

FROM

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(WED) 3:24:29 15:15/ST. 15:10/NO 4261374311 P. 1

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To:

Division of Corporations
Fax Number : (850) 922-4000

From:

Account Name : HOLLAND & KNIGHT OF MIAMI
Account Number : 072203000603
Phone : (305) 374-8500
Fax Number : (305) 789-7799

MERGER OR SHARE EXCHANGE

ALL THINGS FINANCIAL INC.

Certificate of Status	1
Certified Copy	1
Page Count	32
Estimated Charge	\$87.50

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SECRETARY OF STATE
TALLAHASSEE, FLORIDA

Merger

3-25-99

DC

3/24/99

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TRANSMISSION REPORT

DC

https://ccfss1.dos.state.fl.us/scripts/efilcovr.exe
er Rosa / at Holland & Knight
The Articles of Merger do not contain any changes within the Articles of Incorp. of the surviving corp. The Articles shall remain the same Art. for the surviving corp. per merger SP/DC 3-24-99

ARTICLES OF MERGER
Merger Sheet

MERGING:

ATF ACQUISITION CORP., INC., a Delaware corporation not qualified to
transact business in the State of Florida,

INTO

ALL THINGS FINANCIAL INC., a Florida corporation, P93000065624

File date: March 24, 1999

Corporate Specialist: Darlene Connell

Florida Department of State
Division of Corporations
Public Access System
Katherine Harris, Secretary of State

Electronic Filing Cover Sheet

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The Articles
of the Survivor
are not changing per the merger.

FROM

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ARTICLES OF MERGER

Pursuant to the provisions of F.S. 607.1105, the undersigned adopt the following articles of merger in accordance with the provisions of F.S. 607.1105

1. A plan of merger (the "Plan") adopted in accordance with the provisions F.S. 607.1103 providing for the combination of ATF Acquisition Corp., Inc. ("ATFAC") and All Things Financial Inc. ("ATFI") and resulting in ATFI being the surviving corporation in the merger is set forth in attached Exhibit "A."

2. The name of each of the undersigned corporations, the type of such corporations, and the laws under which such corporations were organized are:

ATF ACQUISITION CORP., INC.

Corporation

Delaware

ALL THINGS FINANCIAL INC.

Corporation

Florida

3. The shareholders of ATFI adopted and approved the Plan on 3/9, 1999.

4. The sole shareholder of ATFAC adopted and approved the Plan as of March 9, 1999.

5. The Plan and the performance of its terms were duly authorized by all action required by the laws under which each foreign corporation or other entity that is a party to the Plan was incorporated or organized and by its constituent documents and the merger is permitted by the laws of the State of Delaware.

6. The merger will become effective on March 23, 1999, in accordance with the provisions of F.S. 607.1105.

Dated: March 19, 1999.

ATF ACQUISITION CORP., INC.

ALL THINGS FINANCIAL INC.

By: [Signature]

Name: Harvey Sav

Its: President

By: _____

Name: _____

Its: _____

THIS INSTRUMENT WAS PREPARED BY:
Raymond L. Moss, Esq.
1000 Abernathy Road NE
Atlanta, GA 30328
Tel. 1-770-481-7201

FILED
99 MAR 24 PM 4:53
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

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(WED) 3. 24' 99 16:16/ST. 15:40/NO. 4261574311 P 3
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ARTICLES OF MERGER

Pursuant to the provisions of F.S. 607.1105, the undersigned adopt the following articles of merger in accordance with the provisions of F.S. 607.1105

1. A plan of merger (the "Plan") adopted in accordance with the provisions F.S. 607.1103 providing for the combination of ATF Acquisition Corp., Inc. ("ATFAC") and All Things Financial Inc. ("ATFI") and resulting in ATFI being the surviving corporation in the merger is set forth in attached Exhibit "A."

2. The name of each of the undersigned corporations, the type of such corporations, and the laws under which such corporations were organized are:

ATF ACQUISITION CORP., INC.

Corporation

Delaware

ALL THINGS FINANCIAL INC.

Corporation

Florida

3. The shareholders of ATFI adopted and approved the Plan on March 2, 1999.

4. The sole shareholder of ATFAC adopted and approved the Plan as of March 9, 1999.

5. The Plan and the performance of its terms were duly authorized by all action required by the laws under which each foreign corporation or other entity that is a party to the Plan was incorporated or organized and by its constituent documents and the merger is permitted by the laws of the State of Delaware.

6. The merger will become effective on March 23, 1999, in accordance with the provisions of F.S. 607.1105.

Dated: March 19, 1999.

ATF ACQUISITION CORP., INC.

ALL THINGS FINANCIAL INC.

By: _____
Name: _____
Its: _____

By: [Signature]
Name: James Elsworth
Its: CFO

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AGREEMENT AND PLAN OF MERGER

This Agreement and Plan of Merger (the "Agreement") is made and entered into as of this 6th day of November, 1998, by and among HOMECOM COMMUNICATIONS, INC., a Delaware corporation (the "Parent"), FIMI SECURITIES ACQUISITION CORP., INC. ("FSAC"), and ATF ACQUISITION CORP., INC. ("ATFAC"), each a wholly owned subsidiary of Parent, incorporated in Delaware (Parent, FSAC, and ATFAC are collectively referred to herein as "Buyer") and DANIEL A. DELITY, JAMES WM. ELLSWORTH and DAVID B. FRANK (collectively, the "Seller").

WITNESSETH

A. Seller owns all of the issued and outstanding capital stock, equity interests, warrants or claims to ownership interests of any sort whatsoever (the "Shares") of First Institutional Marketing, Inc., an Oklahoma corporation ("FIMI"), Premier Financial Services, Inc. ("Premier"), FIMI Securities, Inc., a NASD registered broker/dealer formed under the laws of the state of Texas ("FIMI Securities"), and All Things Financial Inc. ("ATFI"), a Florida corporation (FIMI, Premier, FIMI Securities and ATFI are collectively referred to herein as the "Company");

B. Seller desires to sell and Buyer desires to acquire FIMI Securities and ATFI by merger of (i) FSAC into FIMI Securities and (ii) ATFAC into ATFI;

C. Seller desires to sell and Buyer desires to acquire by way of option, as described herein, all of the shares of capital stock of Premier, and FIMI;

D. Immediately following the Closing (as defined herein), FIMI Securities desires to acquire and each of Premier and FIMI desires to sell all of its assets used or held for use in its business pursuant to agreements and plans of reorganization;

E. The parties hereto desire, but can provide no assurances, that the merger constitute a reorganization for federal income tax purposes under Section 368 of the Internal Revenue Code, as amended, and the regulations thereunder (the "Code"); and

F. Unless otherwise defined herein, definitions of capitalized terms are set forth in Schedule I.I attached hereto.

NOW THEREFORE, in consideration of the premises, the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

ARTICLE I THE MERGER AND RELATED MATTERS

1.1 The Merger. At the Effective Time and subject to the terms and conditions of this Agreement and in accordance with the Delaware Corporation Law, the Oklahoma Business Corporation Act, the Texas Business Corporation Code, and the Florida Business Corporation Act, as applicable, the Merger shall have the effect set forth herein and in Section 259 of the Delaware Corporation Law, and the Florida Business Corporation Act.

a) FIMI Securities Merger

(i) FSAC shall be merged with and into FIMI Securities;

(ii) the separate existence of FSAC shall cease; and

(iii) FIMI Securities shall continue as the surviving corporation.

b) ATFI Merger

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- (i) ATFAC shall be merged with and into ATFI;
- (ii) the separate existence of ATFAC shall cease; and
- (iii) ATFI shall continue as the surviving corporation.

1.2 Effective Time of Merger. The Merger shall become effective at the Effective Time.

1.3 Certificate of Incorporation; By-laws. The Certificate of Incorporation and By-laws of each of the Companies comprising the Company, as in effect immediately prior to the Effective Time, shall become the Certificate of Incorporation and By-laws of the Surviving Corporations.

1.4 Taking of Necessary Action; Further Action. The Buyer and Seller, respectively, shall take all such further action as may be reasonably necessary or appropriate in order to effectuate the transactions contemplated herein. If at any time after the Effective Time, any further action is necessary or desirable to carry out the purposes of this Agreement or to vest the surviving corporations with full right, title, and possession of all assets, properties, rights, privileges, powers and franchises of the Buyer or Seller, the officers and directors of such corporations are fully authorized in the name of the respective corporations or otherwise to take, and shall take, all such lawful or necessary action.

ARTICLE II CONVERSION OF SHARES

2.1 Exchange of Shares. In accordance with the terms and conditions hereof, at the Closing hereinafter specified, (i) Seller shall exchange all of the Shares of FIMI Securities and ATFI upon surrender to Parent of the certificates representing all of the Shares for shares of Parent Common Stock, as shown in Schedule 2.1, adjusted as provided in Paragraph 2.7 and payable as provided in Paragraph 2.2 (the "Merger Price") and (ii) immediately following the Closing previously described in this Paragraph 2.1, Premier and FIMI each shall exchange all of its assets used or held for use in its business for shares of Parent Company Common Stock (collectively, the "Asset Sale Price") as shown on Schedule 2.1 (collectively, the "Asset Sale Shares"). The total number of shares of Parent Common Stock to be delivered pursuant to (i) and (ii) above shall be equal to 1,252,174 (the "Total Transaction Shares") as allocated among each corporation comprising the Company by Seller at Closing as shown on Schedule 2.1.

2.2 Payment of Merger Price and Asset Sale Price. The Merger Price and Asset Sale Price shall be paid to the Seller in common stock of Parent, par value \$.0001 per share, (the "Parent Common Stock") having a value equal to the Merger Price and Asset Sale Price and warrants to purchase common stock of Buyer (the "Merger Price Warrants") in such amounts as shown on Schedule 2.2. The per share value of the Parent Common Stock delivered to Seller in payment of the Merger Price and to each of Premier and FIMI in payment of the Asset Sale Price shall be \$2.875 per share (the "Per Share Value"). All Parent Common Stock delivered to Seller pursuant to this Agreement in payment of the Merger Price shall be solely the property of Seller and Seller shall have full disposition and voting powers with respect thereto, subject to the limitations described herein. All Parent Common Stock delivered to each of Premier and FIMI in payment of the Asset Sale Price shall be solely the property of each of Premier and FIMI, respectively, and such entities shall have full disposition and voting powers with respect thereto, subject to the limitations described herein.

2.3 Registration of Parent Common Stock. Fifty (50%) percent of the Total Transaction Shares to be delivered at the Closings as described hereunder in accordance with Paragraph 2.2 (the "Registered Shares") shall be registered with the United States Securities and Exchange Commission (the "SEC") pursuant to a registration statement to be filed by the Parent under the Securities Act of 1933, as amended (the "Securities Act"), no later than thirty (30) days of the date hereof on Form S-3 or other form as permitted by law (the "Registration Statement"). The Parent shall be under no obligation to register the remaining fifty (50%) percent of the Total Transaction Shares of the Parent Common Stock with the SEC to be delivered at the Closings in accordance with Paragraph 2.2 (the "Unregistered Shares").

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2.4 Restriction on Sale of Parent Common Stock.

(a) Seller hereby covenants and agrees to sell no more than fifty (50%) percent of the Registered Shares (the "First Gated Shares") during the ninety (90) day period following Closing. Seller further covenants and agrees to limit sales of the First Gated Shares, on a cumulative basis, to no more than one-third of the First Gated Shares in each of the first three thirty day periods following the Closing; provided, however, that in the event the common stock of the Parent shall have traded above \$4.813 per share on each of the five trading days prior to any single sale of the First Gated Shares, no such 90-day restriction shall apply to the First Gated Shares if such sale is made at a per share price of \$4.813 or greater.

(b) As to the remaining fifty (50%) percent of the Registered Shares (the "Second Gated Shares"), Seller hereby covenants and agrees to sell no such shares until after ninety (90) days following the Closing and thereafter to limit sales of the Second Gated Shares on a cumulative basis, to no more than one-sixth of the Second Gated Shares in each of the following six months; provided, however, that in the event the common stock of the Buyer shall have traded above \$10.00 per share for the five (5) trading days immediately preceding any such single sale, no such restriction shall apply to the Second Gated Shares if such sale is made at a per share price of \$10.00 per share or greater.

(c) Fifty (50%) percent of the Unregistered Shares (the "Third Gated Shares") may be sold by Seller in accordance with SEC Rule 144 promulgated under the Securities Act of 1933, as amended (the "1933 Act") and applicable law.

(d) Seller hereby further covenants and agrees that the remaining fifty (50%) percent of the Unregistered Shares (the "Fourth Gated Shares") shall be held by Seller and not sold or transferred by Seller, in whole or in part, at any time during the two year period immediately following the Closing Date.

(e) Notwithstanding any other provision hereof except the provision of Paragraph 2.5, Seller shall be under no contractual restrictions with respect to the sale of any of the Registered Shares or the Unregistered Shares in the event that (i) Parent shall be subject to a bona fide tender offer or bona fide merger proposal or other Change of Control Event, (ii) Parent shall suffer a Materially Adverse Event, (iii) Parent shall fail to maintain the effectiveness of the Registration Statement covering the Registered Shares for a consecutive period of thirty (30) days or more (other than during Blackout Periods as defined below), or (iv) Parent shall fail to maintain the listing of Parent Common Stock on a national stock exchange or on the Nasdaq SmallCap Market. Notwithstanding anything contained in this Section 2.4(e), Parent shall be required to notify Seller of any of the happening of (i), (ii), (iii), or (iv) herein and Parent shall have thirty (30) days to cure such event prior to the termination of any such contractual restrictions on resale of Parent Common Stock. As used in this Section 2.4(e) with respect to Buyer, Material Adverse Event shall mean an event which has resulted in a loss, liability, or damage in excess of \$2,000,000 in the aggregate or a loss of any material license or agreement in each case which would materially and adversely affect the business of the Parent taken as a whole. As used herein, Blackout Period shall mean (i) such times when the Board of Directors of the Parent is in possession of material, non-public information involving the Company which would be required to be disclosed to the public before any member of the Board of Directors would be able to sell any equity securities of the Parent in reliance upon the antifraud provisions of the 1933 Act or (ii) such times when the Registration Statement can no longer be used because it requires updating due to material changes required to be made in the Registration Statement.

2.5 Piggy-Back Registration Rights as to Unregistered Shares. If at any time prior to the expiration of two years from the Closing Date, Parent proposes to file with the SEC a Registration Statement relating to an offering for its own account or the account of others under the Securities Act of any of its securities (other than on Form S-4 or Form S-8 or their then equivalents relating to securities to be issued solely in connection with the acquisition of any entity or business or securities to be issued in payment of compensation for services or in connection with stock options or other Plans, as defined in Paragraph 3.8), Parent shall promptly send to Seller (or its assignee or distributee) written notice of Parent's intention to file a Registration Statement and of Seller's rights under this Paragraph 2.5. If within twenty (20) days after receipt of such notice, a Seller, or an assignee or distributee of Seller, shall so request in writing, Parent shall include in such Registration Statement all or any part of the Unregistered Shares (excluding the Fourth Gated Shares) such person requests to be registered, subject to the priorities and limitations set forth herein. If an offering in connection with which Seller has registration rights under

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this paragraph is an underwritten offering, then any Unregistered Shares included in such Registration Statement shall, unless otherwise agreed to by Parent, be offered and sold using the same underwriter or underwriters and on the same terms and conditions as other shares of Parent Common Stock included in such underwritten offering. If the registration is to be an underwritten public offering for the account of Parent and the managing underwriter(s) advise Parent in writing, that in their reasonable good faith opinion, marketing or other factors dictate that a limitation on the number of Shares of Parent Common Stock which may be included in the Registration Statement (the "Registration Limit") is necessary to facilitate and not adversely affect the proposed offering, then Parent may impose the Registration Limit on the offering and shall include securities in such Registration Statement up to the Registration Limit in the following priority: (i) first, up to the full number of securities Parent proposes to sell for its own account, (ii) second, up to the full number of securities proposed to be registered for the account of the holders of securities entitled to inclusion of their securities in the Registration Statement by reason of demand registration rights, and (iii) third, the securities requested to be registered by other holders of securities (including Seller and its assignees or distributees) entitled to participate in the registration pro rata based on the number each has requested to be included in such registration.

2.6 Escrow. Five (5%) percent of the Total Transaction Shares in the form of Fourth Gated Shares (the "Escrowed Fourth Gated Shares"), shall be placed in escrow (the "Escrow") at Closing (the "Escrowed Shares") in accordance with the term of an escrow agreement and related stock pledge agreement (collectively, the "Escrow Agreement") substantially in the form attached hereto as Exhibit "A." The Escrow Agreement shall provide that Escrowed Shares shall be released and returned to Parent (on behalf of Buyer) from the Escrow in payment or partial payment of the Indemnity Amount (as defined in Paragraph 9.4) due from Seller to Buyer under the indemnities provided in Paragraph 9.1 of this Agreement. Each of the Escrowed Shares released to Parent shall be deemed to have a value equal to the average of the closing sale price of the Parent Common Stock as reported in *The Wall Street Journal* or other financial publication for the last five (5) trading days immediately preceding the date that the Escrowed Shares are released to the Parent in payment of the Indemnity Amount. The term of the Escrow shall be the longer of the two years immediately following the Closing Date or the time required to finally determine, by final, non-appealable court order or agreement of the parties, all indemnity claims timely asserted by Buyer. Upon the expiration of the Escrow, all Shares remaining therein shall be delivered by escrow agent to Seller free and clear of all liens, claims and encumbrances. In the event Buyer makes an indemnity claim against Seller pursuant to this Agreement, Buyer agrees to first seek to satisfy any such claim from the Escrowed Shares prior to seeking collection against any other assets of the Sellers. However, notwithstanding anything contained herein to the contrary, nothing shall prevent Buyer from seeking indemnification against the Sellers to the full extent provided in Section 9.4 herein in an amount exceeding the value of the Escrowed Shares to the extent that such claim exceeds the value of the Escrowed Shares.

2.7 [OMITTED.]

2.8 Closing. Each of the closings of the transactions provided for in this Agreement including any separate closing under the Stock Option Agreement referred to in Section 7.1(xxvii) and (xxxii) or the Premier Merger Agreement and FIMI Merger Agreement referred to in Sections 8.9 and 8.10, respectively, (the "Closing") shall take place at the offices of the attorneys for Parent in Atlanta, Georgia, on a mutually agreed date within five (5) business days following the parties determination that all conditions to their respective obligations hereunder (other than those requiring an exchange of a certificate, opinion, or other documents at the Closing or the taking of other action at, or concurrently with, the Closing) have been fulfilled, or such other time and place as the parties may mutually agree. In the event that at the Closing no conditions to the obligations of the parties hereto exist which have not been satisfied or waived, the parties shall (i) deliver to each other at Closing the certificates, opinions, and other documents required to be delivered at Closing under Article VI and (ii) at the Closing, or as soon as practicable thereafter, the Buyer shall cause the Merger to be consummated for each Company comprising the Company by making the following filings with:

(a) FIMI Securities Merger

(i) the Secretary of State of the State of Texas, a Certificate of Merger in such form as required by, and executed in accordance with the Texas Business Corporation Act;

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(ii) the Secretary of State of the State of Delaware Articles of Merger in such form as required by and executed in accordance with the Delaware General Corporation Code;

(b) ATFI Merger

(i) the Secretary of State of the State of Florida, a Certificate of Merger in such form as required by, and executed in accordance with the Florida Business Corporation Act;

(ii) the Secretary of State of the State of Delaware Articles of Merger in such form as required by and executed in accordance with the Delaware General Corporation Code.

The date upon which a Closing takes place shall, with respect to that transaction, be referred to as the "Closing Date."

**ARTICLE III
REPRESENTATIONS, WARRANTIES
AND COVENANTS OF SELLER**

Seller hereby jointly and severally represents, warrants and covenants to Buyer (subject to the limitations set forth in Section 9.4 herein) as set forth in this Article II. Such representations, warrants and covenants shall be true as of the date of this Agreement and as of the Closing Date.

3.1 Status of Shares. With respect to the Shares:

(a) The Shares have been duly authorized, validly issued, and are fully paid and nonassessable;

(b) The Shares represent all of the issued capital stock in each of the companies comprising the Company;

(c) Seller owns both beneficially and of record, and has good and marketable title to, the Shares, free and clear of any mortgage, pledge, lien, encumbrance, security interest, restriction, charge or claim of any kind (collectively, the "Liens") and the Shares are not subject to any restrictions or limitations prohibiting or restricting transfer, (i) other than restrictions on transferability imposed generally on securities by federal or state securities laws, none of which will prevent the transactions contemplated hereby assuming the Regulatory Approvals referred to below in clause (d) are obtained, and (ii) other than the state insurance regulatory laws of the States of Texas and Oklahoma, and related regulations that restrict ownership or transfer of insurance agencies;

(d) Subject to the receipt of the consents, approvals, orders or authorizations of, or registrations, qualifications or filings with, governmental authorities and subject to state insurance regulatory laws of the States of Texas and Oklahoma and related regulations that restrict ownership or transfer of insurance agencies (the "Regulatory Approvals"), Seller has full right, power and authority to sell and transfer the Shares pursuant to this Agreement; and

(e) The certificates representing the Shares will at the Closing be genuine and, together with any supporting papers, will at such time be in such form as to enable Company to reflect on its stock transfer books immediately the transfer to Buyer of the shares of stock represented thereby.

3.2 Authorization; Etc. Each Seller has full power and authority to enter into this Agreement and to carry out the transactions contemplated hereby. Each Seller and each Company has taken all action required by law, or otherwise to authorize the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by Seller and constitutes the valid and binding obligation of Seller enforceable in accordance with its terms, subject to general principles of equity and except as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, or other similar laws of general application relating to creditors' rights.

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3.3 Corporate Existence, Organization and Qualification of Company. Schedule 3.3 sets forth the number of authorized shares of capital stock, the number of outstanding shares of capital stock, the par value of such capital stock and the state of incorporation of each corporation included in the definition of Company. Each such corporation is a corporation duly incorporated, validly existing and in good standing under the laws of the state of its incorporation, all of such corporations to extent required by applicable state law as a group have no state or local franchise taxes (not including taxes based on income, gross receipts or assets), fees or penalties due and unpaid, and each has full corporate power and authority to carry on the business as now conducted by it. Each such corporation is duly qualified or licensed and in good standing as a foreign corporation duly authorized to do business in each of the jurisdictions indicated on Schedule 2.3 and there are no other jurisdictions in which the failure to so qualify or be licensed would have a materially adverse effect on each corporation included within the definition of Company. No such corporation has outstanding securities convertible into or exchangeable or exercisable for any shares of its capital stock, nor does it have outstanding any rights to subscribe for or to purchase, or any options for the purchase of, or any agreements providing for the issuance (contingent or otherwise) of, or any calls, commitments, or claims of any character relating to, any shares of its capital stock or any securities convertible into or exchangeable or exercisable for any shares of its capital stock.

3.4 Company Subsidiaries. Except as set forth in Schedule 3.4, none of the corporations included in the definition of Company has any subsidiaries.

3.5 Partnerships. None of the corporations included within the definition of Company owns an interest, directly or indirectly, in any general limited partnership or limited liability company.

3.6 No Violation. Except as set forth in Schedule 3.6 and subject to obtaining the Regulatory Approvals, neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby:

- (a) Violate any provision of the charter or Bylaws of any of the companies included in the definition of Company;
- (b) Violate, are in conflict with, constitute a default (or an event which, with or without due notice or lapse of time, or both, would constitute a default) under, or require the consent or approval of any other person under, or cause or permit the acceleration of the maturity of, or excuse performance by any person of its obligations under or by any such person to terminate, any debt, obligation, contract, commitment or other agreement (i) to which Seller or any company included in the definition of Company is a party or by which either is bound, and (ii) which is material to the business, financial condition or operations of (y) Seller or (z) any company included in the definition of any company included in the definition of Company;
- (c) Result in the creation or imposition of any Lien upon any property or assets of Seller or any company included in the definition of Company under any debt, obligation, contract, commitment or other agreement to which either is a party or by which either is bound and which is material to the business, financial condition or operations of any Company included in the definition of Company; or
- (d) Violate any material statute or law or any judgment, decree or order or material regulation or rule of any court or governmental authority or arbitration tribunal binding upon Seller or any company included in the definition of Company, or violate or result in the revocation, cancellation, suspension or adverse modification of any material franchise, license, permit or other governmental authorization or approval of any company included in the definition of Company. Notwithstanding the foregoing or any provision of this Agreement to the contrary, Seller makes no representation or warranty regarding the compliance of the transactions contemplated by this Agreement with the state insurance laws or related regulations of the States of Texas and Oklahoma relating to the ownership and transfer of insurance agencies and their licenses.

3.7 Financial Statements.

- (a) Seller has delivered to Buyer complete and correct copies of audited, combined financial statements for each corporation included within the definition of Company dated as of December 31, 1997, and 1996. Such audited financial statements, including the notes thereto, and schedules are referred to herein collectively

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as the "Financial Statements." The Financial Statements consist of (i) a statement of operations for the years ending December 31, 1997, and 1996, (ii) a statement of cash flows for the years ending December 31, 1997 and 1996, in each case presenting combined information with respect to each company included in the definition of Company. The Financial Statements (x) have been prepared in accordance with generally accepted accounting principles consistently applied throughout the periods indicated except as indicated thereon, (y) are in all material respects accurate and complete and present fairly the financial position of each corporation included within the definition of Company on a combined basis as of December 31, 1997 and 1996 and the results of operations and cash flows for the years ended December 31, 1997, and 1996, and (z) Seller has provided Buyer, upon the execution of this Agreement, with certificates of the chief financial officers of Company certifying that such is the case.

3.8 Labor and Employment Contract Plans. Except as disclosed in Schedule 3.8, each corporation included within the definition of Company is not a party to any (a) employment agreements, consulting agreements or similar arrangements which will survive the Closing, (b) profit-sharing, bonus, incentive compensation, deferred compensation, stock option or stock purchase plans, or other arrangements, agreements or plans providing for employee benefits (including but not limited to vacation, sick leave, medical, hospitalization, life insurance and other insurance plans, or related benefits) (collectively, the "Plans") under which employees of each corporation included within the definition of Company will continue to be eligible after Closing or which Plans are qualified under ERISA (as hereinafter defined) or (c) all collective bargaining or union contracts. Schedule 3.8 contains an accurate and complete list as of September 30, 1998, of the names and current salary or payment rates (expressed on an annual basis) of all persons (including independent commission agents) employed by or under contract with each corporation included within the definition of Company whose current rate of pay which, including any bonus or indirect compensation, if annualized, will result in such person earning an excess of \$50,000 per year in 1997 or \$36,000 or higher through September 30, 1998. There is no pending or, to Seller's or each corporation included within the definition of Company's knowledge, threatened labor dispute, strike, work stoppage, or union campaign against Company or threatening to affect in any materially adverse way Company's business or assets. Each corporation included in the definition of Company has complied in all material respects with all of its obligations under the arrangements, agreements and plans listed in Schedule 3.8 and with all applicable laws relating to the employment of labor, including without limitation all provisions thereof relating to wages, hours, equal opportunity, collective bargaining and the payment of social security and other similar taxes. There are no violations of such obligations or laws which are material to each corporation included in the definition of Company.

3.9 ERISA. There are no "Pension Plans" within the meaning of the Employee Retirement Income Security Act of 1974, as amended, and the regulations thereunder ("ERISA"), which apply to each corporation included within the definition of Company which: (a) have not been operated in compliance with ERISA and IRC § 401 or § 501; (b) have, on a plan termination basis, any unfunded liabilities or any liabilities to the Pension Benefit Guaranty Corporation; or (c) have had any prohibited transactions under IRC § 4975 or ERISA § 406, any accumulated funding deficiencies (as defined in ERISA § 2302 or IRC § 412), reportable events (as defined in ERISA § 4043) or plan termination (as defined in Title 17 of ERISA or IRC § 411). Each corporation included within the definition of Company maintains no plans outside the United States. Except as set forth in Schedule 3.9, each corporation included within the definition of Company does not maintain nor contribute to any employee welfare benefit plan, as such term is defined in ERISA, whether insured or otherwise, and each such welfare plan is in material compliance with the provisions of ERISA. Each corporation included within the definition of Company has never been obligated to contribute to any "multiemployer plan" or "multiple employer plan" (as such terms are defined in ERISA § 4001). Except as set forth in Schedule 3.9, no filing, application or other matter with respect to any of such plans is pending with the Internal Revenue Service, Pension Benefit Guaranty Corporation, United States Department of Labor or other governmental body, none of such plans has been terminated since September 1, 1974, neither the Pension Benefit Guaranty Corporation, nor any other person has taken any action to terminate any of such plans (and to the best of Seller's and each corporation included within the definition of Company's knowledge, there exists no basis for any such action) and no trustee has been appointed by any court or governmental body to administer any thereof.

3.10 Litigation.

(a) Schedule 3.10 accurately identifies all actions or proceedings pending as of the date hereof against each corporation included within the definition of Company before any court, governmental body or arbitration tribunal other than proceedings disclosed on other schedules to this Agreement. Except as disclosed in

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Schedule 3.10, neither Seller nor each corporation included within the definition of Company has received prior to the date hereof written notice of the commencement or pendency of any governmental investigation of each corporation included within the definition of Company.

(b) Except for matters identified on Schedule 3.10, to the best of the knowledge of the Seller, there is, as of the date hereof, no action or proceeding pending, or to the knowledge of Seller or each corporation included within the definition of Company threatened, which questions the validity or legality of this Agreement or any action taken or to be taken pursuant hereto or the consummation of the transactions contemplated hereby or which, if adversely determined, would materially and adversely affect the business, financial condition or operations of any corporation included within the definition of Company.

(c) Seller shall give Buyer prompt written notice of the commencement of any action, proceeding or investigation involving any corporation included within the definition of Company after the date hereof that would be required to be described on Schedule 3.10 had such action, proceeding or investigation been open on the date hereof.

3.11 Court Orders and Decrees. Each corporation included within the definition of Company is not in violation of any term of any material judgment, decree, injunction or order of any court, governmental agency or arbitration tribunal outstanding against it or by which it is bound. There is no such outstanding judgment, decree, injunction, or order which could reasonably be expected to have a material adverse effect upon the financial condition, operations or business of any corporation included within the definition of Company.

3.12 Compliance with Instruments, Laws, Etc. Except as disclosed on Schedule 3.12, to the best of the knowledge of Seller, none of the corporations included within the definition of Company is in violation of and none has received any notice of violation which would have a material adverse effect on any of the corporations included within the definition of the Company of (a) any provision of its charter or Bylaws, or any agreement pertaining to indebtedness, (b) any material provision of any other obligation, contract, commitment, or other agreement or (c) any material federal or state law, regulation, rule or administrative order.

3.13 Title to Properties; Encumbrances. Except as disclosed on Schedule 3.13, each corporation included within the definition of Company has good title to all of the properties and assets (real, personal, and mixed, tangible and intangible) reflected on the Financial Statements or acquired since December 31, 1997, in each case free and clear of all Liens except (a) materialman's, mechanics', carriers', workers', repairman's, and other similar liens arising or incurred in the ordinary course of business or statutory landlord's liens under leases to which it is a party, provided that either the underlying obligation is not in default or such obligation or Lien is being contested in good faith and adequate reserves have been established for the payment or discharge of such Lien to the extent required by generally accepted accounting principles; (b) Liens disclosed in the Financial Statements; and (c) Liens for taxes not yet delinquent or the validity or amount of which are being contested in good faith; provided that adequate reserves have been established for the payment of such taxes to the extent required by generally accepted accounting principles. The rights, properties and assets of each corporation included within the definition of Company include all the rights, properties and assets necessary for each corporation included within the definition of Company to conduct its businesses in all material respects in the same manner as currently conducted.

3.14 Inventory. Each corporation included within the definition of Company has no inventory.

3.15 Technical Facilities. The technical facilities utilized by each corporation included within the definition of Company are in good operating condition, subject to normal wear and tear, are suitable for the purpose for which they are used and are adequate and sufficient for all of the current operations of each corporation included within the definition of Company.

3.16 Status of Licenses.

(a) Each corporation included within the definition of Company has all state and federal licenses that are necessary for its business and operations including, without limitation, (i) a broker dealer license by FIMI Securities, Inc. with the SEC, and the National Association of Securities Dealers ("NASD"), (ii) state licenses to conduct business as an insurance agency in all of the states listed on Schedule 2.16, and (iii) individual insurance

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agent licenses for all of the states listed on Schedule 3.16 (the "Licenses"). Except as set forth in Schedule 3.16, all such Licenses are valid and in full force and effect and shall remain valid and in full force and effect for the benefit of Buyer at the Closing. All of the state and federal Licenses of any corporation included within the definition of the Company as utilized by any corporation included within the definition of the Company in its business and operations are set forth on Schedule 3.16. Except as disclosed thereon as of the Closing Date, the Licenses identified on Schedule 3.16 are in full force and effect and have not been suspended, modified in any material adverse respect, canceled or revoked, and any corporation included within the definition of the Company has operated and will continue from the date hereof to the Closing to operate in compliance with all material terms thereof or any renewals thereof.

(b) Except as identified on Schedule 3.16, all other material permits, concessions, grants, franchises and other governmental authorizations and approvals necessary for the conduct of the business of any corporation included within the definition of the Company as currently conducted have been duly obtained and are in full force and effect, have not been suspended, modified in any materially adverse respect, canceled or revoked, and any corporation included within the definition of the Company has operated and until Closing will continue to operate in compliance with all material terms thereof or any applicable renewals thereof.

(c) Except as described in Schedule 3.16, neither Seller nor each corporation included within the definition of Company has notice of and, to the best of Seller's and each corporation's, included within the definition of Company, knowledge, there is not pending, as of the date hereof, any application, petition, objection or other pleading with the governmental body having jurisdiction or authority over any part of the business or operations of any corporation included within the definition of the Company, which question the validity of or contests any License or which, if accepted or granted, would result in the revocation, cancellation, suspension or any materially adverse modification of any license, permit, concession, grant, franchise or other License of any corporation included within the definition of the Company.

(d) Seller shall give Buyer prompt written notice of the filing of any material application, petition, objection or other pleading from the date hereof to the Closing that would be required to be described on Schedule 3.16 had such action occurred prior to the date hereof.

3.17 Status of Leases and Agreements.

(a) Schedule 3.17 identifies completely and accurately each lease and other agreement for the use of property to which each corporation included within the definition of Company is a party; and

(b) Except as disclosed in Schedule 3.17, all leases and other agreements for the use of property by each corporation included within the definition of Company or by which it is bound, are in full force and effect and each corporation included within the definition of Company has not received any notice of termination or cancellation of any such lease or other agreement. There is no breach by each corporation included within the definition of Company of any such lease and other agreement which could result in the termination or cancellation thereof, or the imposition of damages against each corporation included within the definition of Company.

3.18 Customer Agreements. Except as provided in Schedule 3.18, neither Seller nor each corporation included within the definition of Company knows of any current customers of each corporation included within the definition of Company which, when taken in aggregate, would constitute a material portion of Company's business (in excess of 15% of its business) which intend(s) to discontinue the use of any service provided by each corporation included within the definition of Company, including if the transactions contemplated hereby are consummated.

3.19 Bank Accounts. Schedule 3.19 identifies all accounts and safety deposit boxes with banks or other financial institutions maintained by or on behalf of each corporation included within the definition of Company, together with the authorized signatories to such accounts.

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3.20 Patents, Trade Names, Trademarks, Licenses, Etc.

(a) Each corporation included within the definition of Company does not own and has not licensed or otherwise does not have the right to use any patents, trademarks, trade names, copyrights, technology, know-how and processes which are material to the conduct of its business as currently conducted.

(b) Schedule 3.20 accurately identifies all significant computer software for financial reporting, engineering functions and studies and inventory control, or used by each corporation included within the definition of Company, which each corporation included within the definition of Company will continue to have the right to use after the Closing.

(c) No claims have been asserted against each corporation included within the definition of Company by any person contesting the use by Company of the patents, trademarks, trade names, copyrights, technology, know-how or processes or challenging or questioning the validity or enforceability of any such license or other right to use of such patent, trademark, trade name, copyright, technology, know-how or processes, and to the best of Seller's knowledge, there is no valid basis for any such claim and the use of such patents, trademarks, trade names, copyrights, technology, know-how or processes by each corporation included within the definition of Company does not infringe on the rights of any person.

3.21 No Undisclosed Liability. Except as disclosed in Schedule 3.21 or disclosed in the Financial Statements or the Closing Date Balance Sheet, each corporation included within the definition of Company has no liabilities, whether absolute, accrued, contingent or otherwise, whatsoever which are required under generally accepted accounting principles to be disclosed or reserved against in the Financial Statements or the Closing Date Balance Sheet.

3.22 Taxes and Tax Returns.

(a) Except as set forth in Schedule 3.22, all federal, state, local, and foreign tax reports and returns with respect to taxable periods ending after December 31, 1994, required to be filed by or on behalf of any corporation included within the definition of the Company have been duly filed on a timely basis other than any such reports and returns for which there is no material monetary penalty for failure to file, and all taxes, including, without limitation, income, gross receipts, ad valorem, value added, turnover, sales, use, personal property (tangible and intangible), stamp leasing, lease, user, leasing, excise, franchise, transfer, fuel, excess profits, occupational (including without limitation, deposits required by law to be made with respect to withholding taxes for employees) and interest equalization, and other charges of federal, state, local or foreign taxing authorities, including all interest and penalties or late charges on the foregoing (the "Taxes") attributable to the periods covered by such reports and returns which Seller and each corporation included within the definition of Company believe in good faith to be due have been duly paid. Seller and any corporation included within the definition of the Company believe in good faith that all such reports and returns, insofar as they relate to any corporation included within the definition of the Company, have been prepared in accordance with all laws and regulations pertaining thereto.

(b) The reserves for taxes maintained by any corporation included within the definition of the Company, all of which constitute current liabilities, will be adequate under generally accepted accounting principles to cover the liability of such entities for all Taxes for all periods ending on or prior to the Closing Date.

(c) There are no tax Liens upon any property or assets of any corporation included within the definition of the Company other than Liens for Taxes not yet delinquent or the validity or amount of which are being contested in good faith and for the payment of which adequate reserves have been established to the extent required by generally accepted accounting principles.

(d) Schedule 3.22 sets forth the latest taxable period ending after December 31, 1994, for which the federal income tax returns of any corporation included within the definition of the Company or any affiliated group which includes Company have been examined by the Internal Revenue Service (the "IRS") and the income taxes due as a result of such examination have been finally determined. Schedule 3.22 sets forth all proposed adjustments which have been raised in writing by the Internal Revenue Service in any examination in respect of any corporation included within the definition of the Company which, by application of similar principles,

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reasonably could be expected to result in a proposed deficiency for any other tax period of any corporation included within the definition of the Company not so examined. Except to the extent set forth in Schedule 3.22:

(i) all deficiencies and assessments resulting from examination of federal, state and local tax returns and reports of any corporation included within the definition of the Company with respect to taxable periods ending after December 31, 1994, have been paid;

(ii) there are no outstanding agreements or waivers extending the statutory period of limitation applicable to any federal, state, local, or foreign to, return or report of any corporation included within the definition of the Company for any period; and

(iii) there are no agreements by Seller or any corporation included within the definition of the Company for the extension of the time for the assessment of any Taxes.

(e) Seller and any corporation included within the definition of the Company do not currently have, nor at any time after December 31, 1994, have had, in effect a tax sharing or similar tax allocation agreement among and between each other, other than:

(i) an election to allocate consolidated federal income tax liability pursuant to Reg. Sec. 1.1552(a)(1) and Reg. Sec. 1.1502-33(d)(2)(ii);

(ii) an allocation of federal, state and local income and franchise taxes for financial statement purposes; and

(iii) any election as to a tax sharing or similar tax allocation method which is deemed to be made under any federal, state or local tax laws as a result of the filing of a combined or consolidated tax return.

(f) True copies of all federal income tax returns of any corporation included within the definition of the Company for all tax periods ending after December 31, 1994, have been heretofore delivered to Buyer.

3.23 Insurance. Each corporation included within the definition of Company is covered as of the date hereof under insurance policies. The Company will continue to cover each corporation included within the definition of Company under such insurance policies in accordance with each corporation's, included within the definition of Company, normal business practice from the date hereof through the Closing Date.

3.24 Contracts.

(a) Schedule 3.24 lists all written agreements, contracts and commitments of each corporation included within the definition of Company or by which each corporation included within the definition of Company is bound which (i) create indebtedness for money borrowed or any Liens, (ii) (x) involve or may involve payments by or to each corporation included within the definition of Company of more than \$50,000, and (y) cannot be terminated by each corporation included within the definition of Company without penalty upon notice of 60 days or less, or (iii) are material to the business, financial condition or operations of each corporation included within the definition of Company as a whole or which impose material restrictions or obligations (other than the payment of money) on Company in any case. To the best of Seller's and each corporation's, included within the definition of Company, knowledge, there are no oral agreements, contracts or commitments of Company or by which each corporation included within the definition of Company is bound in excess of \$100,000 in the aggregate.

(b) Each of the agreements, contracts and commitments listed on Schedule 3.24 is valid and in full force and effect and (i) there is no material default thereunder or claim of default and (ii) there has not occurred any event which, with the passage of time or the giving of notice (or both), would constitute a default thereunder, in any case either on the part of each corporation included within the definition of Company or, to the best of Seller's and each corporation's, included within the definition of Company, knowledge, on the part of any other party thereto.

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(c) Except as set forth on Schedule 3.24, there is no agreement, contract or commitment which limits the right of each corporation included within the definition of Company to engage in any business or compete with any person.

(d) Seller has delivered or made available to Buyer complete and correct copies of all written agreements, contracts and commitments identified on any Schedule to this Agreement, together with all written amendments thereto and waivers and consents with respect thereto.

3.25 Full Disclosure. Except as disclosed in this Agreement, Seller and each corporation included within the definition of Company know of no fact existing relating to Seller or Company which Seller or Company has not disclosed to Buyer which has or will have a material adverse effect on the consummation by Seller and each corporation included within the definition of Company of the transactions contemplated hereby.

3.26 Changes. Since December 31, 1997, each corporation included within the definition of Company has conducted its business only in the ordinary and usual course consistent with past business practice. Except as discussed in Schedule 3.26, it has done none of the acts described in subparagraph 5.1(b) to the extent that any such act amounts individually to in excess of \$50,000.

3.27 Certain Transactions. None of the officers, directors, or employees of the Company is presently a party to any transaction with each corporation included within the definition of Company (other than for services as employees, officers, and directors), including any contract, agreement, or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments or sales commission or fees to or from any officer, director, or such employee or, to the knowledge of the Seller, any corporation, partnership, trust, or other entity in which any officer, director, or any such employee has a substantial interest or is an officer, director, trustee, or partner.

3.28 Financial Condition After Closing Date. Except as provided in Section 3.25, Seller makes no representations or warranties with respect to the financial condition or results of operations of any corporation included within the definition of Company for any period after the Closing Date.

3.29 Seller's Representations and Warranties. Seller knows of no fact which would cause any representation or warranty of Seller, any corporation included within the definition of Company or the Buyer contained in this Agreement to not be true and complete.

ARTICLE IV REPRESENTATIONS, WARRANTIES AND COVENANTS OF BUYER

Buyer hereby jointly and severally represents, warrants and covenants to Seller as set forth in this Article IV. Such representations, warranties and covenants shall be true as of the date of this Agreement and as of the Closing Date.

4.1 Organization and Standing of Buyer. Each Buyer is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware and has full corporate power and authority to carry on its business and operations as currently conducted.

4.2 Authorization, Etc. Buyer has full corporate power and authority to enter into this Agreement and to carry out the transactions contemplated hereby. Buyer has taken all action required by law, its Certificate of Incorporation, its Bylaws or otherwise to authorize the execution and delivery of this Agreement and the consummation of transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by duly authorized officers of Buyer and constitutes the valid and binding obligation of Buyer enforceable in accordance with its terms, subject to general principles of equity and except as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, or other similar laws of general application relating to creditors' rights.

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4.3 No Violation. Except as set forth in Schedule 4.3 and subject to obtaining the Regulatory Approvals, neither the execution and delivery of this Agreement nor the consideration of the transactions contemplated hereby will:

- (a) Violate any provision of the Certificate of Incorporation or Bylaws of Buyer;
- (b) Violate, be in conflict with, constitute a default (or event which, with or without due notice or of time, or both, would constitute a default) under, or require the consent or approval of any other person under, or cause or permit the acceleration of the maturity of, any debt, obligation, contract, commitment or other agreement (i) to which Buyer is a party, and (ii) which is material to the business or financial condition of Buyer;
- (c) Result in the creation or imposition of any Lien upon any property or assets of Buyer under any debt, obligation, contract, commitment other agreement to which Buyer is a party or by which Buyer is bound; or
- (d) Violate any statute or law or any judgment, decree, order, regulation or rule of any court or governmental authority or arbitration tribunal binding upon Buyer.

4.4 Investment Intent. Buyer is acquiring the Shares for its own account and not with a view to, or for resale in connection with, the distribution thereof.

4.5 Qualified Transferee. Buyer is financially and legally qualified, and has the requisite financial, technical and business capabilities, and assuming the accuracy of Seller's representations, warranties, and covenants contained herein, to obtain all material Regulatory Approvals promptly and to operate the business of Company after the Closing. There are no claims, suits or other proceedings before any court, governmental agency or arbitration tribunal in which issues are raised which, if finally determined adversely to Buyer, would have the effect of impairing Buyer's ability promptly to obtain Regulatory Approvals, or to consummate the transactions contemplated by this Agreement.

4.6 Litigation. There is on the date hereof no action or proceeding pending or, to Buyer's knowledge, threatened against or involving Buyer before any court, governmental agency or arbitration tribunal, which, if adversely determined, would materially and adversely affect the ability of Buyer to consummate the transactions provided for herein. Buyer is not in violation of any term of any judgment, decree, injunction or order outstanding against it or them, which violation would have a material and adverse effect on the ability of Buyer to consummate the transactions provided for herein. Buyer shall give Seller prompt written notice of the commencement of any action, proceeding or investigation involving Buyer after the date hereof that would, if adversely determined, materially and adversely affect the ability of Buyer to consummate the transactions provided for herein.

4.7 Compliance with Instruments, Laws, Etc. To the best of the knowledge of Buyer, Buyer is not in violation of and has not received any notice of violation which would have a material adverse effect on (a) any provision of its charter or Bylaws, or any agreement pertaining to indebtedness, (b) any material provision of any other obligation, contract, commitment, or other agreement, or (c) any material federal or state law, regulation, rule or administrative order.

4.8 SEC Documents. Since January 1, 1998, Parent has filed all reports, schedules, forms, statements and other documents required to be filed by it with the SEC pursuant to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "1934 Act") (all of the foregoing filed prior to the date hereof and all exhibits included therein and financial statements and schedules thereto and documents incorporated by reference therein, being hereinafter referred to as the "SEC Documents"). No information included in the SEC Documents when filed contained any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they are or were made, not misleading.

4.9 Buyer's Representations and Warranties. Buyer knows of no fact which would cause any representation or warranty of Buyer or Seller contained in this Agreement to not be true and complete.

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4.10 Full Disclosure. Except as disclosed in this Agreement, Buyer knows of no fact existing with respect to the Buyer which Buyer has not disclosed to Seller which has or will have a material adverse effect on the consummation of the transactions by Buyer contemplated hereby.

4.11 Financial Condition After Closing Date. Except as provided in Section 4.10, Buyer makes no representation or warranty with respect to the financial condition or results of operations of the Buyer after the Closing Date.

4.12 No Plan to Sell Assets, Etc. Buyer has no plan or intention to sell or otherwise dispose of any of the assets of Company or the stock of Company acquired in the transactions contemplated herein, except for dispositions made in the ordinary course of business or transfers described in Section 368(a)(2)(C) of the Code.

ARTICLE V COVENANTS OF SELLER

5.1 Conduct of Business Pending Closing. From the date hereof and until Closing, Seller warrants and covenants that, pending and as a condition precedent to Closing, except otherwise consented to in writing by Buyer or as contemplated by this Agreement:

(a) It shall cause each corporation included within the definition of Company:

(i) to conduct its business only in the ordinary and usual course consistent with reasonable business practice;

(ii) to use its best efforts to promote the business of each corporation included within the definition of Company and retain its customers, managers, employees, licensors and contractors; and

(iii) except for transactions in the ordinary and usual course of business consistent with reasonable business practice, and without being required to make any unusual expenditures or suffer any unusual losses, to use its best reasonable efforts:

(w) to keep the organization of its business intact, to preserve and maintain its assets, and to preserve the goodwill of its suppliers, customers and others having business relations with it;

(x) to preserve the relationships and goodwill between it and its employees and keep Buyer advised of any changes in personnel that would affect the long-term operations of each corporation included within the definition of Company;

(y) to continue to carry its existing insurance, subject to variations in amounts required by the ordinary operations of its business and any increases mutually agreed upon by Seller and Buyer; and

(z) to comply with and perform the leases and other agreements to which it is a party or by which it is bound.

(b) It shall not permit each corporation included within the definition of Company to:

(i) merge or consolidate with, or purchase substantially all of the assets of, or otherwise acquire, any business of any corporation, partnership, association or other business organization or division thereof;

(ii) vary significantly its business methods and practices with its present and prospective customers and subscribers, including but not limited to the price and terms upon which it offers its service except to the extent consistent with the ordinary and usual course of business;

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(iii) except for transactions in the ordinary and usual course of business consistent with reasonable business practice;

(y) grant any increase in salaries payable or to become payable or grant any bonus to any officer, employee, agent, or representative, or

(z) increase benefits payable to any officer, employee, agent, or representative under any Plan of each corporation included within the definition of Company or any Subsidiary or by which Company, or any Subsidiary will be bound after Closing or create, become bound by or modify any such Plan.

(iv) enter into, become bound by or modify, or unless required by law, engage in any negotiations with respect to, any collective bargaining or union agreement or commitment;

(v) enter into any employment or consulting agreement or other such agreement not terminable by its terms without penalty or payment on thirty (30) days' or less notice after the Closing with any person;

(vi) declare, set aside, or pay any dividend or make any distribution in respect of its equity securities, except for monthly distributions of \$7,500, made to cover salaries and a \$500 monthly car allowance for each of David Frank, Jim Ellsworth, and Daniel Delity and monthly payments of \$2,766 each to David Frank and Jim Ellsworth and \$4,468 to Daniel Delity to satisfy the monthly obligations of the Sellers pursuant to those three certain promissory notes executed by each of Seller, effective as of May 1, 1998, in the original principal amount of \$720,000 to Shelby Smith (the "Shelby Smith Notes") copies of which are attached hereto as "Schedule 4.1(b)(vii)";

(vii) purchase, redeem, or otherwise acquire any of its equity securities or reclassify, split up or otherwise dispose of any of such equity securities;

(viii) issue, sell or otherwise dispose of any of its equity securities, or create, sell or otherwise dispose of any options, rights, conversion rights or other agreements or commitments of any kind relating to the issuance, sale or disposition of any of its equity securities except such sales or dispositions exclusively among each corporation included within the definition of Company and its Subsidiaries;

(ix) change its accounting method or treatment of any material item;

(x) pay any obligation or liability, fixed or contingent, other than current liabilities or the current portion of long-term liabilities;

(xi) enter into or become bound by any agreement or commitment having a term in excess of one year or obligating it to pay more than \$50,000 in the aggregate under any such agreement or commitment;

(xii) enter into or become bound by any new or renewed lease agreements or commitments having an economic value in excess of \$100,000 in aggregate;

(xiii) except in the ordinary and usual course of business consistent with reasonable business practice, waive or compromise any material right or claim;

(xiv) except in the ordinary and usual course of business consistent with reasonable business practice, cancel, without full payment, any note, loan, or other obligation owing to it;

(xv) except in the ordinary and usual course of business consistent with reasonable business practice, directly or indirectly modify, amend, cancel, or terminate any of the material leases,

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contracts or agreements to which it is a party, including but not limited to the partnership or joint venture commitments;

(xvi) amend, modify, or otherwise alter in any way the Articles of Incorporation or By-laws of any company comprising the Company; or

(xvii) enter into any agreement obligating it to do any of the foregoing prohibited acts.

(c) Seller will not transfer, sell, convey, assign, or otherwise encumber any of the Shares.

5.2 [LEFT INTENTIONALLY BLANK]

5.3 Access and Information. Upon reasonable notice, Seller will allow Buyer, its counsel, accountants, lenders, capital providers and other agents and representatives, (i) to have full access, during normal business hours, throughout the period prior to Closing to the employees, agents, representatives, affiliates, files, customers, suppliers, lenders, contracts, properties, books and records of each corporation included within the definition of Company, (ii) to discuss its affairs, finances and accounts with its officers and accountants, and (iii) to be furnished all such information concerning the business and affairs of Company as Buyer or its representatives may reasonably request.

5.4 BancAssurance Holdings, Inc. Each corporation included within the definition of Company and Seller are in the exploration stage of a project to form a new entity or entities, tentatively called "BancAssurance Holdings, Inc." ("BancAssurance"), to engage in captive insurance business with financial institutions (the "BancAssurance Project"). Each corporation included within the definition of Company shall continue the diligent pursuit of the BancAssurance Project so as to maximize the benefit to each corporation included within the definition of Company of such project pending the Closing of the transaction contemplated by this Agreement. It is anticipated that upon consummation of any proposed transaction, each corporation included within the definition of Company may, alone or in combination with a financial institution or institutions and others, own any entity which is an outgrowth of the BancAssurance Project (the "BancAssurance Entity"). No interest in the BancAssurance Entity will be owned by Seller or by any affiliate of Company which is not included in the definition of Company and no such transactions or any binding written or oral agreement related to such project will be made by Seller or the Company without the prior written consent of Buyer. Each person constituting the Seller shall have the option to purchase up to five (5%) percent of the securities of BancAssurance owned by Buyer or its affiliates at an exercise price equal to such entities' GAAP basis in such securities in the event that (i) such securities are sold in a public or private offering by Buyer or (ii) BancAssurance consummates an initial public offering of its securities.

5.5 Post-Closing Availability. Seller hereby agrees that, from time to time after Closing at Buyer's request and without further consideration, Seller will execute and deliver such other instruments of conveyance, assignment and transfer and take such other action as Buyer may require to more effectively convey, transfer to and vest in Buyer, and to put Buyer in possession of, the Shares purchased hereunder and otherwise to effect the consummation of the transactions contemplated hereby.

5.6 Employment Agreements. Each Seller, i.e., Messrs. Delity, Ellsworth and Frank, shall enter into an employment agreement with Buyer and Company (the "Employment Agreement") for a three year term. Each Employment Agreement shall be substantially in the form attached hereto as Exhibit "D."

5.7 Non-Competition Agreement. Seller shall enter into a Non-Competition Agreement with Buyer (the "Non-Competition Agreement") substantially in the form attached hereto as Exhibit "E."

5.8 Best Reasonable Efforts. Seller shall use its best reasonable efforts to consummate the transactions contemplated by this Agreement and to obtain as quickly as practicable the approvals and consents necessary for such consummation.

5.9 Notice to Customers. Subject to Paragraph 9.6, Seller shall, upon the request of Buyer, cooperate with and assist Buyer in informing customers of Company of the change in control of Company.

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5.10 Disclosure as to Representations and Warranties. Seller shall promptly inform Buyer in writing if at any time Seller or each corporation included within the definition of Company shall become aware of any fact which would cause any representation or warranty of Seller contained in this Agreement or in any certificate delivered pursuant hereto to not be true and complete as and as of such time.

5.11 Compliance with Securities Laws. Seller agrees to comply with all applicable state and federal securities laws, rules, and regulations, as may be in effect from time to time with respect to their ownership, purchase or sale of Parent Common Stock.

ARTICLE VI **COVENANTS OF BUYER**

6.1 Notice to Customers. Subject to Paragraph 9.7, Buyer shall cooperate with Seller in informing customers of each corporation included within the definition of Company of the change in control of each corporation included within the definition of Company.

6.2 Registration Statement. Buyer shall prepare and file with the SEC the Registration Statement for 626,087 shares of the Parent Common Stock to be used to pay Seller the Merger Price. Buyer shall use reasonable diligence and effort to have the Registration Statement become effective within sixty (60) days of the date hereof.

6.3 Access and Information. Upon reasonable notice, Buyer will allow Seller, its counsel, accountants, lenders, capital providers and other agents and representatives, (i) to have full access, during normal business hours, throughout the period prior to Closing to the employees, agents, representatives, affiliates, files, customers, suppliers, lenders, contracts, properties, books and records of Company, (ii) to discuss its affairs, finances and accounts with its officers and accountants, and (iii) to be furnished all such information concerning the business and affairs of Company as Seller its representatives may reasonably request.

6.4 Best Reasonable Efforts. Buyer shall use its best reasonable efforts to consummate the transactions contemplated by this Agreement and to obtain as quickly as practicable the approvals and consents necessary for such consummation.

6.5 Disclosure as to Seller's Representations and Warranties. Buyer shall promptly inform Seller in writing if at any time Buyer shall become aware of any fact which would cause any representation or warranty of Buyer contained in this Agreement to not be true and complete at and as of such time.

6.6 Post-Closing Availability. Buyer hereby agrees that, from time to time after Closing at Seller's request and without further consideration, Buyer will execute and deliver such other instruments of conveyance, assignment and transfer and take such other action as Seller may require to more effectively convey, transfer to and vest in Seller, and to put Seller in possession of, the Parent Common Stock purchased hereunder and otherwise to effect the consummation of the transactions contemplated hereby.

6.7 Following the Closing, Buyer will continue the historic business of FSAC and ATF or use a significant portion of FSAC's and ATF's historic business assets in a business.

6.8 Buyer will not take any action that would be inconsistent with, or fail to take any action that is reasonably necessary or appropriate to ensure, the qualification or treatment of the transactions contemplated herein as an A and C Reorganization as defined by Section 368 of the Code, including Section 368(a)(1)(C).

ARTICLE VII **CLOSING**

7.1 Conditions Precedent to Closing.

(a) Buyer's obligation to close the purchase and sale of the Shares shall be subject to satisfaction of all of the conditions set forth in this subparagraph 7.1(a) (unless expressly waived in writing by it at, or any time prior to, Closing):

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(i) The representations and warranties of Seller contained in this Agreement or in any certificate delivered pursuant hereto by or on behalf of Parent or Seller shall have been true and complete when made and shall also be true and complete at and as of the time of Closing (except for changes permitted under Section 5.1 of Article V).

(ii) Seller shall have caused all covenants, agreements and conditions required by this Agreement to be performed or complied with by it prior to or at Closing to be so performed or complied with.

(iii) Seller shall have delivered to Buyer a certificate, signed by each of Seller and dated as of the Closing Date, certifying as to the fulfillment of the conditions set forth in clauses (i) and (ii) of this subparagraph 7.1(a).

(iv) No action or proceeding shall have been instituted and remain pending by or before any court or other governmental body or arbitration tribunal seeking, and there shall not be in effect any injunction, order or decree of a court of competent jurisdiction the effect of which is, (x) to restrain or prohibit or to recover damages in respect of the transactions contemplated by this Agreement, (y) to revoke or suspend any material license, permit, order or approval, or (z) to question the validity or legality of this Agreement or any action taken or to be taken pursuant hereto or the consummation of the transactions contemplated hereby, and there shall be no such action or proceeding pending which, if adversely determined, would materially and adversely affect, or injunction, order or decree in effect which materially and adversely affects, the business, financial condition and operations of Company.

(v) Regulatory approvals from NASD Regulation, Inc. and the State Securities Board of the State of Texas ("Texas B.D. Approval") to the change in ownership of FIMI Securities, Inc. from Sellers to Buyer shall have been obtained and the termination of any required waiting period shall have occurred on terms reasonably satisfactory in all material respects to Buyer and Seller ("NASD Approval").

(vi) All lessors under leases and parties to agreements of Company, other than such leases and agreements which do not require consent for the consummation of the transactions contemplated by this Agreement, shall have consented to the consummation of the transactions contemplated hereby. At Closing, Seller shall deliver to Buyer copies of all consents referred to in the preceding sentence.

(vii) Seller shall have furnished Buyer with an opinion of counsel as to the status of Seller and each corporation included within the definition of Company and the transactions contemplated by this Agreement substantially in the form of Exhibit "F."

(viii) Except as provided in Schedule 7.1(a)(viii), since December 31, 1997, there shall not have been any material adverse change in the business, financial condition or operations of each corporation included within the definition of Company.

(ix) All corporate proceedings in connection with the transactions contemplated by this Agreement, and all documents and instruments incident thereto, shall be reasonably satisfactory in all material respects in substance and form to Buyer.

(x) The Employment Agreements shall have been executed by Sellers, Messrs. Delity, Ellsworth and Frank, respectively.

(xi) The Non-Competition Agreements shall have been executed by Sellers, Messrs. Delity, Ellsworth, and Frank, respectively.

(xii) Stock certificates representing the Shares shall have been duly endorsed for transfer to Buyer, or accompanied by a proper and duly executed instrument of assignment to Buyer, and shall have all necessary stock transfer stamps attached.

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(xiii) Resignations shall have been executed by all of the directors of each company constituting the Company (except for Messrs. Delity, Ellsworth, and Frank).

(xiv) The originals (to the extent reasonably available to Seller) or duplicates of all of the minute books, stock books and all other corporate and business records or documents of Company shall have been delivered or made available to Buyer;

(xv) Either an affidavit that Seller is not a foreign person (as provided in I.R.C. § 1445(b)(2)) or an affidavit of each corporation included within the definition of Company that complies with I.R.C. § 1445(b)(3) shall have been properly executed in the form attached hereto as Exhibit "O."

(xvi) All books and records of each corporation included within the definition of Company shall have been delivered or made available to Buyer at each corporation's, included within the definition of Company, corporate headquarters in Houston, Texas.

(xvii) The shareholders of Buyer shall have approved this Agreement at the Buyer's Annual Meeting of Shareholders in accordance with applicable law, and Messrs. Delity and Ellsworth shall have been appointed as directors of Parent.

(xviii) The Shelby Smith Promissory Notes shall have been paid in full and marked canceled by Shelby Smith.

(xix) The Shares shall have been released by Shelby Smith from that certain Security Agreement - Pledge, effective as of May 1, 1998, free and clear of any liens.

(xx) At Closing, Seller shall present its management internal accounting of the balance sheets and working capital of Company as of the month end just prior to the Closing Date (the "Closing Date Balance Sheet") and management's representation affirming such balance sheet. The Closing Date Balance Sheet shall fairly present the net worth and working capital of Company as of the date specified.

(xxi) Each Seller shall have executed his respective Closing Promissory Note to Buyer in an amount in the appropriate amount, which in the aggregate will not exceed \$400,000.

(xxii) Seller shall have executed the Closing Stock Pledge Agreement and shall have pledged the Fourth Gated Shares Collateral pursuant thereto.

(xxiii) Each of FIMI Securities and ATF shall have filed an election with the IRS to have each Company within the definition of the Company elect to be taxed as a "C" corporation, in a form satisfactory to Buyer.

(xxiv) Each Company consisting of the Company and the respective Buyer merger partners shall have delivered the Certificates of Merger identified in Section 1.9 herein.

(xxv) Premier and FIMI Securities shall have executed that certain Loan Agreement, Security Agreement and Promissory Note, substantially in the form attached as Exhibit "G" hereto.

(xxvi) Premier and FIMI Securities shall have entered into that certain Licensing Agreement with Parent, substantially in the form attached as Exhibit "H" hereto.

(xxvii) Seller shall have entered into that Stock Option Agreement with Parent and shall have executed those Irrevocable Proxies relating to the capital stock of Premier, substantially in the form attached as Exhibit "I" hereto.

(xxviii) Each of Sellers have executed a commitment in the form attached hereto as Exhibit "J" to vote his Shares of Parent Common Stock to elect Mr. Harvey Sax as director of the Parent at

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the next annual meeting of shareholders of Parent at which Mr. Sax can stand for re-election and to so nominate Mr. Sax for re-election to the extent that they are directors of the Parent.

(xxix) FIMI and FIMI Securities shall have executed that certain Loan Agreement, Security Agreement and Promissory Note, substantially in the form attached as Exhibit "K" hereto.

(xxx) FIMI and FIMI Securities shall have entered into that certain Licensing Agreement with Parent, substantially in the form attached as Exhibit "L" hereto.

(xxxi) Seller shall have entered into that Stock Option Agreement with Parent and shall have executed those Irrevocable Proxies relating to the capital stock of FIMI, substantially in the form attached as Exhibit "M" hereto.

(b) Seller's obligation to close the purchase and sale of the Shares shall be subject to satisfaction of all of the conditions set forth in this subparagraph 7.1(b) (unless expressly waived in writing by it at, or any time prior to, Closing):

(i) The representations and warranties of Buyer contained in this Agreement or in any certificate delivered pursuant hereto by or on behalf of Buyer shall have been true and complete when made and shall also be true and complete at and as of the time of Closing.

(ii) Buyer shall have caused all covenants, agreements and conditions required by this Agreement to be performed or complied with by it prior to or at Closing to be so performed or complied with.

(iii) Buyer shall have delivered to Seller a certificate, signed by its chairman, president or a vice president, and dated as of the Closing Date, certifying as to the fulfillment of the conditions set forth in clauses (i) and (ii) of this subparagraph 7.1(b).

(iv) There shall not be in effect any injunction, order or decree of a court of competent jurisdiction that prohibits or delays consummation of the sale of the Shares by Seller and no action or proceeding alleging that the consummation of the sale of the Shares by Seller violates or will violate any federal or state law, rule or regulation shall have been instituted by or before any court or governmental body to restrain or prohibit Seller from selling, or to recover damages from Seller in respect of the sale of the Shares, unless Buyer elects to fully indemnify and defend Seller in respect thereof.

(v) The Registration Statement shall have been declared effective by the SEC and shall remain in effect with respect to the Registered Shares ("Registration Statement Effectiveness").

(vi) Regulatory approval from NASD Regulation, Inc. and the State of Texas to the change in ownership of FIMI Securities, Inc. from Sellers to Buyer of the transactions contemplated by this Agreement shall have been obtained and the termination of any required waiting period shall have occurred on terms reasonably satisfactory in all respects to Buyer and Sellers.

(vii) Buyer shall have furnished Seller with an opinion of counsel as to the status of Buyer and the transactions contemplated by this Agreement substantially in the form of Exhibit "N."

(viii) All corporate proceedings in connection with the transactions contemplated by this Agreement and all documents and instruments incident thereto, shall be reasonably satisfactory in all material respects in substance and form to Seller.

(ix) Parent shall have furnished evidence to the reasonable satisfaction of Seller that Parent's assets include a minimum of \$2,000,000 in cash or cash equivalent as of the Closing Date and that Parent Common Stock is currently listed and tradeable on a public exchange.

(x) Buyer shall have delivered the Buyer's Common Stock to Seller in such amounts as shown on Schedule 2.2 together with the Merger Price Warrants, subject to the contribution of

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the Escrowed Fourth Gated Shares pursuant to the Escrow Agreement and the Closing Stock Pledge Agreement.

(xi) The shareholders of Buyer shall have approved this Agreement at the Buyer's Annual Meeting of Shareholders in accordance with applicable law (the "Parent Shareholder Approval"), and Messrs. Delity and Ellsworth shall have been appointed as directors of Parent.

(xii) The Shelby Smith Promissory Notes shall have been paid in full and marked canceled by Shelby Smith.

(xiii) The Shares have been released by Shelby Smith from that certain Security Agreement - Pledge, effective as of May 1, 1998, free and clear of any Liens.

(xiv) Parent shall have loaned to Seller an aggregate of \$400,000 to pay in full the Shelby Smith Notes pursuant to the Closing Promissory Notes.

(xv) Each Company consisting of the Company and the respective Buyer merger partners shall have delivered the Certificates of Merger identified in Section 1.9 herein.

(xvi) Premier and FIMI Securities shall have executed that certain Loan Agreement, Security Agreement and Promissory Note, substantially in the form attached as Exhibit "G" hereto.

(xvii) Premier and FIMI Securities shall have entered into that certain Licensing Agreement with Parent, substantially in the form attached as Exhibit "H" hereto.

(xviii) Seller shall have entered into that Stock Option Agreement with Parent and executed Irrevocable Proxies relating to the capital stock of Premier, substantially in the form attached as Exhibit "I" hereto.

(xix) Harvey Sax has executed a commitment, in the form attached hereto as Exhibit "P," to vote his shares of Parent Common Stock to elect Mr. Delity and Mr. Ellsworth as directors of the Parent at the next annual meeting of shareholders of Parent.

(xx) FIMI and FIMI Securities shall have executed that certain Loan Agreement, Security Agreement and Promissory Note, substantially in the form attached as Exhibit "K" hereto.

(xxi) FIMI and FIMI Securities shall have entered into that certain Licensing Agreement with FIMI Securities, substantially in the form attached as Exhibit "L" hereto.

(xxii) Seller shall have entered into that Stock Option Agreement with Parent and shall have executed those Irrevocable Proxies relating to the capital stock of FIMI, substantially in the form attached as Exhibit "M" hereto.

ARTICLE VIII POST-CLOSING OBLIGATIONS

8.1 Consolidated Financial Statements. Parent shall prepare consolidated financial statements of Company and Buyer as required by SEC rules and regulations.

8.2 Subchapter S Corporation 1998 Taxes. Prior to the Closing Date, each of the companies comprising the Company shall distribute funds to Seller sufficient to pay the estimated federal income tax of Seller on the pro rata share of pass through income of each such company attributable to the period of Seller's ownership of Company during fiscal 1998. The amount of such distribution shall be calculated assuming a thirty-six (36%) percent effective tax rate and shall be reduced by any distributions made from Company to Seller (in excess of regular salary, expense reimbursements and any payments made in connection with regular monthly payments to each of Messrs. Delity, Frank and Ellsworth to satisfy the Shelby Smith Notes as described in Section 5.1 (b)(vii)) which are attributable to the period of Seller's ownership of Company during fiscal 1998. After the Closing, Buyer

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shall distribute to Seller any additional funds to pay any shortfall between the estimated tax and the actual tax as deferred at the end of 1998, in each case, and Seller shall distribute to Buyer any funds paid in excess of the actual taxes paid, as reasonably determined by the Parent and Seller.

8.3 Cooperation. Following the Closing Date, Seller shall cooperate in the execution of any documents, and the taking of any actions which are reasonable and necessary to effectuate the transaction contemplated by this Agreement and the achievement of its intended objectives.

8.4 Candidates' Board of Directors. Until all the Parent's Common Stock shall be freely tradeable by Sellers, Parent agrees that Messrs. Delity, Ellsworth, and Frank shall remain on the Board of Directors of each Company included with the definition of the Company as long as each such person remains employed by the Parent.

8.5 Continuing Management. During the term of each of their respective employment agreements, Mr. Delity shall be President and CEO of each corporation included within the definition of Company, except for FIMI Securities, Inc. where he will be Vice President; Mr. Ellsworth shall be the Executive Vice President and CFO of each corporation included within the definition of Company; and Mr. Frank shall be their Executive Vice President and COO of each corporation included within the definition of Company, except for FIMI Security, Inc. where he will be President.

8.6 Information Right. Seller shall have the right to receive monthly financial statements of the Parent (as and when prepared) and such other information as they may from time to time reasonably request (and at their expense). Seller agrees to keep such information confidential and not disclose it to third parties.

8.7 Closing Balance Sheet. Seller and Buyer shall have sixty (60) days following Closing to review the Closing Date Balance Sheet and agree to adjustments to same, if and as appropriate. If Buyer and Seller cannot agree, then their respective accountants shall name a third independent accountant to review and finally determine any disputed adjustments.

8.8 Seller's Personal Licenses. After the Closing, to the extent permitted by law and required by Buyer, Seller's personal Licenses to transact the business and operations of any corporation included within the definition of the Company shall be made available and shall be usable by or for the benefit of Buyer and/or any corporation included within the definition of the Company to continue the business of any corporation included within the definition of the Company without interruption at and after the Closing, and to the extent permitted by such applicable law shall remain in full force and effect and usable by or for the benefit of Buyer and/or any corporation included within the definition of the Company so long as Seller remains employed by Buyer and/or Company.

8.9 Sale of Assets of Premier. Immediately following the Closing, Parent agrees to cause FIMI Securities to acquire and Seller shall cause Premier to sell all of its assets used or held for use in its business pursuant to that certain Agreement and Plan of Reorganization in the form attached as Exhibit "Q" hereto (the "Premier Merger Agreement"). Seller shall immediately upon consummation of this transaction cause all Asset Sale Shares to be distributed to the Seller.

8.10 Sale of Assets of FIMI. Immediately following the Closing, Parent agrees to cause FIMI Securities to acquire and Seller shall cause FIMI to sell all of its assets used or held for use in its business pursuant to that certain agreement and Plan of Reorganization in the form attached as Exhibit "R" hereto (the "FIMI Merger Agreement"). Seller shall immediately upon consummation of this transaction cause all Asset Sale Shares to be distributed to the Seller.

ARTICLE IX INDEMNIFICATION; DUE DILIGENCE; CONFIDENTIALITY

9.1 Indemnification by Seller. Seller hereby indemnifies and agrees to hold Buyer and each corporation included within the definition of Company harmless from, against, and in respect of (and shall on demand reimburse any such entity for):

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(a) Any and all loss, liability, or damage suffered or incurred by Buyer or each corporation included within the definition of Company or any entity into which the foregoing are merged by reason of any untrue representation, breach of warranty or nonfulfillment of any covenant or agreement by Seller contained in this Agreement or in any agreement or certificate delivered to Buyer pursuant hereto;

(b) Any and all Taxes payable by Buyer or Company or any entity with which any of the foregoing are consolidated attributable to the business and operations of each corporation included within the definition of Company for periods prior to the Closing; and

(c) Any and all actions, suits, proceedings, claims, demands, assessments, judgments, costs and expenses including without limitation, reasonable legal fees and expenses, incident to any of the foregoing or incurred in attempting to oppose the imposition thereof or in connection with any investigation thereof, or in enforcing this indemnity, provided, however, that no claim arising out of a breach of any representation or warranty made by Seller in this Agreement shall be asserted by Buyer against Seller under this Paragraph 9.1 unless written notice of such claim setting forth in reasonable detail the nature thereof shall have been given to Seller prior to the termination, if any, of the survival period relating to such claim as provided in Paragraph 9.3.

9.2 Indemnification by Buyer. Buyer hereby indemnifies and agrees to hold Seller harmless from, against, and in respect of (and shall on demand reimburse for):

(a) Any and all loss, liability, or damage suffered or incurred by Seller by reason of any untrue representation, breach of warranty or nonfulfillment of any covenant or Agreement of Buyer contained in this Agreement or in any agreement or certificate delivered to Seller pursuant hereto; and

(b) Any and all actions, suits, proceedings, claims, demands, assessments, judgments, costs and expenses, including, without limitation, reasonable legal fees and expenses, incident to any of the foregoing and incurred in attempting to oppose the imposition thereof or in connection with any investigation thereof, or in enforcing this indemnity; provided, however, that no claim arising out of a breach of any representation or warranty made by Buyer in this Agreement shall be asserted by Seller against Buyer under this Paragraph 9.2 unless written notice of such claim setting forth in reasonable detail the nature thereof shall have been given to Buyer prior to the termination, if any, of the survival period relating to such claim as provided in Paragraph 9.3.

9.3 Survival of Representations and Warranties. Each representation and warranty, covenant, or agreement made by either party hereto in this Agreement or in any agreement, document, certificate, or other instrument delivered pursuant to this Agreement shall survive the Closing and expire on the second anniversary of the applicable Closing Date, unless a claim is initiated by a party hereto by notice given to the party against whom such claim is made on or before the second anniversary of the applicable Closing Date.

9.4 Limitations on Indemnification. Neither party will be liable under this Agreement for losses, damages or liabilities ("Losses") resulting from the inaccuracy or breach of any representation or warranty until such Losses exceed in the aggregate \$50,000 and, in that event, the damaged party shall be entitled to recovery only to the extent the aggregate amount of such Losses exceeds \$50,000. The indemnification obligations hereunder by either party shall be limited to a number calculated by multiplying the Total Transaction Shares by the closing bid price of the Parent Common Stock on the business day immediately preceding the date hereof (the "Indemnity Amount"). In addition, the individual liability of each person included within the definition of Seller shall be limited to the amount equal to the Indemnity Amount multiplied by the percentage of the Total Transaction Shares received by each Seller as shown and calculated on Schedule 2.2. The amount of Losses an indemnified party is liable for shall be called the "Indemnity Amount."

9.5 Third Party Claims. In order for Seller or Buyer, as the case may be (the "Indemnified Party"), to be entitled to any indemnification provided for under this Agreement in respect of, arising out of or involving a claim made by any person, firm, governmental authority or corporation against the Indemnified Party (a "Third Party Claim"), such Indemnified Party must notify the indemnifying party in writing of the Third Party Claim within a reasonable time after receipt by such Indemnified Party of written notice of the Third Party Claim unless the indemnifying party shall have previously received knowledge thereof, but the failure to so notify the indemnifying party shall not relieve it of any liability that it may have to any Indemnified Party except to the extent the

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indemnifying party demonstrates that it is materially prejudiced thereby. Thereafter, the Indemnified Party shall deliver to the indemnifying party, within a reasonable time after the Indemnified Party's receipt thereof, copies of all notices and documents (including court papers) received by the Indemnified Party relating to the Third Party Claim.

(a) If a Third Party Claim is made against an Indemnified Party, the indemnifying party will be entitled to participate in the defense thereof, and if it so chooses, to assume the defense thereof with counsel selected by the indemnifying party. Should the indemnifying party so elect to assume the defense of a Third Party Claim, the indemnifying party will not be liable to the Indemnified Party for any legal expenses subsequently incurred by the Indemnified Party in connection with the defense thereof, other than reasonable costs of investigation. If the indemnifying party elects to so assume the defense of a Third Party Claim, the Indemnified Party (i) will cooperate in all reasonable respects with the indemnifying party in connection with such defense, (ii) will not admit any liability with respect to, or settle, compromise, or discharge, any Third Party Claim without the indemnifying party's prior written consent, and (iii) will agree to any settlement, compromise, or discharge of a Third Party Claim which the indemnifying party may recommend if (y) the sole relief provided against the Indemnified Party is monetary damages which are paid by the indemnifying party and the Indemnified Party is completely released in connection with such Third Party Claim, and (z) such settlement, compromise or discharge involves no finding or admission of any violation of law or of the rights of any person or of any breach of any agreement by the Indemnified Party;

(b) In the event the indemnifying party shall assume the defense of any Third Party Claim, the Indemnified Party shall be entitled to participate in (but not control) such defense with its own counsel at its own expense. If the indemnifying party does not assume the defense of any such Third Party Claim within a reasonable time under the circumstances, the Indemnified Party may defend the same in such manner as it may deem appropriate, including, but not limited to settling such claim or litigation after giving notice of same to the indemnifying party on such terms as the Indemnified Party may deem appropriate, and the indemnifying party will promptly reimburse the Indemnified Party in accordance with the provisions of this Paragraph 9.5; and

(c) Notwithstanding the foregoing, if an Indemnified Party determines in good faith that there is reasonable probability that an action may materially and adversely affect it or its affiliates other than as a result of monetary damages, such Indemnified Party may, by notice to the indemnifying party, assume the exclusive right to defend, compromise, or settle such action, but the indemnifying party shall be entitled to participate therein (with control remaining with the Indemnified Party) and shall not be bound by any determination of an action so defended or any compromise or settlement thereof effected without its consent (which shall not be unreasonably withheld). Any claim for indemnification made by a party hereto shall be made by written notice which notice shall specify in reasonable detail the nature and any particulars of the event, omission or occurrence giving rise to a right of indemnification. Indemnifying Party shall have fifteen (15) days following its receipt of such notice to indicate to the Indemnified Party in writing its willingness to so indemnify or its intention to contest the making of any such claim for indemnification.

9.6 Confidentiality.

(a) For a period of three years from the date of this Agreement, Seller will hold in confidence and use its reasonable efforts to have all of its affiliates, employees, agents, representatives, lenders and capital providers hold in confidence all of the books, records, financial information, customer lists, business plans, operating plans, or other knowledge or information of a confidential or proprietary nature (the "Confidential Information") with respect to Buyer and, if the Closing does occur, with respect to Company and will not disclose, publish, use (except as required in connection with the transaction contemplated by this Agreement) or permit others to disclose, publish or use the same; provided, however, that the foregoing restriction shall not apply to any Confidential Information which (i) becomes generally available to the public in any manner or form through no fault of Seller, its employees, agents, or representatives, (ii) is independently developed by Seller without benefit of the above-described information, or rightfully received from another source on a nonconfidential basis, (iii) is released for disclosure with Buyer's consent, (iv) is required to be provided, published or used by law, or by a court or a governmental agency (Seller agrees to give Buyer prior notice of any such required disclosure so as to afford Buyer at its expense the opportunity to seek an appropriate protective order), (v) is necessary in connection with a bona fide dispute between Buyer and Seller in order to seek an appropriate protective order; or (vi) is necessary in connection with a bona fide dispute in order to establish rights under this Agreement. In the event the Closing does

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not occur, Seller shall promptly return to Buyer all Confidential Information and non-public documents obtained from Buyer and any copies of such documents made for or by Buyer.

(b) Buyer has held and will continue to hold such Confidential Information as it receives from Seller in confidence and will not prior to the Closing furnish such information to its affiliates, employees, agents, representatives, lenders or funding sources for any use other than in evaluating and implementing the transactions contemplated in this Agreement, other than as required by applicable law. In the event the Closing does not occur, Buyer shall promptly return to Seller all Confidential Information and non-public documents obtained from Seller and any copies of such documents made for or by Buyer. For a period of three years from the date of termination of this Agreement if the Closing does not occur, Buyer will hold in confidence and use its reasonable efforts to have all its affiliates, employees, agents, representatives, lenders and funding sources who had access to Confidential Information with respect to Seller and Company to hold such information in confidence and not disclose, publish, use or permit others to use the same; provided, however, that the foregoing restrictions shall not apply to any portion of the foregoing which (i) becomes generally available to the public in any manner or form through no fault of Buyer, its employees, agents or representatives, (ii) is independently developed by Buyer without benefit of the above-described information, or rightfully received from another source on a nonconfidential basis, (iii) is released for disclosure with Seller's consent, or (iv) is required by a court or a governmental agency (and Buyer agrees to give Seller prior notice of any such required disclosure so as to afford Seller at its expense, the opportunity to seek an appropriate protective order) or is otherwise required by law or is necessary in order to establish rights under this Agreement.

9.7 **Specific Performance.** In the event of any breach or threatened breach by either party of the provisions of Paragraph 9.6 of this Agreement, the other party shall be entitled in respect thereof to an injunction or other appropriate order (without the necessity of setting any bond in connection therewith or demonstrating that any harm will result from this breach thereof) restraining such party from violating such provisions or requiring such party to perform its obligations hereunder. In the event that any court with competent jurisdiction determines such provisions to be too broad to enforce as written, such court is authorized by the parties to construe and enforce such provisions only to the broadest extent permitted by law.

ARTICLE X MISCELLANEOUS

10.1 Termination.

(a) In the event that the Closing Date has not occurred by April 1, 1999, this agreement (except for Section 10.3) may be terminated by the written notice of any party hereto, and upon receipt of such notice, this agreement shall be terminated and declared null and void.

(b) If the Closing Date has not occurred by the Termination Date due to a failure to obtain (i) NASD Approval or Texas Approval, (ii) Registration Statement Effectiveness, or (iii) Parent Shareholder approval, (the "Mandatory Approvals"), then neither party shall be liable to the other party for a failure to close the transaction, unless the party has failed to use its best efforts to cause such act to occur.

(c) If the Closing Date has not occurred by the Termination Date due to a material breach of this Agreement, then the non-breaching party shall be entitled to any and all remedies available at law or in equity; provided, however, that no punitive damages may be claimed or awarded against any party.

10.2 **Notices.** All notices or other communications hereunder shall be in writing and shall be deemed to have been duly given (i) on the date delivered personally or by confirmed facsimile as set forth below; (ii) two (2) days after being sent by Express Mail or such other similar service (i.e., Federal Express) and addressed as set forth below; or (iii) four (4) days after being mailed by certified or registered mail, return receipt requested, postage prepaid, and addressed as set forth below, as follows:

If to Seller:

First Institutional Marketing, Inc.
5555 San Felipe, Fifth Floor
Houston, Texas 77056

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Attn: James Wm. Ellsworth
Facsimile: (713) 961-5967

With a copy to: Stumpf, Falgout, Craddock, & Massey
1400 Post Oak Boulevard, Suite 400
Houston, Texas 77056
Attn: Larry Fontana
Facsimile: (713) 871-0408

If to Buyer: HomeCom Communications, Inc.
Fourteen Piedmont Center, Suite 100
3535 Piedmont Road
Atlanta, Georgia 30305
Attn: Harvey Sax
Facsimile: (404) 237-3060

With a copy to: Sims Moss Kline & Davis LLP
400 Northpark Town Center, Suite 310
1000 Abernathy Road, N.E.
Atlanta, Georgia 30328
Attn: Raymond L. Moss, Esq.
Facsimile: (770) 481-7210

or to such other address as a party shall have designated to the other by like notice.

10.3 Entire Agreement Amendments. This Agreement (i) constitutes the entire agreement of the parties hereto and supersedes all prior agreements, understandings, representations or warranties, both written and oral, between the parties with respect to the subject matter hereof, (including, but not limited to, that certain letter of intent dated June 12, 1998, between the parties hereto as subsequently amended) and (ii) may be amended or modified only by a written instrument executed by Buyer and Seller.

10.4 Expenses. Except as otherwise expressly herein provided, each party to this Agreement shall pay its own expenses (including, without limitation, the fees and expenses of its agents, representatives, counsel and accountants) incidental to the preparation and carrying out of this Agreement. However, in the event that a Closing occurs, Seller shall be entitled to have the Company pay the reasonable and actual fees and expenses of their counsel up to \$25,000 and fifty (50%) percent of fees and expenses associated with the preparation of the Financial Statements. For the purposes of calculating the Closing Date financial condition of Company, Seller shall be given credit for such fees described in this paragraph so that the payment of such fees by Company shall not be counted as diminutions to the net worth, working capital, or overall financial condition of Company.

10.5 Transfer Taxes. Any and all sales, documentary, conveyance or the transfer taxes levied by any federal, state, or local government or authority which become payable by reason of the acquisition of the Shares at Closing (excluding any taxes based on income or gain) shall be borne by Seller. Any and all sales, documentary, conveyance, or the transfer taxes levied by any federal, state, or local government or authority which become payable by reason of the acquisition of the Parent Common Stock (excluding any taxes based on income or gain) shall be borne by Buyer.

10.6 Brokers. Each party represents to the other that it has not used the services of a broker and that no broker or finder shall be entitled to any compensation in connection with the transaction contemplated by this Agreement by reason of such party's actions. Seller agrees to indemnify Buyer against any claim by any third person for any commission, brokerage fee, finder's fee or other payment alleged to be due as a result of this transaction based upon any alleged agreement or understanding between such third person and Seller or Company, whether expressed or implied from the actions of Seller or its agents. Buyer agrees to indemnify Seller against any claim by any third person for any commission, brokerage fee, finder's fee or other payment alleged to be due as a result of this transaction based upon any alleged agreement or understanding between such third person or Buyer, whether expressed or implied from the actions of Buyer or its agents.

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10.7 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

10.8 Parties in Interest. This Agreement shall inure to the benefit of and be binding upon Buyer and Seller and their respective successors and assigns. Nothing in this Agreement, express or implied, is intended to confer upon any other person any rights or remedies under or by reason of this Agreement.

10.9 Knowledge. Whenever any provision of this Agreement makes any statement "to the knowledge" of any entity, other than a living person, or that any such entity "knows" some fact or by similar formulation, such entity will be deemed to have such knowledge or know such fact if, and only if, a responsible officer of such entity has such knowledge or knows such fact.

10.10 Applicable Law. This Agreement and the rights and obligations of the parties hereunder shall be construed and enforced in accordance with and governed by the laws of the State of Georgia without giving effect to the principles of conflicts of law thereof. Venue shall lie in Superior Court of Fulton County, Georgia, or the United States District Court for the Northern District of Georgia, Atlanta Division. The parties hereto acknowledge that such court has the jurisdiction to interpret and enforce the provisions of this Agreement and the parties waive any and all objections which they may have as to personal jurisdiction or venue in any of the above courts.

10.11 Waiver. No provision in this Agreement shall be deemed waived by course of conduct, including the act of Closing under Article VII, unless such waiver is in writing signed by all parties and stating specifically that it was intended to modify this Agreement.

10.12 Schedule and Exhibits. The schedules and exhibits attached hereto shall be deemed to be incorporated by reference to this Agreement as if fully set forth herein. Seller shall have the right in good faith to amend or supplement the Schedules to this Agreement up to the Closing in order to update such Schedules for facts or circumstances which occur after the date hereof and prior to Closing, provided, however, that Buyer shall have the right to terminate this Agreement without payment or penalty in the event that Seller so amends, supplements or otherwise changes the Schedules between the date hereof and prior to Closing, but only if Seller's amendment, supplement, or change is the actual cause (although not reasonably the only cause) of Buyer's decision to terminate.

10.13 Announcements. Except to the extent required by law, prior to Closing neither party shall make any public announcement or other disclosure with respect hereto or the transactions contemplated hereby or disclose the terms hereof to any third party without the consent of the other, which consent shall not be unreasonably withheld.

10.14 Independent Advisors. Each of Buyer and Seller has retained its own legal counsel and tax advisors in connection with the foregoing transaction at its sole cost and expense. Each party has relied exclusively upon the legal and tax advice given by its respective advisors.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the day and year first above written.

PARENT:

HOMECON COMMUNICATIONS, INC.

By: /s/ Harvey Sax
Name: Harvey Sax
Title: Chairman of the Board and Chief Executive Officer

FIMI SECURITIES ACQUISITION CORP., INC.

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By: */s/ Harvey Sax*
Name: Harvey Sax
Title: President

ATF ACQUISITION CORP., INC.

By: */s/ Harvey Sax*
Name: Harvey Sax
Title: President

SELLER:

/s/ Daniel A. Delity
Daniel A. Delity

/s/ James Wm. Ellsworth
James Wm. Ellsworth

/s/ David B. Frank
David B. Frank

- FROM

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SCHEDULE 1.1

DEFINITIONS

"Change of Control Event" shall mean any transaction, whether by merger, consolidation, asset sale, or reverse stock split, which results in the acquisition or beneficial ownership (as such term is defined under the rules and regulations promulgated under the Securities Act of 1934, as amended) by any person or entity or any group or entity or any group or persons or entity acting in concert of 50% or more of the outstanding shares of Common Stock of Parent.

"Effective Date" shall mean the date on which the Effective Time falls.

"Effective Time" shall mean the time that the Certificates of Merger (with respect to the Merger) are filed with the Secretary of State of the State of Delaware in accordance with Delaware Corporation Law, with the Secretary of State of the State of Florida in accordance to Florida Business Corporation Act, and the Secretary of State of the State of Texas in accordance with Texas Business Corporation Code.

Gender. Where the context so requires, the neuter gender shall be construed to include the masculine and feminine gender, and the singular shall be construed to include the plural and the plural the singular.

"Merger" shall mean the merger of (i) FSAC with and into FIMI Securities and (ii) ATFAC with and into ATFI.

"Surviving Corporations" shall mean FIMI Securities and ATFI upon the Effective Time of the Merger.