2) years following the date of the Buyout and within one-mile of the office(s) in the which BRANCH operated as of the date of Buy-Out. This Non-Solicitation Agreement is binding on any person or entity with any ownership interest in the BRANCH and who received money from its' purchase. The Non-Solicitation Agreement is valid solely for the Clients and Client accounts which comprise the Book of Business as of the date of the Buy-Out. This Agreement shall be binding upon and inure to the benefit of the Party, their successors, assigns, and personal representatives. If BRANCH violates this Non-Solicitation Clause, TWFG may seek injunctive relief in a Court of competent jurisdiction, and BRANCH agrees to pay TWFG's attorneys fees if TWFG is successful in obtaining an injunction or other affirmative relief.

14.6 **Non-Solicitation of Employees.** During the Term of this Agreement and for a period of one year after termination, BRANCH shall not, directly or indirectly, solicit or actively seek to hire any employee, Service Provider and/or Insurance Agent of TWFG without written consent of TWFG.

ARTICLE XV: MEDIATION AND ARBITRATION

15.1 If a dispute arises out of an alleged breach of this Agreement, or the relationship created thereby, the complaining Party must first try, in good faith, to settle any such dispute by mediation. The mediation shall be administered either:

- (a) with the American Arbitration Association (“AAA”) under its Commercial Mediation Procedures; or
- (b) with an agreed-upon mediator as selected by the Parties.

This mediation process, or attempt at mediation, must be done before resorting to arbitration. To invoke this provision, the complaining Party must send a letter to the other stating the general nature of the dispute and requesting mediation. The mediation must occur within ninety (90) days of the date of a Party’s initial letter requesting mediation. If, for any reason, the ninety (90) days has passed, the complaining Party may invoke arbitration procedures as set forth below.

15.2 If mediation (either through AAA or through an agreed mediator) is unsuccessful and/or has not timely occurred, per Section 15.1, any alleged breach or any claim arising out of, or relating to this Agreement, shall be settled by arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules. Arbitration shall be commenced by the complaining Party sending a letter to the AAA offices in Houston, Texas, with a copy to the address of the other Party and its counsel, if applicable. Thereafter, all procedures are governed by the AAA Rules.

15.3 Regardless of the ultimate outcome of mediation and/or arbitration (or both), each Party shall bear its own respective share of the cost/charges incurred. This cost allocation is to encourage an early resolution of any dispute. The prevailing Party receiving an arbitration award shall be entitled to its attorney fees. Any award of attorney fees to the prevailing Party is capped at \$15,000.00. The attorney fees are capped to also encourage an early resolution to any dispute.

15.4 The enforcement of any arbitration award can be made by filing a legal action in any Court of competent jurisdiction. Absent a finding of fraud in the arbitration process itself, the decision or finding in arbitration is final and binding on the Parties.

15.5 If Mediation is unsuccessful, the only exception to the exclusivity of the arbitration process is TWFG’s right to file an action in any Court of competent jurisdiction to enforce the Non-Solicitation Clause of Section 14.5.5 and 14.6 of this Agreement. If TWFG is successful in obtaining an injunction, or other affirmative relief, BRANCH shall owe TWFG’s reasonable attorney fees incurred in bringing such action.

ARTICLE XVI: EXECUTION OF AGREEMENT AND RELATED TERMS

16.1 Except where otherwise stated herein, this Agreement may not be amended except in a writing signed by both Parties.

16.2 Any notice required or permitted to be given in writing under this Agreement shall be deemed duly given and effective either when served personally, by facsimile, or by electronic mail on the other Party or when placed in the United States mail, postage prepaid, by certified or registered mail, return receipt requested or when received by overnight courier service to the Party at its address as set forth below or as otherwise designated by the Party in writing as follows:

TWFG: TWFG Insurance Services, LLC
1201 Lake Woodlands Dr., Suite 4020
The Woodlands, Texas 77380
Attn: Richard F. Bunch, III

BRANCH: _____

16.3 BRANCH may not assign or transfer this Agreement or any of its rights or obligations hereunder, or contract with any third party to perform any of its responsibilities or obligations relating to this Agreement without the prior written consent of TWFG. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns.

16.4 If any provision of this Agreement is determined to be void, voidable, invalid, unenforceable, or inoperative for any reason, such holding, declaration, or pronouncement shall not adversely affect any other provision of this Agreement, and this Agreement shall otherwise remain in full force and effect and be enforced in accordance with its terms, including in a manner that may be reasonably required in order to render any provision that has been held, declared, or pronounced, void, voidable, invalid, unenforceable, or inoperative to become valid, enforceable, and operative.

16.5 Failure to enforce any portion of this Agreement on one or more occasions shall not be construed as a waiver, nor shall such failure prevent the later enforcement of said provision.

16.6 This Agreement may be executed in counterparts, in which case, all such counterparts shall constitute one in the same Agreement.

16.7 This Agreement shall be construed in accordance with and governed by the laws of the State of Texas, without giving effect to conflicts of laws.

16.8 The parties agree that the use of electronic signatures for the execution of this Agreement shall be legal and binding and have the same full force and effect as if originally signed.

16.9 The Parties acknowledge and agree that they have had ample opportunity to review this Agreement with their legal counsel and have had equal input into its contents. The Parties further agree that this Agreement shall not be construed either more favorably or more strongly against either Party. The headings in this Agreement are for ease of reference and should be considered by a reading of the Agreement as a whole.

16.10 The Agreement constitutes the entire agreement of the Parties with respect to the subject matter hereof, and supersedes all prior negotiations and agreements, whether written or oral.

16.11 Nothing herein contained is intended to confer any right or remedy under or by reason of this Agreement on any person or entity other than the Parties hereto and their respective successors and

permitted assigns, and no action may be brought against any Party hereto by any third party claiming as a third-party beneficiary to this Agreement or the transactions contemplated herein.

16.12 Once this Agreement is signed by all Parties a copy can be used for all purposes as if it were an original.

16.13 If this Agreement becomes effective at a time when BRANCH is a party to a pre-existing agreement regarding the subject matter contained herein, this Agreement supersedes and replaces any agreement between the parties hereto regarding the subject matter contained herein.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date and year first above written.

BRANCH:

BY: _____

Name: _____

Title: _____

TWFG INSURANCE SERVICES, LLC

A Texas Limited Liability Company

BY: _____

Richard F. Bunch, III

President & CEO

INDIVIDUALLY

(All Owners or Principals of BRANCH Must Sign)

BY: _____

Name: _____

BY: _____

Name: _____

BRANCH
6/7/2023

TWFG
Page 21

SCHEDULE 1
(RETAIL BRANCH - NEW AGENCY)

BRANCH STANDARDS AND EXPECTATIONS

TWFG Insurance Services was founded with the goal of providing its clients with a variety of coverage choices while providing comprehensive and exemplary personal service, thus earning a reputation for excellence in our industry. With this in mind, branch owners are required to do the following:

- Do not take or AOR clients from another TWFG branch without discussion and agreement with the other branch owner.
- Do not bind business without collecting and remitting money to TWFG home office (agency bill.)
- Follow carrier guidelines, underwriting rules and procedures.
- Use TWFG's Agency Management System to maintain all prospect, client and policy information including all documents and attachments.
- Represent and brand your office as TWFG Insurance Services. This includes social media, signage, email address, website, phone greeting, letterhead and business cards.
- Regularly maintain diaries.
- Only write business through carriers contracted by TWFG.
- Gain prior approval for all "non-TWFG" produced/published marketing materials.
- Maintain an approved commercial office and obtain prior approval from TWFG prior to moving.
- Project a professional image.
- Be available to support clients.
- Commit to learning all new carriers and keep up to date on all carriers used by your branch.
- Attend carrier training webinars and classes.
- Check and respond to emails and other forms of communication from TWFG home office.
- Attend Annual Agent Convention or one other branch meeting during the calendar year.
- Do not solicit intentionally clients, producers or employees from another TWFG Branch or home office.

These standards are for the betterment and protection of TWFG Branch offices. Failure to comply can put all agents at risk of losing carriers, clients, and support. Failure to follow guidelines can result in a cancellation of your contract with TWFG and/or forfeiture of book of business and right to commissions.

All standards are subject to revisions.

Branch Owner Signature

Date

**SCHEDULE 4
(RETAIL BRANCH - NEW AGENCY)**

TEMPORARY SERVICE CENTER AGREEMENT

BRANCH Name: _____

Key Agent Name: _____
(If Applicable)

Services Provided.

See attached two pages for list of services provided. BRANCH is still responsible for all new business or application requirements. BRANCH must provide or arrange for its clients or new clients to contact the Service Center. This Service Center Agreement is intended to provide customer service support for BRANCH's operation but does NOT actually find new customers or generate new sales to BRANCH.

Service Center Fee. In addition to TWFG's regular 20% of all commissions pursuant to the Branch Agreement, once implemented, an additional 20% of Branch paid commissions for prior 3-month period. This will be calculated on a daily commissionable average with a minimum \$50 per day charge.

Date Service to Begin: _____

Date Service to End: _____

Does BRANCH want its email to be checked daily? YES NO

If Yes: Email Address: _____ **Login:** _____ **Password:** _____

Is BRANCH able to transfer its incoming calls? YES NO

If Yes, phones must be transferred to: 281-367-3424
If No, voicemail must tell clients to call: 81-367-3424 and go to the "service option."

Are you able to transfer faxes? YES NO

If Yes, faxes must be transferred to: 281-298-8626

DO you want TWFG to quote or Issue new policy business? YES NO

****If yes, please check with TWFG for more details.****

It is BRANCH's responsibility to make sure TWFG is aware and has properly scheduled for BRANCH'S service center needs.

Date: _____

Signature: _____

Printed Name: _____

Position with BRANCH: _____

TWFG Approved Signature: _____

For Corporate Office Use Only: Received: _____ Responded: _____ Accounting: _____ Approved: _____

Date: _____

SERVICES PROVIDED BY SERVICE CENTER

New, Renewal and Endorsement Dec's

- Agency Management System will be updated
- Dec Page will be scanned into Agency Management System
- Insured copy will be forwarded to client
- Diary will include endorsement information

Endorsement Request

- Endorsement will be processed with carrier
- Documents will be provided as needed
- Follow up will occur to finalize endorsement
- Agency Management System will be updated, and an open diary will be created
- Documents will be imaged into Agency Management System

Underwriting for Established Business (not new business)

- Request will be researched and information will be forwarded to the inquiring carrier
- Activity will be documented via open diary in Agency Management System
- Any applicable documents will be scanned into Agency Management System

Cancellation Request

U/W Request:

- Request will be researched and information will be forwarded to carrier to avoid cancellation

Insured Request:

- CSR will process

- Agency Management System will be updated and an open diary will be sent to agent of record
- Any applicable documents will be scanned into Agency Management System

TWIA

- Renewal information will be sent to insured/mortgage company to collect renewal premium
- Agency Management System will be updated and activity will be documented with an open diary to agent of record
- If renewal premium has not been paid one week before renewal, certified notification will be sent to insured
- Any applicable documents will be imaged into Agency Management System

Return Mail

- Client will be contacted to get correct address
- Mail will be forwarded to insured
- Agency Management System and carrier will be updated
- An open diary will be sent to AOR

Billing Inquiry

- Information will be provided to the insured
- Offer will be made to process payment over phone (if option is available)
- Activity will be documented via diary in Agency Management System

Verifying Coverage

Coverage will be verified

Changes will be processed (if needed)

Activity will be documented in Agency Management System with open diary to agent of record

Any applicable documents will be imaged into Agency Management System

Claims

Claim information will be taken

Client will be advised of best interest

Activity will be documented in Agency Management System via open diary to agent of record

Any applicable documents will be scanned into agency management system

****QUOTE & ISSUE****

QUOTE AND ISSUE REQUESTS WILL ONLY BE DONE IF REQUESTED BY Branch with specific instructions.

If you are out less than 3 days any quote or bind request (unless urgent) will be diarized to you to complete upon return.

TWFG will consider providing this service on a case by case basis depending upon the time out of office and individual circumstances.

SCHEDULE 5
NON-COMPETE/NON-SOLICITATION AGREEMENTS AS TO PRIOR EMPLOYER/AGENCY
(RETAIL BRANCH - NEW AGENCY)

BRANCH agrees that during the Term of this Agreement, all BRANCH Owners and any staff or producers shall abide by all prior non-compete and/ or non-solicitation agreements or covenants they may have signed or agreed to in the past with any entity other than TWFG.

BRANCH may have developed a relationship with prior policyholders and compiled information concerning the names, address, ages, the description and location of insured's property, and the expiration and renewal dates of their policies with Branch, and other valuable information concerning their policyholders or other confidential information and trade secrets from previous employers. Should BRANCH had signed or agreed to any agreements acknowledging that this information constitutes trade secrets and confidential business information and was wholly owned by any other entity or individual, BRANCH agrees to take all reasonable steps to maintain the value and confidentiality of such information. Branch will fully comply with all Agreements with a prior employer or agency, and will advise TWFG, in writing, as to such Agreements before beginning its' relationship with TWFG.

Should Branch take such confidential information and use for his or her own benefit and to the detriment of others it may be deemed a breach of contract and may constitute an injunctive relief from the damaged party to prevent further wrongful conduct by BRANCH. BRANCH agrees to abide by and take all reasonable steps to maintain the value and confidentiality of others property.

TWFG may terminate the BRANCH OFFICE AGREEMENT for cause should BRANCH willfully and intentionally breach any prior agreements. BRANCH shall be solely responsible for all costs and expenses incurred should legal recourses be taken by another party.

BRANCH hereby covenants and agrees to defend, indemnify, and hold harmless TWFG and its officers, directors, employees, and agents from, against, and with respect to any and all claims, demands, actions, or causes of actions, losses, liabilities, damages, assessments, deficiencies, taxes, costs, and expenses, including, without limitation, interest, penalties, E&O deductibles, and reasonable attorney fees and expenses, arising out of or resulting from or relating to any breach by BRANCH of any of its covenants or agreements with prior employers and/or agencies.

BRANCH DOES DOES NOT have any prior non-compete agreements.

If "**DOES**," list name of entity and attach a copy of such agreement: _____

Dated: _____

BY: _____

BY: _____

Printed Name

Printed Name

Branch Owner

Title

Title

Title

BRANCH SCHEDULE 6

Hardware, Software & Operating System Requirements

IMPORTANT: Complete form for each computer work station and server to be used with TWFG. Each must meet the specifications listed below. These requirements have nothing to do with servers.

HARDWARE (check yes to indicate you have at least the minimum required)

- | | | |
|------------------------------|-----------------------------|--|
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | Computer: Computer with a minimum of 1 GHz or higher. Refer to the paperwork provided when you purchased the computer. Or To check: click on My Computer, click on Control Panel, click on System and look under the General tab. |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | Computer: Computer with a minimum of 256 MB of Memory or higher. To check: click on My Computer, click on Control Panel, click on System and look under the General tab. |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | Computer: Computer with a minimum of .5 GB open/free hard drive space. To check: click on My Computer, right click on "C" click on Properties. Open/Free hard drive space is listed. |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | SCANNER: A multi-page, high quality scanner is essential for daily activities. All documentation is required to be attached within the management system. |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | FAX: It is necessary that you have a working fax machine or an electronic fax service that allows you to send and receive faxes from your computer. |

SOFTWARE (check yes to indicate you have at least the minimum required)

- | | | |
|------------------------------|-----------------------------|--|
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | Google Chrome web browser. Can be downloaded for free from https://www.google.com/chrome/ |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | Adobe Acrobat Reader in a version that is current within the last two year. Can be downloaded for free from http://get.adobe.com/reader/otherversions/ |

OPERATING SYSTEM (check yes to indicate you have at least the minimum required)

- | | | |
|------------------------------|-----------------------------|--|
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | Microsoft Windows version 7 or higher operating system. TWFG's management system does not have full functionality on Mac computers. |
|------------------------------|-----------------------------|--|

Date

Signature

Printed Name

Branch Owner

Title

BRANCH SCHEDULE 7

OFFICE LOCATIONS

TWFG branch offices are typically located in commercial areas such as office complexes, strip-centers, shopping malls, professional office buildings and free-standing commercial locations which are leased or owned by the BRANCH.

BRANCH agrees to maintain a formal commercial office location during the term of their Branch Office Agreement. Prior to moving or changing locations BRANCH will give TWFG at least a 60 day prior notice and must obtain prior approval prior to moving.

RELOCATION GUIDELINES AND REQUIREMENTS

You must obtain TWFG's written approval before relocating your branch from your existing location. 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 TWFG's prior written approval of the permanent location. We also prohibit the location or relocation of your branch 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 TWFG's written approval before closing a branch location from which you operate. Additionally, TWFG must approve the transfer of your branch. The transferor will be required to pass the approval process that all branches must pass in order to be granted a TWFG branch.

The following are **not acceptable locations or environments for TWFG Branch locations:**

- Residential Homes
- Virtual Offices – Office which do not have a permanent office location available to BRANCH.
- Insurance Offices shared with NON-TWFG Branch agents
- Non-Professional locations

BRANCH'S LOCATION WILL BE:

Physical:	Mailing:
Address: _____	Address: _____
City, St, Zip: _____	City, St, Zip: _____
Office is located in a/an:	
<input type="checkbox"/> Strip Center	<input type="checkbox"/> Office
<input type="checkbox"/> Free-Standing Commercial Building	<input type="checkbox"/> Executive Suite
	<input type="checkbox"/> Other: _____

Branch must provide TWFG with interior & exterior pictures of the location in a digital format.

The contact numbers for the Branch will be:

Phone: _____	Fax: _____
--------------	------------

_____ Signature	_____ Date
---------------------------	----------------------

_____ Printed Name	_____ Date
------------------------------	----------------------

Branch Owner _____
Title _____

BRANCH SCHEDULE 8

Information Needed for P&C Appointment Paperwork

TWFG needs the information below in order to complete carrier appointment forms on your behalf. You will be contacted if any additional information is needed. Forms needing signatures or agent-specific information will be sent to you; you will be responsible for signing these forms and returning them to TWFG to be submitted for you. You will receive final copies of all forms that are submitted.

1. List any Non-Resident State Licenses: _____
2. County/Parish Office Located in: _____ 3. Number of Employees: _____
4. Marital Status: Not Married Married (answer questions 4a & 4b)
 - 4a. Spouse's Name: _____
 - 4b. Maiden Name: _____
5. Place of Birth: _____ 6. Mother's Maiden Name: _____
7. Are you a registered FINRA Rep? No Yes (answer questions 7a – 7f)
 - 7a. Broker Dealer Name: _____
 - 7b. CRD#: _____ 7c. Completion Date: _____
 - 7d. Who was your most Recent Anti-Money Laundering Training (AML) with? _____
 - 7e. AML Training Completion Date: _____
 - 7f. Honors: CLU ChFC CFC CFP MDRT FLMI NQA
 Other: _____

8. Are you LIFE & HEALTH Licensed? No Yes (Please complete Schedule 9)

9. Please list all residence addresses you have had during the past 5 years.

From (mm/yy)	To (mm/yy)	Street Address	City, State	Zip

Prior Agency Sales Data - Please provide estimates for the prior year of business at your agency:

Retention Rate (%): _____ Total Revenue in actual money earned (not Premium): \$_____

New Business Distribution: how much of your last year's premium was from New Business (%): _____

Please summarize your production history below:

Carrier	Written Premium	1 yr Loss Ratio	3 yr Loss Ratio	Personal Premium	Commercial Premium	Other Premium

BRANCH SCHEDULE 8, CONTINUED

Information Needed for Appointment Paperwork

Yes/No Questions

- | | | | |
|-----|--|------------------------------|-----------------------------|
| 1. | Have you ever had your Insurance Licensed Suspended, Cancelled, or Revoked? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 2. | Has and State, Federal, Legal, or Regulatory agency ever filed a complaint against you or have you ever been sanctioned, censured, penalized, or disciplined? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 3. | Have you ever been subject to an insurance investigation due to a consumer complaint? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 4. | Have you ever been convicted of or pled guilty to any felony or misdemeanor other than a minor traffic offense? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 5. | Have you or your agency ever filed for bankruptcy? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 6. | Has an E&O carrier ever denied claims, paid claims, or cancelled your coverage? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 7. | Are you currently a party to litigation or the subject of investigations? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 8. | Have you ever had a bond denied or cancelled? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 9. | Do you have any unpaid tax liens? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 10. | Are you indebted to any insurance company, general agent, manager, or broker? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 11. | If you use a DBA, is your Business Name registered with the Secretary of State and the Department of Insurance?
<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A; I do not use a business name | | |
| 12. | Have you ever been affiliated with or employed by: | | |
| | Allstate <input type="checkbox"/> No <input type="checkbox"/> Yes, from _____ to _____ | | |
| | Bristol West <input type="checkbox"/> No <input type="checkbox"/> Yes, from _____ to _____ | | |
| | Farmers <input type="checkbox"/> No <input type="checkbox"/> Yes, from _____ to _____ | | |
| | Zurich <input type="checkbox"/> No <input type="checkbox"/> Yes, from _____ to _____ | | |

I acknowledge that both the GA Independent Agent and the Exclusive Branch offerings have been presented to me and that I am opting for the Exclusive Branch offering.

Initials: _____ Date: _____

By signing this form, I authorize TWFG to fill out applications for carrier appointments and establish accounts with reporting agencies on my behalf.

Date

Signature

Printed Name

Subsidiaries of TWFG, Inc.

Entity Name	Jurisdiction of Organization
PSN Business Processing Inc. d/b/a TWFG Virtual Assistants	Republic of the Philippines
TWFG CA Premium Finance Company	California
TWFG General Agency, LLC	Texas
TWFG Holding Company, LLC	Texas
TWFG Insurance Services, LLC	Texas
TWFG Premium Finance, LLC	Texas