



# Right at Home

FRANCHISE DISCLOSURE DOCUMENT

2018 MULTI-STATE

## FRANCHISE DISCLOSURE DOCUMENT



Right at Home, LLC  
A Delaware Limited Liability Company  
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Omaha, Nebraska 68106  
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The franchisee will operate a Right at Home business that provides hands-on personal care, non-medical care, in-home care assistance and companionship care services to seniors and other adults, and (i) supplemental staffing services for nursing homes, hospitals and other medical institutional settings; (ii) skilled care and other in-home medical care; and (iii) other related products, materials, and equipment.

The total investment necessary to begin operation of a Right a Home franchise ranges from \$79,250 to \$137,900. This includes an Initial Franchise Fee in the amount of \$49,500 that must be paid to the franchisor.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least fourteen (14) calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this disclosure document.**

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*", which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, N.W., Washington, D.C. 20580. You can also visit the FTC's home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: **March 28, 2018**

## STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in **Exhibit A** for information about the franchisor, or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN NEBRASKA. OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN NEBRASKA THAN IN YOUR OWN STATE.

YOU, YOUR SPOUSE, AND ALL THOSE WITH ANY INTEREST IN YOUR FRANCHISED BUSINESS MUST ENTER INTO A NON-COMPETE AGREEMENT AND GUARANTEE ALL OF THE OBLIGATIONS UNDER THE FRANCHISE AGREEMENT, THEREBY PLACING PERSONAL AND MARITAL ASSETS AT RISK.

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

YOUR FRANCHISE MAY BE TERMINATED IF YOU FAIL TO MEET BILLING REQUIREMENTS SET BY FRANCHISOR, AND FRANCHISOR MAY INCREASE YOUR BILLING REQUIREMENTS BY 5% EACH YEAR.

THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

## FRANCHISE DISCLOSURE DOCUMENT

### STATE EFFECTIVE DATES

The following states require that the Disclosure Document be registered or filed with the state or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This Franchise Disclosure Document is registered, on file, exempt from registration, or otherwise effective in the following states with franchise registration and disclosure (or business opportunity\*) laws as of the dates listed:

California	December 21, 2017**
Florida	August 5, 2017
Hawaii	
Illinois	**
Indiana	**
Kentucky*	June 1, 2000
Maryland	See separate FDD
Michigan	June 5, 2017
Minnesota	
Nebraska*	June 1, 2000
New York	**
North Dakota	**
Rhode Island	**
South Dakota	
Texas*	June 6, 2010
Virginia	
Utah	April 3, 2017
Washington	**
Wisconsin	

In all other states, the effective date of this Franchise Disclosure Document is **March 28, 2018**.

\* Denotes one-time filing

\*\*Self-Effecting Large Franchisor Exemption

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## **EXHIBITS**

- A. LIST OF STATE AGENTS FOR SERVICE OF PROCESS AND STATE ADMINISTRATORS
- B. FRANCHISE AGREEMENT AND RELATED MATERIALS
  - Exhibits to Franchise Agreement:
    - A - Franchise Fee, Designated Area and Owners
    - B - Guaranty and Assumption of Obligations
    - C- Confidentiality and Non-Compete Agreement
    - D - Renewal Addendum
    - E - Form of Business Associate Agreement
    - F - Multiple Unit Amendment
    - G - Skilled Care Amendment
- C. TABLE OF CONTENTS OF CONFIDENTIAL BEST PRACTICES MANUAL AND THE BRAND STANDARDS MANUAL
- D. FINANCIAL STATEMENTS AND GUARANTY OF PERFORMANCE
- E. FRANCHISEE DISCLOSURE QUESTIONNAIRE
- F. MULTI-STATE ADDENDUM
- G. LIST OF RIGHT AT HOME CURRENT FRANCHISEES
- H. LIST OF RIGHT AT HOME FRANCHISES TERMINATED, CANCELLED, NOT RENEWED OR OTHERWISE CEASED TO DO BUSINESS
- I. 1-FRANCHISEE ORGANIZATIONS WE HAVE CREATED, SPONSORED OR ENDORSED  
2-INDEPENDENT FRANCHISEE ASSOCIATIONS
- J. RECEIPTS

## **ITEM 1. THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES**

To simplify the language in this Franchise Disclosure Document, the word “**we**”, “**us**” or “**Right at Home**” means Right at Home, LLC, the Franchisor of this business; and the word “**Franchisee**” or “**you**” means the person who buys the franchise, whether you are an individual or a corporation, partnership, limited liability company or other legal entity.

### **The Franchisor and Its Affiliates**

We originally formed as a Nebraska corporation on July 8, 1999. We converted to a Delaware limited liability company on August 12, 2016. Our principal business address is 6464 Center Street, Suite 150, Omaha, Nebraska 68106. We do business under our corporate name and the names “Right at Home” and “RAH Staffing Services.” We do not have a predecessor. We have offered franchises since May 5, 2000. We do not engage in any other business activities. We do not offer franchises in any other lines of business. Likewise, we do not have any predecessors offering franchises in this or any line of business.

Our agent and address for service of process in Nebraska is Allen Hager at 6464 Center Street, Suite 150, Omaha, NE 68106. Our other agents for service of process are disclosed on **Exhibit A**.

Our parent company, RiseMark Holdings, LLC (“**RMH**”), a Delaware limited liability company, was organized on June 29, 2016, with Investors Management Corporation as its sole owner. RMH is located at 2111 S. 67<sup>th</sup> Street, Suite 410, Omaha, Nebraska 68106. We became a wholly-owned subsidiary of RMH on August 15, 2016. Prior to becoming a wholly-owned subsidiary of RMH, we were a wholly-owned subsidiary of RiseMark Brands, Inc. (“**RMI**”). On August 15, 2016, RMI transferred its ownership interest in us to RMH and RMI acquired an ownership interest in our parent company, RMH.

We have six affiliates as follows:

RMI is a Nebraska corporation that was incorporated on January 3, 2014. RMI (formerly known as Caring Brands, Inc.) is located at 2111 S. 67<sup>th</sup> Street, Ste. 410, Omaha, NE 68106. RMI does not franchise in this or any other line of business.

Right at Home International (“**RAHI**”), a Nebraska corporation, was incorporated in March 2009. RAHI was converted to a Delaware limited liability company on August 12, 2016. RAHI is located at 6464 Center Street, Suite 150, Omaha, Nebraska. RAHI is licensed by RAH to use its Marks and System. RAHI offers personal, non-transferable, and exclusive rights to Master Franchisees outside of the United States of America with the right of Master Franchisees to both use and sublicense the right to use our System and Marks. RAHI does not offer franchises in other lines of business. RAHI does not provide products or services to our franchisees in the United States. RAHI does not have any predecessors or affiliates (other than us) offering franchises. RAHI has been offering master franchises to operate businesses similar to the Franchised Businesses outside of the United States since March 2009. On January 8, 2014, RAHI became a wholly-owned subsidiary of RMI. On August 15, 2016, RMI transferred its ownership interest in RAHI to RMH and RAHI became a wholly-owned subsidiary of RMH.

IKOR International, Inc. (“**IKOR**”), a Nebraska corporation, was incorporated on February 10, 2014 under the name “Caring Brands PA, Inc.” IKOR was converted to a Delaware limited liability company on August 12, 2016. IKOR is located at 2111 S. 67<sup>th</sup> Street, Suite 410, Omaha, Nebraska 68106. IKOR has granted franchises offering healthcare advocacy, financial advocacy, and personal and estate guardianship services to seniors and the disabled since April 2014. IKOR has not offered franchises in any other line of business. IKOR’s predecessor was IKOR USA, Inc. Certain assets of IKOR USA, Inc. including franchise agreements, trademarks and other intellectual property were acquired by IKOR on March 14, 2014. IKOR USA, Inc. granted franchises offering healthcare advocacy, financial advocacy, and personal and estate guardianship services to seniors and the disabled from February 2008 until March

2014. IKOR USA, Inc. had not offered franchises in any other line of business. On August 15, 2016 RMI transferred its ownership interest in IKOR to RMH and IKOR became a wholly-owned subsidiary of RMH.

Investors Management Corporation, (“**IMC**”) is a North Carolina corporation that was incorporated on July 8, 1971. IMC is located at 801 N. West Street, Raleigh, North Carolina 27603. IMC is an investment company that organized our parent company, RMH, on June 29, 2016. IMC does not franchise in this or any other franchise business, however, it has an ownership interest in Fleet Feet Sports, LLC and Golden Corral Corporation.

Fleet Feet Sports, LLC (“**FFS**”) is a North Carolina limited liability company that was incorporated on February 10, 2012. FFS is located at 310 East Main Street, Suite 200, Carroborra, North Carolina 27510. FFS offers franchises for a retail specialty running stores offering footwear, apparel and accessories. FFS does not franchise in any other line of business.

Golden Corral Corporation (“**GCC**”) is a North Carolina corporation that was incorporated on February 7, 1972. GCC is located at 5151 Glenwood Avenue, Raleigh, NC 27612. GCC offers franchises for a buffet style family restaurant. GCC does not franchise in any other line of business.

### The Franchised Business

Right at Home Franchised Businesses specialize in an array of services including, but not limited to, providing hands-on personal care, non-medical care, in-home care, assistance and companionship care services to seniors and other adults (the “**Core Services**”) and (i) supplemental staffing services for nursing homes, hospitals, other home health agencies and other medical settings and (ii) skilled care and other in-home medical care; and (iii) other related products, materials, and equipment that we have or may develop and implement that you are authorized, but not required, to provide (the “**Ancillary Services**”) (the Core Services and Ancillary Services are collectively referred to as a “**Franchised Business**”). We grant franchises for, and may periodically operate, businesses under the “Right at Home” trademark which is our principal mark; and we use a secondary mark “RAH Staffing Services” to identify our supplemental staffing services.

Unless prohibited by state or federal law, if you desire to offer to your clients Ancillary Services relating to skilled care (“**Skilled Care Services**”), you must apply to us for our prior written approval, which we have the right to provide or deny. To be eligible to offer Skilled Care Services: you must have completed the Right Start Program; you must not have any uncured defaults under the Franchise Agreement; you must comply with all federal, state, and local laws and regulations, including obtaining all applicable licenses and permits (such as those required by applicable Nurse Practice’s Act); you or a qualified person designated by you must have successfully completed our applicable training program pertaining to Skilled Care; you must follow the guidelines outlined in the Right at Home Private Duty Policy and Procedure Manual; you must satisfy any other requirements established by us that we believe are necessary for a Franchised Business to offer Skilled Care Services, including insurance requirements; and, you must execute the Skilled Care Amendment to the Franchise Agreement in a form similar to **Exhibit G** to the Franchise Agreement. If permitted by applicable law, you may determine the referrals for services you will accept based on the skill level of your personnel; provided such services are in compliance with our System and business model (as we may determine). We have the right to revoke our approval for you to offer Skilled Care Services if you fail or refuse to continue to meet any of these conditions. If you acquire the right to operate an existing Franchised Business, you must also meet these requirements to offer Skilled Care Services.

Each Franchised Business operates in accordance with our system (“**System**”). The distinguishing characteristics of the System include the Right at Home Confidential Best Practices Manual and the Brand Standards Manual, uniform operating methods, procedures, and techniques; other confidential operations procedures; and, methods and techniques for record keeping, personnel management and training,



marketing and advertising (collectively, the “**Manuals**”); and, the “Right at Home” and “RAH Staffing Services” marks along with other means of identification including certain trademarks, service marks, and logos as are now designated or may be designated in the future (collectively, the “**Marks**”), all of which we may change, improve and further develop periodically.

As described in this Franchise Disclosure Document, we offer a franchise grant for a single Franchised Business under the terms and conditions of the Franchise Agreement attached as **Exhibit B**, which will be the actual contract between you and Right at Home and which describes your rights and obligations. If you desire to develop more than one franchised business in a specified territory you must sign a Franchise Agreement for each Franchised Business.

### Market and Competition

You will compete with other businesses offering similar services, some of which are part of national or regional franchised and non-franchised chains. The hands-on personal care, non-medical care, in-home care assistance, companionship care services, and Skilled Care Services, if applicable, will be offered primarily to seniors or other individuals. The supplemental staffing services in health care will be offered to nursing homes, hospitals, other home health agencies, and other medical settings. The market for in-home care services and for supplemental staffing services in health care is highly developed in most markets.

### Industry Specific Regulations

You must comply with all federal, state and local laws and regulations that apply to your operations, including those pertaining to the health care industry, professional and facility licensing, workers’ compensation, corporate, tax, environmental, sanitation, insurance, no smoking, EEOC, OSHA, non-discrimination, employment and sexual harassment laws.

You should consider the following types of regulation that may apply to the ownership and operation of your Franchised Business:

#### A. Licensure; Record Keeping

You must obtain and maintain any health care or employment related permits, licenses, certifications or other indications of authority necessary for the operation of your Franchised Business, including, for example, a home health agency license, nurse staffing and/or employment agency license and medication management licensing compliance. You cannot provide nursing services, skilled or otherwise without complying with the Nurse Practices Act. The Nurse Practices Act varies by state and may include requirements regarding licensing, educational program standards, and supervision by a physician. Some jurisdictions may also require a Certificate of Need. Some states require you to obtain a license to provide employment services. Local law may require you to obtain a particular permit, license or accreditation. Some states have imposed a moratorium on the issuance of home health agency licenses, nurse staffing licenses, and other in-home healthcare licenses or permits. You are responsible for investigating the availability and requirements for obtaining all necessary licenses in your state and compliance with the Nurse Practices Act.

Many states have licensing, certification or registration requirements applicable to the services you will be providing as a Right at Home franchisee. You therefore may be required to register as a home health agency, nurse staffing and/or employment agency and to comply with the screening requirements of health care workers. State licensing, certification and registration statutes may require a minimum level of education or related work experience and/or the payment of a fee in order to obtain the license.

In addition to obtaining business licenses, your staff may also need to be licensed, registered, or certified to perform certain services. You may also be required to have a full-time registered nurse (RN) to

comply with the regulations in your state governing nursing agencies and/or home health agencies and to provide services through licensed individuals. You should inquire about any applicable laws and your corresponding obligations and cost of compliance.

Some states may also have specific record-keeping or other requirements for health care providers. You will be responsible for investigating and complying with any such laws that may apply in your territory.

#### B. Anti-Kickback Laws

Certain provisions of the Social Security Act, commonly referred to as the “Anti-Kickback Act,” prohibit the offer, payment, solicitation or receipt of any form of remuneration either in return for the referral of patients or patient care opportunities paid in whole or in part by a federal health care program, including the VA, or in return for the recommendation, arrangement, purchase, lease or order of items or services paid in whole or in part by a federal health care program, including VA benefits. The Anti-Kickback Act is broad in scope and has been broadly interpreted by courts in many jurisdictions. The Anti-Kickback Act prohibits many business courtesies and arrangements that are common outside the health care industry.

Additionally, a number of states have enacted laws which prohibit payment for referrals and other types of “kickback” arrangements. These state laws sometimes apply to all patients regardless of their insurance coverage.

#### C. Other Federal Regulations

There are a number of federal laws prohibiting certain activities and arrangements relating to services or items that are reimbursable by Medicare or Medicaid. While Medicare and Medicaid laws may not apply to your Franchised Businesses, these laws may apply to those facilities, including laws prohibiting Medicare- or Medicaid-participating facilities, from employing providers excluded from those programs. If a practitioner is an excluded provider from Medicare or Medicaid, he or she will be prohibited from receiving payment from that facility. It is your responsibility to determine whether and to what extent employees of your Franchised Business need to be screened for their possible excluded status in these or other payment programs.

To the extent your Franchised Business accepts reimbursement directly from the VA, it will be required to satisfy the applicable regulatory requirements the VA imposes on its vendors, including but not limited to the Federal Acquisition Regulations and various VA contract requirements. The False Claims Act imposes civil liability on persons or corporations, which submit or cause to be submitted false or fraudulent claims for payment to the government. A violation of the False Claims Act may result in liability for fines, treble damages, attorneys’ fees and exclusion from federal health care programs.

We require all of our franchisees to be compliant with the portions of the Health Insurance Portability and Accountability Act (“**HIPAA**”) which require health care providers to submit transactions related to payment in standard electronic formats and regulate the security and privacy of health data, and HIPAA’s implementing regulations, including the HIPAA Privacy Rule, HIPAA Breach Notification Rule, HIPAA Security Rule, HITECH Act, and Omnibus Rule. Under HIPAA’s privacy and security regulations, you must implement privacy and security policies and safeguards, designate a privacy and security officer, inform individuals how their health information is used and disclosed, provide access to health information, and give notice of certain breaches of protected data. To help you comply, we have designated a third-party supplier to provide you with various tools for implementing your own compliance program (See ITEM 11). In addition, if you engage a third party to perform functions that require access to patients’ personal information, you are required to execute a business associate agreement (“**Business Associate Agreement**”) in a form similar to the form of agreement between you and us (**Exhibit E** to the Franchise Agreement).

#### D. General Matters

Laws and regulations may change at any level of government at any time, resulting in increased scrutiny applied to medical, home care, and/or staffing agencies by various levels of government. As such, the costs of compliance may increase. You are responsible for keeping informed about changes in legislation that may impact the operation of your Franchised Business. We strongly urge you to consult with competent local counsel regarding all of the laws and regulations described above and others that may be applicable to you and your Franchised Business.

This document does not include all laws that may apply to your Franchised Business. You should also be aware of pending legislation that may affect your Franchised Business in the future.

We have resources available as a reference to you, but you are solely responsible for investigating, understanding and complying with the laws, regulations and requirements applicable to you and your Franchised Business.

### **ITEM 2. BUSINESS EXPERIENCE**

#### Executive Chairman: Allen Hager

Mr. Hager is our Founder and has been our Chairman since September 2010 until August 2016 when he became our Executive Chairman. He has also served on our Board of Directors since our inception in July 1999 until February 2014. He was our Chief Executive Officer from our inception until February 2014 and our President from our inception in July 1999 until September 2010. Mr. Hager also serves in the following positions for our affiliates: RiseMark Brands, Inc. – Chairman and member of the Board of Directors since March 2014; RiseMark Holdings, LLC – Executive Chairman since August 2016; Teryl Corp. – President and member the Board of Directors since its inception in October 1998 until August 15, 2016; RAHI – Chairman and member the Board of Directors of since May 2014 until August 2016 and has served as its Executive Chairman since August 2016; and, IKOR – Chairman and member the Board of Directors since February 2014 until August 2016 and Executive Chairman since August 2016.

#### President and Chief Executive Officer: Brian Petranick

Mr. Petranick has been our President since September 2010 and has been our Chief Executive Officer since May 2014. He also serves on our Board of Directors and has done so since August 2010. From January 2007 until May 2014 he served as our Chief Operating Officer. Mr. Petranick also serves in the following positions for our affiliates: RiseMark Brands, Inc. – President and Chief Executive Officer since March 2014 until August 2016; RiseMark Holdings, LLC – President and Chief Executive Officer since August 2016; RAHI – Chief Executive Officer since May 2014 and President since September 2010; and, IKOR – President, Chief Executive Officer and member the Board of Directors since February 2014. From 2006 to 2013, Mr. Petranick also served as an adjunct faculty member at the University of Nebraska, where he taught classes on entrepreneurship and business development.

#### Chief Operating Officer: Margaret Haynes

Ms. Haynes has been our Chief Operating Officer since January 2014. From January 2011 to January 2014 she served as our Senior Vice President of Franchise Support. She has also served as a member the Board of Directors of IKOR since February 2014.

#### Chief Development Officer: Eric Little

Mr. Little has been our Chief Development Officer since January 2015. He was our Senior Vice President of Franchise Development from September 2008 until January 2015. Mr. Little also serves in the following positions for our affiliates: RiseMark Brands, Inc. – Chief Development Officer from March 2015 until August 2016; RiseMark Holdings, LLC – Chief Development Officer since August 2016; RAHI

– Chief Development Officer since January 2015; and, IKOR – Chief Development Officer since January 2015 and Senior Vice President of Franchise Development from May 2014 to January 2015.

Chief Financial Officer: Jeffrey Vavricek

Mr. Vavricek has been our Chief Financial Officer since January 2015. He was our Vice President of Programs and Services from April 2010 until January 2015. Mr. Vavricek also serves in the following positions for our affiliates: RiseMark Brands, Inc. – Chief Financial Officer since March 2015 until August 2016; RiseMark Holdings, LLC – Chief Financial Officer since August 2016; RAHI – Chief Financial Officer since January 2015; and, IKOR – Chief Financial Officer since January 2015.

Vice President of Marketing: Patrick Boyd

Mr. Boyd has been our Vice President of Marketing since September 2011. From August 2009 to September 2011, he was Senior Marketing Manager of Sergeant’s Pet Products, Inc., located in Omaha, Nebraska.

Vice President of Franchise Business Solutions: Michael Flair

Mr. Flair has been our Vice President of Franchise Business Solutions since March 2015. He was our RightCare Director from January 2011 to March 2015.

Vice President of Franchise Learning and Coaching: Michelle Koester

Michelle Koester has been Vice President of Franchise Learning and Coaching for us and IKOR since January 2016. She was our Director of Organizational Learning from September 2011 until January 2016. Previously Ms. Koester was the Vice President of Franchise Learning and Coaching for RiseMark Brands, Inc. from January 2016 until August 2016. She became the Vice President of Learning and Coaching for RiseMark Holdings, LLC from August 2016 until the present. She was our Director of Training from August 2009 September 2011.

Director of Business Development: Kerin Zuger

Ms. Zuger has been our Director of Business Development since June of 2017. She is also RMH’s Director of Business Development since June 2017 and IKOR’s Director of Business Development since June 2017. Previously, she was the Vice President of Air Methods in Omaha, Nebraska from February 2006 until August 2016.

Director, Franchise Standards: Amy Stanosheck

Amy Stanosheck has been our Director, Franchise Standards since August 2012. From August 2009 to August 2012 she was an attorney with Woodke & Gibbons in Omaha, Nebraska.

### **ITEM 3. LITIGATION**

IBEX, LLC and Peter Vanderbrouk v. Right at Home, LLC, Brian Petranick, Margaret Haynes and Susie Dunn, Case No. 01-17 (American Arbitration Association). Claimants, a franchisee of ours, filed a Complaint in the District Court, El Paso County, Colorado (Case No. 2017CV31412) on June 5, 2017 against us, Brian Petranick, Margaret Haynes and Susie Dunn in Colorado. On July 21, 2017 we filed a motion to dismiss the case based on the arbitration provision in the Franchise Agreement. On August 11, 2017, the Claimants voluntarily dismissed the Respondents from the case without prejudice and filed an arbitration demand.

Claimants purchased its Right at Home Business from an existing franchisee (“Transferor”) in December 2016. In the arbitration complaint, Claimants allege that, prior to the transfer, Respondents: (a)

fraudulently induced Claimants to enter into the transaction by failing to disclose to Claimants information regarding the Transferor including an inquiry by law enforcement related to allegations of theft of customer deposits against the Transferor's principal and the resignation of certain Transferor employees; and, (b) made negligent misrepresentations of material fact concerning the Transferor and its franchise business. The Claimants are seeking damages, interest, attorneys' fees and any other relief the arbitrator deems appropriate.

On September 5, 2017, we filed an answer to Claimant's arbitration complaint denying Claimant's claims for relief and asserting certain affirmative defenses. Our answer also included a counterclaim for breach of contract against Peter Vanderbrouk. We are seeking attorneys' fees, costs and disbursements and the dismissal of Claimant's claims with prejudice. On February 23, 2018, Respondents amended their counterclaims to bring a claim for breach of contract against Liz Vanderbrouk as well.

Other than this action, no litigation or arbitration information is required to be disclosed in this Item.

#### **ITEM 4. BANKRUPTCY**

No bankruptcy information is required to be disclosed in this Item.

#### **ITEM 5. INITIAL FEES**

##### Single Unit Franchises

The standard initial franchise fee for one Franchised Business is \$49,500. The Initial Franchise Fee is deemed fully earned and nonrefundable upon payment.

The Initial Franchise Fee is charged for a franchise to operate from one location in an assigned specific territory that we describe as the "**Designated Area**." The Initial Franchise Fee offsets the expenses that we incur in marketing, researching, awarding and training franchisees. When paid, the Initial Franchise Fee is fully earned by us and non-refundable. The Initial Franchise Fee is payable at the time you sign the Franchise Agreement. The Designated Area will be defined by zip codes and generally includes a population of approximately 15,000 to 30,000 people aged 65 and older, as more thoroughly explained in Item 12. We currently use Intelligent Direct, Inc. for demographic information; but, we reserve the right to use the services of any reputable marketing information resource. Intelligent Direct, Inc. is a Pennsylvania corporation with its principal office in Wellsboro, Pennsylvania.

During fiscal year 2017, the range of Initial Franchise Fees collected was between \$36,375 (multi-unit owners) and \$49,500.

The Initial Franchise Fee is uniform to all franchisees under this offering. You pay us no other fees or payments for services before your Franchised Business opens.

##### Multiple Unit Owners

At our discretion, we may offer qualified candidates the right to open and operate multiple Franchised Businesses. If you enter into one or more other Franchise Agreements at the same time, and the Designated Areas granted to you under the Franchise Agreements are contiguous, you may operate the Franchised Business under each Franchise Agreement from the same Premises. If we authorize you to do so, you will execute the appropriate amendments to the various Franchise Agreements provided in **Exhibit F** to the Franchise Agreement (See Item 11).

We will discount the Initial Franchise Fee for Additional Franchise Agreements by 25% if you sign the Franchise Agreements and pay the Initial Franchise Fees at the same time or do so prior to opening the office of your first Franchise Agreement.

#### Referral Program

We have developed a referral program, detailed in the Brand Standards Manual, which provides an incentive to our current franchisees to attract new franchisees who will contribute to the ongoing growth of our franchise system or IKOR.

#### VetFran

To honor those men and women who have served in the U.S. military, the Veterans Transition Franchise Initiative, known as “VetFran”, was developed to help those individuals transition to civilian life. This initiative is a voluntary effort of International Franchise Association (IFA) member-companies and is designed to encourage franchise ownership by offering financial incentives to honorably discharged veterans. We offer a ten percent (10%) discount of the Initial Franchise Fee for the first Franchised Business to individuals who qualify under VetFran. This 10% discount does not apply to any Additional Franchise Agreements if any other discount applies.

### **ITEM 6. OTHER FEES**

#### **OTHER FEES**

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Continuing Royalty <sup>1</sup>	5% of Net Billings	Payable weekly	See Definition of Net Billings and Minimum Royalty Requirement Per Quarter.
Local Advertising <sup>2</sup>	1% to 2% of Net Billings	As incurred	Includes cost of local and internet advertising. Payable to suppliers of advertising and internet service.
Brand Marketing and Promotion Fee <sup>3</sup>	2% of weekly Net Billings on the first \$1,000,000 of Net Billings plus 1% of weekly Net Billings on the next \$2,000,000 of Net Billings for each calendar year	Payable weekly	You are required to contribute to the Brand Marketing and Promotion Fund. We may reduce or suspend the Brand Marketing and Promotion Fee with input and advice from the Brand Marketing and Promotion Council. If you own multiple Franchised Businesses within a defined geographical area (as determined by us) your required contribution will not exceed your MSA Cap each calendar year. <u>See</u> Item 11 and Section 9.7, Franchise Agreement. <u>See</u> Minimum Brand Marketing and Promotion Fee.

Type of Fee	Amount	Due Date	Remarks
Audit	Cost of audit and inspection plus interest on underpayment	On invoice	Payable if the audit shows an understatement in Net Billings of at least 2% and/or if inspection discloses Franchise operated the Franchise Business in violation of Franchise Agreement. <u>See</u> Sections 11.3 and 11.5, Franchise Agreement.
Late Fee	\$50 per week for each item not submitted when due. We have the right to increase this up to \$250, plus the highest allowable legal rate for open account business credit, not to exceed 1.5% per month	Automatically incur after due and payable date	Applies to Weekly Reports, accounting and records, and all Royalty Fees and amounts due for purchases from us or any affiliates. <u>See</u> Section 10.2, Franchise Agreement.
Insurance Policies <sup>4</sup>	Amount of unpaid premiums	Prior to opening your Franchised Business or commencement of any construction for leasehold improvements, you must have the issued policies	Payable to us only if you fail to maintain required insurance coverage and we elect to obtain coverage for you.
Renewal Fee	10% of the then current franchise fee at the time of the renewal for each renewal of a term approved by us	At the time of closing on the renewal	This amount is meant to offset the time and expense we will incur in handling each renewal. <u>See</u> Sections 2.1, 2.2, and 2.3, Franchise Agreement.
Transfer Fee	50% of the then-current franchise fee for a franchise at the time of the transfer or 100% of the then-current franchise fee if a Franchisee Consultant or Broker commission is payable	At the time of transfer	This transfer fee does not apply to an assignment of interest to an entity under Section 18.4.1 or an assignment to a Permitted Transferee under Section 18.7 of the Franchise Agreement. <u>See</u> Section 18.5, Franchise Agreement.

Type of Fee	Amount	Due Date	Remarks
Additional Manager Training	Current rates as published in the Best Practices Manual; currently, \$300 per day plus expenses	Time of additional training	We provide 10 days of training to your Operating Principal and 2 additional persons, at our cost, at our headquarters. <u>See</u> Item 15. You pay for costs of attending training and for additional training if you request it. <u>See</u> Item 11.
Additional Onsite Assistance	Current rates as published in Best Practices Manual; currently, \$300 per day per person plus expenses	Time of assistance	We provide approximately 2 days of onsite assistance within six months of the beginning of operations at our cost. You pay for additional assistance if you request it.
Educational Programs, Seminars, Convention <sup>5</sup>	You are required to pay your expenses as well as your employees' expenses in attending these educational programs, plus the fee we may charge to cover our costs of providing such programs	Time of educational program	Attendance will not be required more than 2 times per calendar year and will not last more than 5 days. If your Franchised Business offers Skilled Care Services, we can require you or a qualified person designated by you to attend additional training relating to Skilled Care Services.
Cost of Enforcement or Defense	All costs including attorneys' fees	Upon settlement or conclusion of claim or action	You will reimburse us for all costs in enforcing our obligations under the Franchise Agreement if we prevail. <u>See</u> Section 29.4, Franchise Agreement.
Indemnification	All costs including attorneys' fees	Upon settlement or conclusion of claim or action	You will defend suits at your own cost and hold us harmless against suits involving damages resulting from your operation of the Franchised Business. <u>See</u> Section 22.3, Franchise Agreement.

Except where otherwise specified, no other fees or payments are to be paid to us, nor do we impose or collect any other fees or payments for any other third party. Any fees paid to us are non-refundable unless otherwise noted.<sup>6</sup>

#### NOTES:

1. Net Billings; Continuing Royalty; Minimum Royalty. The term "Net Billings," as used here and throughout this Franchise Disclosure Document, will mean and include the total of all revenues from the operation of the Franchised Business whether received in cash, in services in kind, from barter and/or exchange, on credit (whether or not payment is received therefor) or otherwise. There will be deducted from Net Billings for purposes of said computation (but only to the extent they have been included) the



amount of all sales tax receipts or similar tax receipts which, by law, are chargeable to clients; provided, that such taxes were separately stated when the client was charged and such taxes were paid to the appropriate taxing authority. There will be further deducted from Net Billings the amount of any documented refunds, chargebacks, credits and allowances given in good faith to clients by you, mileage expense, or any reimbursed expense. (See Section 10.1.2, Franchise Agreement). Beginning on your 13<sup>th</sup> month of operation of your Franchised Business, you will pay the greater of the Continuing Royalty or the Minimum Royalty as further described in Item 12. If you are an existing Franchisee and you purchase an additional Franchised Business that will operate from an existing Premise (See Item 11), your Minimum Royalty will commence on the 4<sup>th</sup> month of operation of your additional Franchised Business (See Item 12 and the Multiple Unit Addendum, Exhibit F to the Franchise Agreement).

2. Local Marketing and Sales. Each calendar month you must spend at least 2% of your Net Billings on local marketing and sales. So long as the Brand Marketing and Promotion Fee is greater than one percent (1%) of weekly Net Billings, then your local marketing, sales and promotion expenditures will reduce so that your required total combined expenditures on local marketing, sales and promotion, other Promotional Materials and Brand Marketing and Promotion Fee payments will not exceed three percent (3%) of Franchisee's Net Billings. You will make the expenditures directly, subject to our approval and direction. If requested by us, within 30 days of the end of each calendar month, you must furnish to us, in a manner we approve, an accurate accounting of your expenditures on marketing and sales for the preceding calendar month just ended. We may provide guidelines for local advertising and any deviation from the guidelines requires our prior written approval and you will maintain Internet presence (Section 9.2, Franchise Agreement and See Item 11(B)(8)).

3. Brand Marketing and Promotion Fee. In January 2014 we established a Brand Marketing and Promotion Fund to promote expansion and increase brand awareness and preference of the System. The Brand Marketing and Promotion Fee is two percent (2%) of your weekly Net Billings on the first \$1,000,000 of Net Billings each calendar year plus one percent (1%) of your weekly Net Billings on the next \$2,000,000 of Net Billings each calendar year. See Item 11(D). Beginning on your 13<sup>th</sup> month of operation of your Franchised Business, you will pay the greater of the Brand Marketing and Promotion Fee or the Minimum Brand Marketing and Promotion Fee as further described in Item 12. If you are an existing Franchisee and you purchase an additional Franchised Business that will operate from an existing Premise (See Item 11), your Minimum Brand Marketing and Promotion Fee will commence on the 4<sup>th</sup> month of operation of your additional Franchised Business (See Item 12 and the Multiple Unit Addendum, Exhibit F to the Franchise Agreement).

4. Insurance Policies. The following is a list of the required coverages with their respective minimum limits of coverage (See Section 14.2, Franchise Agreement):

a. Commercial Property or "Special" form coverage insurance on business property used in the operation of the Franchised Business for full repair as well as replacement value of the property, except that an appropriate deductible clause will be permitted not to exceed \$2,500.

b. Workers' Compensation and Employer's Liability insurance and, in some jurisdictions, stop gap liability (also known as Employers Contingent Liability), as well as such other insurance as may be required by statute or rule of the state and county in which the Franchised Business is located.

c. Commercial General liability insurance, including a per location aggregate including the following coverages: Medical Professional Liability or Healthcare Provider Professional Liability; broad form blanket contractual liability; personal and advertising injury; products/completed operations; medical payments and fire damage liability; insuring Franchisor on a primary and noncontributory basis and Franchisee against all claims, suits, obligations, liabilities and damages, including attorney fees, based upon or arising out of actual or alleged personal

injuries or property damage resulting from, or occurring in the course of, or on or about or otherwise relating to the Franchised Business, including coverage in the following limits:

<b>Coverage</b>	<b>Minimum Limits of Coverage</b>
General Aggregate	\$3,000,000
Professional Liability	\$1,000,000
Products/Completed Operations Aggregate	\$3,000,000
Personal and Advertising Injury	\$1,000,000
Each Occurrence	\$1,000,000
Fire Damage (Legal Liability)	\$50,000
Sexual Abuse and Molestation (each occurrence)	\$500,000
Sexual Abuse and Molestation (aggregate)	\$500,000
Umbrella Coverage over existing Commercial General Liability, Professional Liability, Commercial Automobile Liability, and Employer's Liability	\$1,000,000
Employment Practices Liability Insurance	\$1,000,000
Wage & Hour claims defense	\$100,000

Should any liability policy(ies) be written on a "claims-made" basis for trigger of cover, the policy(ies) "Retroactive Date" will at all times be the original inception date of the first claims-made liability policy acquired for insuring you or the franchisee entity. Should the claims made liability policy(ies) be replaced, full retro dated coverage is required. Should any policy(ies) be terminated or cancelled for any reason, or a "claims made" policy(ies) be rewritten to an "occurrence form" of coverage, the franchisee must maintain at a minimum and secure two (2) additional years of "Extended Reporting Period" for claims that may not be discovered until after policy termination.

d. Business interruption extra expense insurance for actual losses sustained, for a period of indemnity not less than a six (6) month period.

e. Commercial Automobile Liability insurance including all owned, non-owned and hired vehicle coverage with a combined single limit of at least one million dollars (\$1,000,000) each accident, subject to a maximum retention of \$5,000.

f. Such additional insurance and types of coverage as may be required by the terms of any office lease for the Franchised Business, or as we may require periodically. You must name us as "Additional Insured" on a primary basis on your insurance policies for Commercial General Liability, Medical Professional Liability, and Auto Liability, and provide us or our third-party representative with an ACORD Form Certificate of Insurance for each policy prior to the commencement of operations of your Franchised Business. The coverages described in this Item 6 must be in full force and effect throughout the term of the Franchise Agreement. You should expect to incur the same fees for each Franchised Business. No other fees or payments are to be paid to us, nor do we impose or collect any other fees or payments for any third party. Any fees paid to us are non-refundable. Fees payable to third parties are refundable based on your agreement with those third parties.

g. Crime-Fidelity Employee Dishonesty coverage with Third Party Crime endorsement added. Limit of insurance must be in a minimum amount not less than \$25,000 subject to minimum state requirements and a deductible per claim of not more than \$1,000.00.

h. For franchisees that are approved by us to provide Skilled Care Services, Network Security/Data Breach (Cyber Liability) coverage for a minimum of \$1,000,000 in coverage.

In addition to the required coverages described above, we also recommend and reserve the right to require you to purchase additional insurance coverages, as necessary, including 3<sup>rd</sup> Party Employment Practices Insurance and Cyber Liability Insurance.

5. Educational Programs, Seminars and Conventions. As a franchisee you will have the opportunity to attend the Right at Home annual meeting (the “**Home Improvement Annual Conference**” or “**HIAC**”) held each year, where you can participate in various sessions that offer insight and learning opportunities to help you run your Franchised Business. The fee for the annual meeting is set several months prior to the meeting and we do not currently expect it to exceed \$500 per attendee but it may exceed that amount in the future. New franchisees and franchisees that are not meeting the required revenue and royalty minimums, (described in Item 12) are currently required to attend the HIAC. However, we may waive the requirement that you attend the HIAC during your first year of operation if your opening date is within 30 days of the scheduled HIAC. If we waive the attendance requirement for your first year of operation, you will be required to attend your second year of operation. For your first HIAC, we will pay the attendance fee for up to two people to attend. If you bring more than two people, you will pay the attendance fee, which will not exceed \$500 per person to attend. We reserve the right to require all franchisees to attend the HIAC in the future.

After the Office for your Franchised Business has been open for approximately 12-24 months and as determined by us, you will be required to complete Profit Mastery University (“**PMU**”), an online training program which is provided by a third party, Business Resource Services (“**BRS**”). As a franchisee, you may also have the opportunity to participate in facilitated performance groups that focus on your business performance. You will not be allowed to participate in any facilitated performance groups (continuing education opportunities that focus on your business performance) until you have completed PMU. PMU will also be required of franchisees who desire to purchase additional Franchised Businesses. Currently, we anticipate that your cost to access PMU will be approximately \$395, which you will be required to pay directly to BRS. You will also be required to pay your expenses as well as your employees’ expenses to attend any such performance group meetings. If your Franchised Business is approved by us to offer Skilled Care Services, you or a qualified person designated by you must successfully complete our training program specifically relating to Skilled Care Services, which will not exceed 5 days in duration. We have the right to charge a fee for any of these additional continuing educational training programs, seminars, or webinars to cover our costs of providing such programs.

6. Range or Formula of Fees/Expenses. The ranges and categories of fees/expenses listed on the table above are based solely on the experience of franchisor to date and your expenses may be significantly different depending on the suppliers you use and local costs. The coverages included in this Franchise Disclosure Document are the recommended minimums, but they may not be adequate for all losses of every type and size. We encourage you to make decisions with the advice of your insurance consultant and legal counsel. See Items 7 and 8 that follow for additional information.

## **ITEM 7. ESTIMATED INITIAL INVESTMENT**

### **YOUR ESTIMATED INITIAL INVESTMENT FOR FRANCHISED BUSINESS**

<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment Is To Be Made</b>
Initial Franchise Fee <sup>1</sup>	\$49,500	Cashier’s or Personal Check	Upon Signing Franchise Agreement	Us
Real Estate/Rent <sup>2</sup>	\$2,000 - \$4,950	As Arranged	As Arranged	Landlord
Rent Deposits <sup>3</sup>	\$0 - \$3,300	As Arranged	As Arranged	Landlord

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Leasehold Improvements <sup>4</sup>	\$0 - \$3,000	As Arranged	As Arranged	Landlord, Required Suppliers
Insurance <sup>5</sup>	\$2,000 - \$4,000	As Arranged	As Arranged	Insurance Carrier
Furniture and Fixtures <sup>6</sup>	\$2,000 - \$6,000	As Arranged	As Arranged	Required Suppliers
Computer Hardware and Software <sup>7</sup>	\$2,400 - \$6,500	As Arranged	As Arranged	Required Suppliers
Other Office Equipment and Supplies <sup>8</sup>	\$800 - \$2,000	As Arranged	As Arranged	Required Suppliers
Training <sup>9</sup>	\$2,550 - \$7,600	As Incurred	As Incurred	Transportation Lines, Hotels and Restaurants
Initial Opening Marketing <sup>10</sup>	\$500 - \$2,000	As Arranged	As Arranged	Required Suppliers
Permits and Licenses <sup>11</sup>	\$200 - \$2,000	As Arranged	As Arranged	Licensing Authority
Professional Fees <sup>12</sup>	\$300 - \$3,050	As Arranged	As Arranged	Licensing Authority
Signage <sup>13</sup>	\$0 - \$4,000	As Arranged	As Arranged	Required Suppliers
Additional Funds (3 months) <sup>14</sup>	\$17,000 - \$40,000	As Arranged	As Necessary	You Determine
TOTAL <sup>15</sup>	\$79,250 – \$137,900			

All fees paid to us or our Affiliates are non-refundable under any circumstances once paid. Fees paid to vendors or other suppliers may or may not be refundable depending on your vendors and suppliers.

**NOTES:**

1 **Initial Franchise Fee.** The Initial Franchise Fee is \$49,500. The Initial Franchise Fee is deemed fully earned and nonrefundable upon payment. The Initial Franchise Fee is described in greater detail in Item 5 of this Franchise Disclosure Document. If you are a veteran of the U.S. military, see Item 5 for information on the Veterans Transition Franchise Initiative, known as “VetFran.”

2 **Real Property.** You must provide a location other than a personal residence from which to operate the Franchised Business, and the open office must exist solely and exclusively for the operation of the Franchised Business. Normally, space is obtained on a leasehold basis. The floor area recommended for the Franchised Business is approximately 600 to 800 square feet. The estimate for rental property represents a high-end annual lease rate of \$23 per square foot for 800 square feet of space. The low-end estimate represents an annual lease rate of \$18 per square foot for 600 square feet of space. Additionally, there may be lease acquisition costs in the nature of deposits. It is extremely difficult to estimate lease acquisition costs because of the wide variation in these costs among various locations. We will not assist in financing this expenditure.

- 3 Rent Deposits. A rent deposit may be required by your landlord.
- 4 Leasehold Improvements. Minimal leasehold improvements are generally required before operation. These costs again vary based on the size of the business and requirements of a particular landlord, depending upon whether or not the improvements are capitalized as part of the lease.
- 5 Insurance. Requirements are described in greater detail in Item 6 of this Franchise Disclosure Document. This estimate is for estimated first year premiums of all insurance except office contents and workers' compensation insurance, which vary by location. We do not currently require you to have Cyber Liability coverage but we may do so in the future.
- 6 Furniture and Fixtures. The range represents the approximate costs associated with acquiring the furniture, including desks, chairs, shelves and phone system.
- 7 Computer Hardware and Software. The range represents the approximate costs associated with acquiring the Franchisor required computer hardware, designated software ("**Designated Software**") and high-speed internet service.
- 8 Other Office Equipment and Supplies. The range represents the approximate costs associated with acquiring basic office supplies and fax/copy machine.
- 9 Training. You are responsible for arranging transportation and paying the expenses for meals and lodging for any persons attending our training program and our HIAC as described below. The amount expended will depend on the distance you must travel and the type of accommodations you choose. New franchisees are currently required to attend the HIAC. We may waive this requirement during your first year of operations if the date you are scheduled to open your Franchised Business is within 30 days of the scheduled HIAC. If we waive the attendance requirement for your first year of operation, you will be required to attend your second year of operation. For your first HIAC, we will pay the attendance fee for up to two people to attend. If you bring more than two people, you will pay the attendance fee, which will not exceed \$500 per person to attend. The low estimate contemplates attendance by one person traveling to our headquarters in Omaha, Nebraska or other designated location for approximately 12 days for our training program. The low estimate does not include your attendance at the HIAC. The high estimate contemplates attendance by two people traveling to our headquarters or other designated location to attend our training program for approximately 12 days. The high estimate also includes the annual conference fee and travel expenses for one person to attend the HIAC.
- 10 Initial Opening Marketing. The range represents the approximate costs associated with promoting the opening of your location.
- 11 Permits. State and local government licensing and registration fees vary considerably from state to state and you must check into and verify the amount of the fees.
- 12 Professional Fees. This range represents the approximate costs associated with attorney and CPA fees.
- 13 Signage. This range includes the cost of all requisite signage used in the Franchised Business.
- 14 Additional Funds. Such amounts are the minimum recommended levels to cover operating expenses, including employees' salaries for 3 months. However, we cannot guarantee that such an amount will be sufficient. The amounts do not include money for Franchise owner's compensation. Additional working capital may be required if sales are high or fixed costs are high. The disclosure laws require us to include this estimate of all costs and expenses to operate a franchise during the "initial phase" of your

business, which is defined, for purposes of this Section, as 3 months or a longer period if “reasonable for the industry.” We are not aware of any established longer “reasonable period” for the industry, so the disclosures cover a 3-month period.

**15 Total Investment.** In compiling this list of expenditures, we relied on our experience involving Franchised Businesses and data from a sampling of recently opened Franchised Businesses. The amounts shown are estimates only and may vary for many reasons including the size of a Franchised Business, the capabilities of your management team, where you locate your Franchised Business, and your business experience and acumen. For planning purposes, please note that most costs and expenses listed in this Item 7 are not within our control and are affected more by general economic conditions than our actions. This does not include any personal living expenses, Franchise owner compensation, royalty, or company-wide brand marketing and promotion fund contributions. You should review these estimates carefully with a business advisor or accountant before making any decision to buy a franchise. We do not offer direct or indirect financing to you for any part of the Estimated Initial Investment. All or part of your investment may be financed by a bank or other lending institution on terms we cannot estimate. Once you sign the Franchise Agreement, no payment you make to us is refundable.

## **ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

### **Required Supplies and Suppliers**

You must operate the Franchised Business according to our System standards. System standards include the matters in the Brand Standards Manual and Best Practices Manual and they may regulate among other things, the types, models and brands of required equipment, signs, stationary, promotional materials and other items necessary to operate the Franchised Business. From time to time, we will provide you a list of approved manufacturers, suppliers and distributors authorized to supply items or services used to operate the Franchised Business (“**Required Suppliers List**”) and a list of approved products, materials, equipment, signs, stationary, supplies and other items or services necessary to operate the Franchised Business or offer for sale to clients of a Franchised Business (“**Required Supplies List**”). You must purchase, sell and use only those suppliers and supplies that are listed on the Required Suppliers List or Required Supplies List. We do not have an affiliate that is a supplier of products or services to us or any franchisee. Currently neither we nor any of our affiliates are Required Suppliers or the only required suppliers of any good or service. Neither we nor any of our officers or principals owns an interest in any of our Required Suppliers.

Any item used in the Franchised Business that is not specifically required to be purchased in accordance with the Required Suppliers List or the Required Supplies List must conform to our established standards and specifications.

We apply the following general criteria in approving a proposed supplier:

1. Ability to provide sufficient quantity of product;
2. Quality of products and/or services at competitive prices;
3. Production and delivery capability; and
4. Dependability and general reputation.

We may revoke approval of a supplier if a supplier no longer meets these general criteria. You will receive notice of our approval or disapproval of a proposed supplier within 30 days of our receipt of all pertinent information.

If you would like to offer for sale to clients of the Franchised Business or use to operate the Franchised Business any product, material, equipment or supply or purchase any products from a supplier not on either of these lists, you must obtain our prior written approval. In that case, you must notify us and submit to us all information, specifications and samples that we may request regarding a supplier, service or product proposed by you. We may require that our representatives be permitted to inspect the proposed supplier's facilities and that samples from the proposed supplier be delivered to us for evaluation and testing. We have the absolute right to determine whether such supplier's goods or products meet the System standards and our specifications and may approve or disapprove any proposed supplier. We will typically provide response to such written request within 30 days from the date we receive your written request and the necessary items we require for review. Although products, services or suppliers may be approved by us, we and our affiliates expressly disclaim all warranties, including warranties of merchantability and fitness for any particular purpose, with respect to products, services, fixtures, furniture (including without limitation any required computer systems), signs, stationary, supplies or other approved items sold to or provided to you by us or any third-party, including any Required Supplier. We reserve the right to designate exclusive suppliers, the right to designate us or our affiliate(s) as an approved or exclusive supplier, and the right to earn fees on Franchisee purchases from suppliers. We do not charge you a fee to obtain our approval for a supplier.

#### Standards and Specifications

In addition to using services and products which are required to be purchased from Required Suppliers or must be Required Supplies, you may be obligated to purchase items that meet our minimum guidelines, standards and specifications. Our guidelines, standards and specifications may impose minimum requirements for quality, uniformity, design and appearance. Those will be communicated to you in our Brand Standards Manual or other communication used in our System. Presently, we have established guidelines, standards and specifications for all advertising, promotion and logo use. You must adhere to our guidelines, standards and specifications for content, size, color paper stock and typeface. All advertisements are subject to our approval or disapproval and we must be given at least 10 business days to review your advertisements. If we or our designated agent fails to respond to you in 10 business days, then such advertisements will be deemed to be approved by us. In addition, your insurance policy must meet our minimum specifications as prescribed in Item 6. We will also provide you with an array of operating forms and other supplies which you will reproduce and must use in the operation of your Franchised Business.

#### Computer Hardware and Designated Software

You are required to purchase and utilize computer hardware and Designated Software as more fully described in Item 11 of this Franchise Disclosure Document.

#### Client Satisfaction Survey Program and Caregiver Satisfaction Survey Program

You are required to participate in the client satisfaction survey program ("**Client Satisfaction Survey Program**") and the caregiver satisfaction survey program ("**Caregiver Satisfaction Survey Program**"). You must use our Required Suppliers for both programs. There is no base cost to participate in either the Client Satisfaction Survey Program or the Caregiver Satisfaction Survey Program, however, we reserve the right to charge you a fee in the future. If you elect to have the Required Supplier interview more than 5% of your customers or caregivers, you will incur a fee. We may also change or eliminate the programs at any time. You are responsible for reviewing and responding to any comments and/or alerts provided to you by the Required Supplier as part of the Client Satisfaction Survey Program and/or Caregiver Satisfaction Survey Program. We may also require you to participate in other survey satisfaction programs. You may be required to pay fees to participate in such programs.

## Insurance

You must maintain the insurance that we may require from time to time in our Brand Standards Manual and as further described in Item 6.

## Miscellaneous

There are currently no purchasing or distribution cooperatives. We may negotiate discounted group rates, as we deem appropriate, for purchases of office supplies, printing, and other items necessary for the operation of the Franchised Business. We currently have supply purchase agreements in effect for items including office supplies, insurance, payroll services, background checks, answering services, printing, and training.

We receive no revenue or other material consideration from any suppliers as a result of purchases by you or other franchisees. While we intend to pass through to our franchisees all revenue received from suppliers, we retain the right to offset administrative costs incurred by us because of franchisee purchases.

We estimate that approximately 15% to 25% of your expenditures for leases (excluding real estate) and purchases in establishing your Franchised Business and less than 25% of your expenditures on an ongoing basis will be for goods and services which are subject to sourcing restrictions (that is, for which supplies we must approve, or which must meet our standards or specifications).

For our fiscal year ended December 31, 2017, we did not receive any revenues from franchisees for purchases of services and products from franchisor. We do not provide or withhold material benefits to you (such as renewal rights or the right to open additional businesses) based on whether or not you purchase through the sources we designate or approve; however, purchases of unapproved products or from unapproved vendors in violation of the Franchise Agreement will entitle us, among other things, to terminate the Franchise Agreement.

## **ITEM 9. FRANCHISEE'S OBLIGATIONS**

### **FRANCHISEE'S OBLIGATIONS**

**This table lists your principal obligations under the Franchise Agreement. It will help you find more detail information about your obligations in these agreements and in other items of this Franchise Disclosure Document.**

	<b>Obligation</b>	<b>Section in the Agreement</b>	<b>Item in the Franchise Disclosure Document</b>
a.	Site selection and acquisition/lease	Section 3	Item 12
b.	Pre-opening purchase/leases	Sections 3 and 7	Items 7 and 8
c.	Site development and other pre-opening requirements	Sections 3 and 4	Items 6, 7 and 11
d.	Initial and ongoing training	Section 4	Items 6 and 11
e.	Opening	Sections 4, 7, and 12	Item 11
f.	Fees	Sections 1, 2, 9, 10, 11, 12, 14, 16, 17, 18, and 21	Items 5, 6 and 7
g.	Compliance with standards and policies/operating manual	Sections 6, 7, 11, 12, 13, 15, and 22	Item 8



	<b>Obligation</b>	<b>Section in the Agreement</b>	<b>Item in the Franchise Disclosure Document</b>
h.	Trademarks and proprietary information	Sections 5, 6, 7, 9, and 12	Items 13 and 14
i.	Restrictions on products/services offered	Sections 7 and 12	Items 8 and 16
j.	Warranty and customer service requirements	Section 12.1	N/A
k.	Territorial development and sales quotas	Sections 1 and 12	Item 12
l.	Ongoing product/service purchases	Section 12	Items 8 and 11
m.	Maintenance, appearance and remodeling requirements	Sections 3, 7, 12, and 16	Items 6 and 17
n.	Insurance	Section 14	Items 6, 7 and 8
o.	Advertising	Section 9	Items 6 and 11
p.	Indemnification	Section 22	Item 6
q.	Owner's participation/management/staffing	Sections 4, 12, and 15	Item 15
r.	Records and reports	Section 11	Items 8 and 11
s.	Inspections and audits	Sections 5 and 11	Items 6, 11 and 13
t.	Transfer	Sections 18, 19, and 20	Items 6 and 17
u.	Renewal	Section 2	Item 17
v.	Post-termination obligations	Section 17	Item 17
w.	Non-competition covenants	Sections 7 and 15	Item 17
x.	Dispute resolution	Sections 29 and 30	Item 17
y.	Licenses	Section 12	Item 7

## **ITEM 10. FINANCING**

We do not offer direct or indirect financing. We do not guarantee your note, lease or other obligation. We are unable to estimate whether you will be able to obtain financing for all or any part of your investment, and if you are able to obtain financing, we cannot predict the terms of such financing. We will not receive payment or other consideration from any person or persons for placing your financing with a lender.

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

**Except as listed below, we are not required to provide you with any assistance.**

### **A. Our Obligations Before the Franchised Business Opens:**

Before you have an "open office" (See Section 12.12.3) we will:

1. Provide you with general advice on locating and leasing appropriate office space to operate your Franchised Business. You select your site although it must be within your Designated Area and we

must approve the location you propose to use (See Section 3). Generally, we will not own the Premises and lease it to you.

2. Provide your Operating Principal (See Item 15) and up to two other persons with phase one of our training course. The training will be offered in Omaha, Nebraska at our headquarters or another site we designate. It will consist of approximately 10 days of training as more fully explained below. The program is generally offered 8 to 10 times per year (See Section 4).

3. Provide you with password protected electronic access to the Best Practices Manual and the Brand Standards Manual. The Table of Contents of both the Best Practices and the Brand Standards Manual, including pages devoted to each subject, is attached to this Franchise Disclosure Document as Exhibit C (See Section 6).

4. Provide you with a HIPAA Manual, prepared by our designated third-party supplier, for you to use to create and implement your own HIPAA compliance program (See Section 6).

5. Provide you with demographic statistics relating to your Designated Area. The statistics will include an approximation of the number of persons age 65 and older in your Designated Area. (See Section 1.2).

6. Give you a list of pre-opening and pre-training activities to accomplish prior to the opening of your Franchised Business (See Section 13.2).

7. Provide you with various software templates for the operation of your Franchised Business (See Sections 11.4 and 12.4).

**B. Our Obligations During the Operation of the Franchised Business:**

1. Provide a minimum of one on-site visit at your franchise open office within six months of commencement of operations, such visit lasting approximately two days (See Section 4).

2. Make available to you phone and/or e-mail support during our normal business hours for franchise operations questions and general advice (See Section 13).

3. Host a web site for our franchisees that will include 3 to 4 content pages of our design of information to promote your Franchised Business (See Section 13.2.6).

4. Assist you with the selection of a vendor to undertake background searches on employees. You are required to check the background of all employees prior to employment according to standards provided in the Brand Standards Manual and the Best Practices Manual (See Section 12.10). We will not take part in the approval of your hiring of employees.

5. We will approve or disapprove within 10 business days of receipt any advertising or promotion which you wish to use which has not been previously approved by us. If we or our designated agent fails to respond to you in 10 business days, then the advertisement or promotion will be deemed to be approved by us. While we permit you to use your own advertising materials, we must approve it prior to use by you (See Section 9.1).

**C. Optional Assistance During the Operation of the Franchised Business:**

1. Provide to you, from time to time, as we, in our sole discretion, deem appropriate, advice and written materials concerning techniques of managing and operating your Franchised Business, including camera-ready artwork for advertising, forms and promotional materials including, stationary,

brochures and business cards, which are designed to enhance the quality and effectiveness of your Franchised Business (See Section 13).

2. We may, in our discretion, update the Required Supplies List and Required Suppliers List from time to time, as necessary (See Section 12.6).

3. We may change or modify the System, including the adoption and use of new or modified trade names, trademarks, service marks or copyrighted materials, new computer programs and systems, new types of inventory, supplies, merchandise and products, new equipment or new techniques (See Section 8).

4. We may arrange, from time to time, as we, in our sole discretion, deem appropriate for certain strategic alliances with third parties. You may, but are not required, to participate in any strategic alliance program. If you do elect to participate, you will be required to comply with the terms of such strategic alliance program. We do not currently charge you a fee to participate in strategic alliance programs.

#### **D. Advertising Programs:**

**Local Advertising.** Each month you are required to spend at least two percent (2%) of your Net Billings on local marketing, sales and promotion, and other promotional materials. These expenditures will be made directly by you. We may provide guidelines for conducting local marketing and promotional programs, and any proposed deviations from such guidelines will be approved by us in writing prior to use. If requested by us, within thirty (30) days after the end of each calendar month, you will furnish to us, in a manner approved by us, an accurate accounting of your expenditures on local marketing, sales and promotion for the preceding calendar month just ended.

**Brand Marketing and Promotion Fee.** In January 2014 we established a brand marketing and promotion fund to promote expansion and increase brand awareness and preference of the System (“**Brand Marketing and Promotion Fund**”). Contributions to the Brand Marketing and Promotion Fund began in July 2014 (“**Brand Marketing and Promotion Fee**”). You are required to participate in the Brand Marketing and Promotion Fund and pay the Brand Marketing and Promotion Fee. The Brand Marketing and Promotion Fee is two percent (2%) of Franchisee’s weekly Net Billings on the first \$1,000,000 of Net Billings each calendar year, plus one percent (1%) of Franchisee’s weekly Net Billings on the next \$2,000,000 of Net Billings for such calendar year and each calendar year thereafter. When the Brand Marketing and Promotion Fee is greater than one percent (1%) of weekly Net Billings, then your local marketing, sales and promotion expenditures detailed in Section 9.2 of the Franchise Agreement will reduce so that your required total combined monthly expenditures on local marketing, sales and promotion, other Promotional Materials detailed in Section 9.2 of the Franchise Agreement and Brand Marketing and Promotion Fee payments will not exceed three percent (3%) of your Net Billings.

If you operate more than one Franchised Business in Designated Areas within the same Metropolitan Statistical Area (as that term is defined by the U.S. Government from time to time) or other similar geographic area designed by us, then your maximum Brand Marketing and Promotion Fee will be based on the Net Billings from all Designated Areas in the same Metropolitan Statistical Area or other similar geographic area designated by us (the “**MSA Cap**”). You must pay the Brand Marketing and Promotion Fees weekly in the same manner as the Royalty Fee or as otherwise prescribed in the Brand Standards Manual until you pay the maximum amount that you are obligated to contribute each calendar year. All franchisees are required to contribute to the Brand Marketing and Promotion Fund on the same basis; provided, however, some franchisees may not be obligated to do so under their current franchise agreements. The Brand Marketing and Promotion Fees will be paid directly into the Brand Marketing and Promotion Fund and will be used by us to develop and implement programs to promote expansion and increase awareness and preference of the Right at Home brand. We reserve the right to reduce, terminate or suspend the Brand Marketing and Promotion Fee at any time during the initial term, or any renewal term,

with input and advice from the Brand Marketing and Promotion Council (as defined below); provided, that the contribution will not exceed the MSA Cap each calendar year. We will hold the Brand Marketing and Promotion Fund contributions in a separate account to be expended only as described below. The Brand Marketing and Promotion Fund will not be commingled with our funds or considered to be income of ours; but, will be held in the separate account to be expended as set forth in the Franchise Agreement. Any business operated by us or our Affiliates under the same Marks as the Franchised Business will contribute to the Brand Marketing and Promotion Fund on the same basis as franchisees. We also reserve the right to terminate or suspend the Brand Marketing and Promotion Fund at any time, but we will seek the advice of the Brand Marketing and Promotion Council prior to doing so. If we terminate the Brand Marketing and Promotion Fund, any unused Brand Marketing and Promotion Fees in the Brand Marketing and Promotion Fund will be paid back to all franchisees in the System in proportion to their contributions to the Brand Marketing and Promotion Fund during the preceding 12 months.

The Brand Marketing and Promotion Fund will only be used for the following:

- The development of programs and materials to build brand awareness and preference with referral sources, strategic alliances, consumers, insurance companies or related businesses, health care providers, facilities, social service organizations and others at the local, regional, and/or national level.
- Local, regional, or national advertising, promotions, marketing, public relations, and/or direct sales including print, social media, Internet or web based, direct mail, radio or television; development and maintenance of any Internet and/or e-commerce programs, which may include utilizing employees or third parties to administer and/or update approved Internet and social media websites used by franchisees; Internet promotions and on-line marketing activities, and related expenses.
- The creation, production and placement of commercial advertising; agency costs and commissions; creation and production of video, audio and written advertisements; market research and research agency fees; administering local, regional, or national advertising programs, direct mail, promotions, public relations, Internet/e-commerce, social media, and other media advertising.
- The attendance or participation in local, regional, or national tradeshows, conferences, exhibitions where promoting the brand would be appropriate; affiliate with national/community organizations to leverage the brand.
- Developing and administering sales, marketing, and/or public relations training or support programs for franchisees to develop, administer, or conduct the training or support programs and such other programs designed to promote or enhance the brand, including but not limited to client quality and satisfaction programs, with the advice of the Brand Marketing and Promotion Council.

The Brand Marketing and Promotion Fund will not be used for advertising or marketing activities whose principal purpose is to solicit new franchisees. We may engage a third-party agency or agencies to assist us with these initiatives in addition to our own in-house efforts. We cannot use the Brand Marketing and Promotion Fund for communications or materials primarily geared towards franchise sales or solicitations. Any expenditures from the Brand Marketing and Promotion Fund may or may not be proportionate to contributions made by you or provide a direct or any benefit to you. We, with input and advice from the Brand Marketing and Promotion Council, have the right to direct expenditures from the Brand Marketing and Promotion Fund for the purposes described above. Subject to these foregoing limitations, we may accumulate these funds, and the balance may be carried over to subsequent years and

used for the purposes stated in the Franchise Agreement. If the Brand Marketing and Promotion Fund needs additional funds at any time to pay for expenditures, with input and advice from the Brand Marketing and Promotion Council, we may loan such funds to the Brand Marketing and Promotion Fund at an interest rate not to exceed five percent (5%) per annum and with repayment terms that will not unreasonably burden the Brand Marketing and Promotion Fund or prevent it from performing its obligations. We may also utilize the Brand Marketing and Promotion Fund to reimburse us for administrative expenses incurred in administering the Brand Marketing and Promotion Fund and the Brand Marketing and Promotion Council. An unaudited annual financial statement and report of the Brand Marketing and Promotion Fund will be prepared and delivered to the Brand Marketing and Promotion Council members and all franchisees participating in the Brand Marketing and Promotion Fund within 120 days after the end of our fiscal year. The report will show the total Brand Marketing and Promotion Fees collected and expenditures from the Brand Marketing and Promotion Fund during the previous fiscal year. We reserve the right to change the name of the Brand Marketing and Promotion Fund from time to time.

For the twelve-month period ending December 31, 2017, our Brand Marketing and Promotion Fund expenditures were the following percentages of total expenditures: Production Development (6.30%), Media Placement (90.62%), Administrative (0%); and, Other (Research and Call Center/Call Tracking) (3.08%). None of the expenditures were principally to solicit new franchise sales.

In connection with the Brand Marketing and Promotion Fund, we established a committee composed of franchisees and members of our staff (“**Brand Marketing and Promotion Council**”). The Brand Marketing and Promotion Council consists of not less than seven (7) members, at least four (4) of whom must be franchisees, who will initially be appointed by us. By-laws for the operation of the Brand Marketing and Promotion Council will be prepared and adopted by the initial Brand Marketing and Promotion Council, which will provide that: each franchisee member of the Brand Marketing and Promotion Council will serve for terms that will be not less than two (2) years each and may serve up to two (2) consecutive terms; a franchisee member of the Franchisee Advisory Council may not also serve as a member of the Brand Marketing and Promotion Council and a franchisee member of the Brand Marketing and Promotion Council may not also serve as a member of the Franchisee Advisory Council; elections or appointments of franchisee members to the Brand Marketing and Promotion Council will occur between September 1 and October 31, 2018, based on the procedures established in the by-laws; and we have the right to appoint the members of our staff who serve on the Brand Marketing and Promotion Council and to appoint franchisee members to fill any vacancies that arise.

#### **E. Computer System:**

We have the right, under the Franchise Agreement, to require you to purchase and use any and all computer software programs, which we may develop and/or designate for use in or by the System, and to purchase all computer hardware, which we deem necessary for the efficient operation of the software. If we require you to use any software developed by us, we reserve the right to charge a fee for the use of such software, but the fees will not exceed the fees or charges for similar software developed by third parties. The approximate costs associated with acquiring the required computer hardware and software range from \$3,700 to \$7,800. You must also use our Designated Software. You will pay a license fee to the supplier. We reserve the right to change or eliminate the Designated Software at any time.

To operate your business, you will need a minimum of two workstation computers, one must remain in the office to house any required databases, a laser or deskjet printer, and certain required software programs. The minimum required specifications include:

##### **Workstation:**

- Multi Core PC with 2.8 GHz or higher processor clock speed
- 16 GB of Ram or higher (20 GB of Ram or higher required to host databases)
- 20 GB minimum of available hard disk space

- CD-ROM or DVD drive
- 22" monitor is recommended
- Suggested screen resolution of 1920 x 1080 for a workstation (minimum required resolution of 1024 x 768)
- Sound card and speakers
- Keyboard and Mouse device
- 10/100/1000 Network Adapter
- Microsoft .NET Framework 4.0
- \*\*Supported operating system

#### Workstation: MAC

- 21.5 Inch iMac with the following specs:
- 2.8GHz quad-core Intel Core i5 processor
- Turbo Boost up to 3.3GHz
- 8GB of onboard memory, configurable up to 16GB
- 1TB hard drive1 (Consider Upgrade to the 1TB Fusion drive)
- Intel Iris Pro Graphics 6200
- 1920-by-1080 sRGB display

#### Additional Notes:

- Laser or DeskJet printer
- High speed business class Internet access

#### \*\*Supported Operating Systems

- Windows 10 Pro (Requires QuickBooks Pro 2016 or higher)
- Windows 8 Pro (recommended over Windows 8)

#### Required Software Programs

- Home care administrative software from our required supplier
- Microsoft Office Professional 2010 or higher
- Most current version of Intuit Quick Books Pro or approved QuickBooks Online edition
- ZeeWise Zee360 CARS program (Not required for QuickBooks Online)
- Antivirus, spyware and firewall protection;
- Hardware and/or software to adequately backup your computers and databases; and
- Any other type of data security required by law or insurance policy(ies).

You may obtain all hardware meeting our specifications from any authorized reseller. We will provide you with certain proprietary templates used in conjunction with the software. We have the right to independently access and/or copy all information collected or compiled by or in accordance with your use of the software.

You must update or upgrade computer hardware components and/or software as we feel necessary but not more than one time per year. We have no obligation for maintenance, repairs, updates and upgrades to your computer system. The approximate cost of maintenance for the required computer hardware ranges from \$100 to \$1,200 per year.

We will have independent access to all information that will be generated by or stored in any computer system. Subject to applicable laws, such as HIPAA and privacy-related laws, there are no contractual limitations on our right to access the information. You will be required to comply with any data security obligations required by law or necessary to meet insurance policy requirements, which may include the requirement to use different or additional computer hardware and software.

**F. Methods Used to Select the Location of the Franchised Business:**

We do not assign a specific office location in your Designated Area. You must lease or own a conventional office location to operate your business. You select your site although it must be within your Designated Area and we must approve the location you propose to use. We have the right to grant or deny the location of your open office/Premises. Generally, we will not own the Premises and lease it to you. You may relocate your open office/Premises within your Designated Area after we approve the location you propose to use. We have the right to grant or deny the relocation of your open office/Premises

We will use reasonable efforts to help you analyze your market area, determine site feasibility and to assist you in the designation of the franchise location; however, it is your sole responsibility to undertake site selection activities and otherwise secure premises for the Franchised Business.

You must operate the Franchised Business from a conventional office located outside of any personal residence, nursing facility, assisted living facility (or similar facility) or executive suites. The office must be located within your designated territory, and the open office must exist solely and exclusively for the operation of the Franchised Business (“Premises”). The Premises is subject to our approval, and such approval indicates only that we believe the office falls within the acceptable criteria we have established in the Brand Standards Manual as of the approval date. We do not: (i) select your office location, (ii) assist you in conforming it to local ordinances and building codes, (iii) assist you with constructing or decorating it, or (iv) provide for necessary equipment, signs or fixture.

**G. Typical Length of Time Before Operation:**

The typical length of time between the signing of the Franchise Agreement and the opening of your Franchised Business is approximately 116 days. Factors that may affect the time period are obtaining any necessary licenses to operate your Franchised Business (such time may vary considerably among states); obtaining a lease, financing, or building permits; zoning and local ordinances; or delayed installation of equipment, fixtures, signs, etc., together with the variance in performance among franchisees.

It is your obligation to locate a site for your office and to provide us with all necessary information in accordance with the timing requirements established in the Franchise Agreement so that we may approve your Premises in time for you to open your Franchised Business in accordance with the requirements established in the Franchise Agreement. Specifically, if you do so, we will approve your Premises in time for you to open your Franchised Business and have an “open office” not later than the earlier to occur of six (6) months after signing the Franchise Agreement, unless otherwise agreed upon in writing by us or due to licensing requirements imposed by applicable law in the Designated Area. If the Franchise Agreement is for an additional Franchised Business, we will determine if you can operate your Franchised Businesses from the same Premises when you sign your Franchise Agreement or if you will need to open another Premises in the Designated Area of your additional Franchised Business. If you fail to provide us with all such necessary information in accordance with the timing requirements established in the Franchise Agreement, your failure to do so will be a default of the Franchise Agreement and we may, in addition to all other remedies provided for under the Franchise Agreement, terminate the Franchise Agreement. An open office is defined as (i) a Premises, and (ii) such Premises will at all times have at least two full-time equivalent staff members, one of whom may be the Operating Principal and one of whom must have the authority to hire and manage employees and actively market and sell the services and products, materials and equipment of the Franchised Business, and (iii) such Premises continuously provides and supervises home care and/or staffing services, and (iv) such Premises produces and delivers all of Weekly Reports and others required under the Franchise Agreement. Within the context of a Franchised Business that is resold, an open office is defined as the date on which the Franchised Business’s office was originally opened.

## H. **Training:**

We will train your Operating Principal (See Item 15) and up to two other persons, one of whom may be another owner or your office manager, for approximately 10 days as described below and commonly referenced to as our phase one training. Each person attending the training program on your behalf must complete phase one of the training program successfully. Phase one training will occur in Omaha, Nebraska at our headquarters or another site we designate after you sign the Franchise Agreement and must be successfully completed at least 30 days before you begin operating your Franchised Business and before you may have an open office. We expect to conduct phase one training approximately 8 to 10 times per year. Although we charge no tuition for phase one of the training program, you must pay all travel and living expenses for you and your personnel. Also see Item 15.

The instructional materials consist of our Brand Standards Manual, Best Practices Manual, DVDs, checklist, demonstrations, practice and quizzes. The subjects covered in phase one training are described below:

### **TRAINING PROGRAM (Phase One)**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-The-Job Training</b>	<b>Location</b>
<b>Week 1 Schedule and Topics</b>			
<b>Healthcare System Overview</b>	7		Omaha, Nebraska
Overview of Healthcare Industry			
Healthcare Delivery Systems			
Levels of Home Care Services			
Competitive Landscape			
<b>Right at Home Services and Delivery</b>	7		Omaha, Nebraska
Goals of Right at Home Services			
ADL's and IADL's			
Delivery Types: live-ins, 24-HR, Visits, Couples Care, Overnights			
Legal issues in service delivery			
Detailed explanation of levels of Right at Home services			
<b>Effective Selling of Home Care Services</b>	16		Omaha, Nebraska
Understanding the sales cycle			
Making the most of the sales meeting			
Understanding our Value Proposition			
Sales Targets			
Role Playing			
Prioritizing sales contacts			



Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
<b>Inside Sales Process</b>	8		Omaha, Nebraska
Build a relationship with the caller			
Qualify the caller			
Develop the care profile			
Gain commitment			
<b>TOTAL WEEK 1</b>	38		
<b>Week 2 Schedule and Topics</b>			
<b>Recruitment</b>	2		Omaha, Nebraska
Connecting with potential caregivers and office staff			
Time management – interviews and orientations			
<b>Hiring Process</b>	5		Omaha, Nebraska
Accepting and processing applications			
Orientating a care provider to working for Right at Home			
Managing the process			
<b>Software to Manage Process</b>	2		Omaha, Nebraska
Using required home care administrative software to enter new employees			
Using required home care administrative software to enter prospective clients			
<b>Scheduling Overview</b>	1		Omaha, Nebraska
Matching clients and caregivers			
Discuss scheduling priorities and options			
<b>Software to Manage Process</b>	2		Omaha, Nebraska
Entering clients into required home care administrative software			
Entering schedules into required home care administrative software			
<b>Managing Cases and Field Staff</b>	3		Omaha, Nebraska
HIPAA & You			
Quality assurance			
Managing the employee and client			
Communicating effectively			

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
<b>Payroll and Billing Procedures</b>	4		Omaha, Nebraska
How to use the required home care administrative software and QuickBooks for Payroll			
How to use the required home care administrative software and QuickBooks for Billing			
Introduce payroll services to owners and procedures for enrollment			
Discuss agreement regarding required home care administrative software and give out contracts			
<b>Resources for the Franchisee</b>	6		Omaha, Nebraska
Tools available for the Right at Home Franchise Owner			
<b>Standards and Quality/Software to Manage Process</b>	2		Omaha, Nebraska
Using the required home care administrative software to manage referral sources			
<b>Financial Management</b>	2		Omaha, Nebraska
Managing the financial side of the business			
Pricing Strategies			
Franchise Reporting			
<b>Financial Management</b>	3		Omaha, Nebraska
Understanding the income statement			
Pay and bill rate analysis			
Cost Volume Profit Analysis			
<b>Post-Training Action Plan</b>	6		Omaha, Nebraska
Focusing on getting your office open and operational			
Final sales presentation			
<b>TOTAL WEEK 2</b>	38		

Within six months after you have begun operating your Franchised Business, and at our expense, we will send a representative to your office for approximately 2 days for the purpose of facilitating the early stages of your Franchised Business (“**Right Start Program**”). During this period, our representative will assist you in establishing and standardizing procedures and techniques essential to the operation of your Franchised Business. If you request additional assistance from us in order to facilitate the early stages of your Franchised Business, or if we deem it necessary to provide such additional assistance to you, you will reimburse us for the expense that we incur in providing such additional assistance to you at the then-current rate as published in the Brand Standards Manual, plus expenses.

Michelle Koester will oversee all training for franchisees utilizing various Right at Home staff members. Ms. Koester is our Vice President of Franchise Learning and Coaching. She was our Director

of Organizational Learning from September 2011 until January 2016. She was our Director of Training from August 2009 to September 2011. She worked for Cox Communications in Omaha, Nebraska as a Leadership Development Specialist and as a Technical Trainer from September 2004 until August 2009. Ms. Koester holds a Master of Science degree in Adult Learning, Performance and Leadership. Debbie Friedman will oversee all training for Franchisees. She is our Director of Organizational Learning and has been in this role since May 2016. Previously she was a Senior Performance Consultant with HDR, Inc. from May 2006 until May 2016.

We periodically may provide and require that previously trained and experienced franchisees, and their managers, attend and successfully complete refresher and updated training programs to be conducted in Omaha, Nebraska at our headquarters or at another site we designate. Attendance at refresher training programs will be at your sole expense, however, attendance will not be required at more than 2 of these programs in any calendar year and will not collectively exceed 5 days in duration during any calendar year. We have the right to charge a fee for any continuing educational training programs, seminars, or webinars to cover our costs of providing such programs. You are required to pay your expenses as well as your additional attendees' expenses when attending these programs. New franchisees and franchisees that are not meeting the required revenue and royalty minimums, described in Item 12, are currently required to attend the HIAC. We have the right to charge an attendance fee. For your first HIAC, we will waive the attendance fee for up to two attendees. You will pay the travel and living expenses incurred by you and your attendees when attending the HIAC (See Item 6 and Item 7). Depending on the date you open your Franchised Business and the date the HIAC is scheduled, we may not require you to attend the HIAC for the first year you operate your Franchised Business. If we waive the attendance requirement for your first year of operation, you will be required to attend your second year of operation. You are responsible for training all your employees that do not attend Phase-One training. We may require all franchisees to attend the HIAC in the future.

To be eligible to offer Skilled Care Services, you or a qualified person designated by you must successfully complete our training program relating to Skilled Care Services to be conducted in Omaha, Nebraska at our headquarters or at another site we designate. This training program will not exceed 5 days in duration. You or a qualified person designated by you may also be required to attend additional training relating to Skilled Care Services, as directed by us, which may include online training through our learning management system, teleconferences, and webinars. We have the right to charge a fee for any of these continuing educational training programs, seminars, or webinars to cover our costs of providing such programs. You are required to pay your expenses as well as your employees' expenses when attending these programs.

After the Office for your Franchised Business has been open for approximately 12-24 months and as determined by us, you will be required to complete Profit Mastery University ("PMU"), an online training program which is provided by a third party, Business Resource Services ("BRS"). PMU allows for self-paced learning, and once you gain access to PMU, you will continue to have access to the program as long as you are a Right at Home franchisee. You will not be allowed to participate in any facilitated performance groups (continuing education opportunities that focus on your business performance) until you have completed PMU. PMU will also be required of franchisees who desire to purchase additional Franchised Businesses. Currently, we anticipate that your cost to access PMU will be approximately \$395, which you will be required to pay directly to BRS.

We may periodically conduct an annual conference, convention, or training session and if we do, we will determine its duration, curriculum, and location. We strongly encourage you to attend these programs and we reserve the right to require you to do so. Currently, attendance at these programs is optional and you must pay all travel and living expenses for you and your personnel.

## ITEM 12. TERRITORY

Your Designated Area will be defined by zip codes and include a population of approximately 15,000 to 30,000 people who are age 65 and older. A list of the zip codes will be attached to the Franchise Agreement as **Exhibit A**. Zip codes are a system of postal codes used by the United States Postal Service (“USPS”) and are changed by the USPS from time to time. Changes by the USPS may affect the zip codes and the geographic area that makes up your Designated Area. You maintain rights to your Designated Area even though the population increases.

You do not have rights or options to acquire additional franchises after executing a Franchise Agreement. You may apply for the right to operate additional Right at Home Franchised Businesses under separate Franchise Agreements.

If you are opening an additional Franchised Business under a separate Franchise Agreement and another Right at Home franchisee has been serving clients in an area previously unassigned to any franchisee that is now in your Designated Area, we will, in accordance with the Brand Standards Manual and the Best Practices Manual and in the best interests of continuity of client care, permit that franchisee to continue to serve those clients in your Designated Area only if that franchisee was doing so before you executed the additional Franchise Agreement or before you established an open office for the Franchised Business granted to you under the Franchise Agreement.

If you are granted the right to enter into more than one Franchise Agreement and the Designated Areas granted to you under the Franchise Agreements are contiguous, we can authorize you to operate the Franchised Businesses under the Franchise Agreements from the same Premises. If we authorize you to do so, you will execute the appropriate amendments to the various Franchise Agreements provided in **Exhibit F** to the Franchise Agreement (See Item 5). You may relocate your open office/Premises used within your Designated Area after we approve the location you propose to use. We have the right to grant or deny the relocation of your open office/Premises based on the following factors: whether or not the office/Premises is located within the Designated Area or a contiguous designated area described in an additional Franchise Agreement between you and us; the condition of the office/Premises and whether the office/Premises is located in a private residence.

For your Franchised Business, except as explained below, you will not receive an exclusive territory, known as your “**Designated Area**”. You may face competition from other channels of distribution or competitive brands that we control. While the Franchise Agreement is in effect, you have an open office, and you are in compliance with all of the terms and conditions of the Franchise Agreement, including but not limited to complying with the minimum requirement for your franchise (described below), we will not grant the right to another franchisee to operate a Franchised Business in the Designated Area and we will not establish a company-owned or affiliate-owned Right at Home business in your Designated Area. If, before you execute the Franchise Agreement or before you have established an open office, another Right at Home franchisee has been serving clients in an area previously unassigned to any franchisee that is now in your Designated Area, we will, in accordance with the Brand Standards Manual and in the best interests of continuity of client care, permit that franchisee to continue to serve those clients in your Designated Area.

You must confine the performance of all services and the supply of all related products, materials and equipment to clients located in the Designated Area, except as may be authorized by written communication from us. If you wish to provide Core Services or Ancillary Services or any other related products, materials and equipment outside your Designated Area (e.g., in an area that is not currently assigned to another Right at Home franchisee), then you must first obtain prior written approval from us, which we are under no obligation to grant. If we have granted such approval, you may advertise and promote, use promotional materials, solicit and engage in similar efforts outside of the Designated Area. If we have granted you approval to provide Core Services or Ancillary Services or to advertise and promote,

use Promotional Materials, solicit and engage in similar efforts outside of your Designated Area, we may withdraw our approval at any time and for any reason without any further obligation to you.

You do not have the right to use other channels of distribution, such as the Internet, telemarketing or other direct marketing to make sales outside of your Designated Area, unless otherwise permitted in writing by us. We retain the sole right to:

1. Establish and/or license other Franchised Businesses at any location outside of the Designated Area as we deem appropriate;
2. Establish and license others to establish businesses under other systems using the Marks or other proprietary marks, which businesses may be located within or outside the Designated Area, provided, however, that, except as specifically provided in this Agreement, we will not license or establish a business substantially offering the Core Services within your Designated Area;
3. Advertise and sell the Core Services and Ancillary Services under other trademarks, service marks and commercial symbols through similar or dissimilar channels of distribution, including without limitation, by electronic means such as the Internet and websites we establish and according to terms we deem appropriate outside your Designated Area;
5. Advertise the System and communicate about the System, its products and services on the Internet (including social media) and to create, operate, maintain and modify, or discontinue the use of one or more websites using the Marks;
6. Offer for sale products that are ancillary or related to the Core Services and Ancillary Services and needs of clients and customers through our website(s) or through such dissimilar channels of distribution as we determine at our discretion within and outside your Designated Area;
7. Acquire the assets or ownership interest of one or more businesses providing Core Services and Ancillary Services similar to those provided at your Franchised Business, and franchise under a service mark or trademark other than the Marks, license or grant the right to others to operate those businesses once acquired, regardless of whether these businesses are located or operating within your Designated Area; provided, however, that such businesses will not be granted the rights to use the Marks;
8. To be acquired by an entity providing services, products, materials and equipment similar to those provided at your Franchised Business, even if such business operates, franchises and /or licenses competitive businesses in your Designated Area; provided, however, that any business operated directly or indirectly by such acquirer that is similar to the Franchised Business will not be granted the right to operate using the Marks in the Designated Area;
9. Engage in joint marketing programs with partner companies and all forms of sales through the Internet or any other form of electronic media (including social technology, social media and social networking platforms; and
10. Engage in any other activities not expressly prohibited in this Agreement.

Presently, we have no plans to provide substantially similar services or products under a different mark either through similar or alternative channels of distribution but we reserve the right to do so.

In consideration of our agreement not to grant another Right at Home franchise in your Designated Area, you must at all times use your best efforts to promote and increase the sales and service of the Franchised Business and to effect the widest and best possible distribution, sale and placement, solicitation and servicing of all potential clients for authorized Right at Home services throughout the Designated Area. You cannot, without our prior written permission, solicit sales or perform services outside your Designated

Area. You must confine all efforts (including any advertising, promotion or solicitation using online or traditional media), as well as performing all services to clients at sites located in the Designated Area unless we otherwise grant permission in advance in writing. If you wish to provide Core Services or Ancillary Services or any other related products, materials and equipment outside of your Designated Area, in unassigned areas, then you must have our prior written approval. Even if we have given our approval, we may, in our discretion, at any time for any reason, withdraw our permission to you to perform further services for either preexisting or new clients outside your Designated Area. As such, you understand that the privilege to perform services outside of your Designated Area may be withdrawn at any time in our sole discretion and thus any operation outside of your Designated Area is at your risk. These conditions on soliciting sales or performing services outside of your Designated Area pertain to all channels of distribution including, without limitation, by electronic means such as the Internet and websites.

### **Minimum Royalty; Minimum Brand Fund Contribution; Minimum Quarterly Net Billings**

As a performance-based franchise system, we have implemented a Minimum royalty and a Minimum Brand Fund Contribution structure to strengthen the Right at Home brand and increase market penetration. In order for you to maintain the exclusivity rights to your Designated Area, beginning on your 13<sup>th</sup> month of operation of your Franchised Business (unless you are an existing Franchisee acquiring an Additional Location), you will need to meet defined minimum revenue targets as outlined below. For each consecutive 13-week period (“**Quarter**”), you will be required to pay the greater of the Continuing Royalty (See Item 6) and a minimum royalty (“**Minimum Royalty**”). Beginning on your 13<sup>th</sup> month of operation of your Franchised Business, you will also be required to contribute to the Brand Marketing and promotion Fund each Quarter, the greater of the Brand Marketing and Promotion Fee (See Item 6) and a minimum brand marketing and promotion fee (“**Minimum Brand Marketing and Promotion Fee**”). The Minimum Royalty and the Minimum Brand Marketing and Promotion Fee per Quarter are based on the minimum quarterly net billings (“**Minimum Quarterly Net Billings**”) from your Franchised Business all of which are set forth in the following schedule:

<b>Months of Operation</b>	<b>Minimum Royalty Requirement Per Quarter</b>	<b>Minimum Brand Marketing and Promotion Fee Per Quarter</b>	<b>Minimum Quarterly Net Billings</b>
13-24	\$2,275	\$910	\$45,500
25-36	\$3,738	\$1,495	\$74,750
37-48	\$5,200	\$2,080	\$104,000
49-60	\$7,475	\$2,990	\$149,500
61-72	\$8,938	\$3,575	\$178,750
73 and thereafter, including Renewal Term, if any	\$10,563	\$4,225	\$211,250

If you are an existing Franchisee purchasing an additional Franchised Business that will operate from your existing Premises (see Item 11), your Minimum Royalty, Minimum Brand Marketing and Promotion Fee per Quarter and Minimum Quarterly Net Billings schedule is as described below:

<b>Months of Operation</b>	<b>Minimum Royalty Requirement Per Quarter</b>	<b>Minimum Brand Marketing and Promotion Fee Per Quarter</b>	<b>Minimum Quarterly Net Billings</b>
4-15	\$2,275	\$910	\$45,500
16-27	\$3,738	\$1,495	\$74,750
28-39	\$5,200	\$2,080	\$104,000
40-51	\$7,475	\$2,990	\$149,500
52-63	\$8,938	\$3,575	\$178,750
64 and thereafter, including Renewal Term, if any	\$10,563	\$4,225	\$211,250

If you are an existing Franchisee purchasing an additional Franchised Business that will not operate from an existing Premises, your Minimum Royalty, Minimum Brand Marketing and Promotion Fee per Quarter and Minimum Quarterly Net Billings will begin on the 13<sup>th</sup> month of operation of your additional Franchised Business as described in the first chart above.

If you own multiple Franchised Businesses within the same MSA, your Minimum Brand Marketing and Promotion Fee will be calculated based on the Minimum Quarterly Net Billings for all the Franchised Businesses owned and operated by you in the same MSA and will not exceed the MSA Cap (See Item 11). All other minimum requirements (including Minimum Royalty and Minimum Quarterly Net Billings requirements) will be applicable to each individual Franchised Business.

If at the end of each Quarter the Continuing Royalty and Brand Marketing and Promotion Fee you paid during the Quarter does not meet or exceed the Minimum Royalty and/or the Minimum Brand Marketing and Promotion Fee you will pay us, or contribute to the Brand Marketing and Promotion Fund (as the case may be), the difference. The difference will be included with the last weekly invoice for such Quarter.

If you do not meet the Minimum Quarterly Net Billings in any Quarter you will participate in our Performance Improvement Plan. A Performance Improvement Plan is designed to help franchisees improve the performance of their business and will include, among other things, your submission of a detailed business plan that describes how you will meet the Minimum Quarterly Net Billings within a reasonable time frame, not to exceed 6 months (“**Performance Improvement Plan**”). Details as to the form and content required for the Performance Improvement Plan and the process described above will be more specifically explained and modified in the Brand Standards Manual and the Best Practices Manual. You will submit the Performance Improvement Plan in the form and substance acceptable to us within 30 calendar days of our request. We will approve or disapprove your Performance Improvement Plan within 14 calendar days of our receipt. If we, in our sole judgment, believe that the Performance Improvement Plan is reasonably achievable within the time period set out in the Performance Improvement Plan (but in no event longer than 6 months), we will grant you additional time to meet the Quarterly Net Billing

requirements, as applicable, in accordance with the Performance Improvement Plan. If you do not provide the Performance Improvement Plan within the time prescribed, we do not approve the Performance Improvement Plan, you do not execute the Performance Improvement Plan, or you fail to meet the Minimum Quarterly Net Billings as applicable within the time period set out in the Performance Improvement Plan we may exercise the remedies described below. Additionally, if you do not meet the Minimum Royalty and/or Minimum Brand Marketing and Promotion Fee (even if you pay the difference) for four consecutive Quarters or more than four Quarters in any 24-month period, we may exercise the remedies described below.

Our remedies include decreasing, reducing or otherwise changing the size of the Designated Area; establishing other franchises within the Designated Area; permitting other franchisees to provide services to clients located within the Designated Area; and/or terminating the Franchise Agreement as provided in the Franchise Agreement.


Any Continuing Royalty and Brand Marketing and Promotion Fees paid in any Quarter in excess of the Minimum Royalty or Minimum Brand Marketing and Promotion Fee, as applicable, will not apply toward any such minimums for any future Quarter. We reserve the right to increase the Minimum Royalty, and Minimum Quarterly Net Billings requirements for our franchisees by up to 5% per year upon notice to them.

As the demand for home care services continues to grow so will the likelihood of competition. One could expect to find that the home care market is competitive but not saturated. The needs of the market will provide opportunities for organizations providing quality, dependable services.

### **ITEM 13. TRADEMARKS**

We grant you the right to use certain trademarks, service marks and other commercial symbols in operating a Franchised Business (“Marks”) including the “RIGHT AT HOME” mark (“**Principal Mark**”). The principal Right at Home commercial symbol which we will license to you appears on the cover of this Franchise Disclosure Document.

We have been granted an effective registration of the following Marks on the Principal Register of the United States Patent and Trademark Office:

<b>Mark</b>	<b>Application/ Registration Number</b>	<b>Application/ Registration Date</b>	<b>Register</b>
<b>RAH STAFFING SERVICES</b>	2,419,096	January 9, 2001	<b>Principal</b>
	2,458,983	June 12, 2001	<b>Principal</b>
<b>RIGHT AT HOME</b>	2,569,014	May 14, 2002	<b>Principal</b>
<b>RIGHT AT HOME</b>	2,683,630	February 4, 2003	<b>Principal</b>



Mark	Application/ Registration Number	Application/ Registration Date	Register
	2,702,381	April 1, 2003	Principal
CARE REWARDS	3,087,675	May 2, 2006	Principal
VOLUNTEERING WITH A PAYCHECK	3,192,866	January 2, 2007	Principal
CARING RIGHT AT HOME®	3,220,065	March 20, 2007	Principal
RIGHTTRANSITIONS	4,104,203	February 28, 2012	Principal
	3,971,008	May 31, 2011	Principal
	4,826,304	October 6, 2015	Principal
	4,817,562	September 22, 2015	Principal

<b>Mark</b>	<b>Application/ Registration Number</b>	<b>Application/ Registration Date</b>	<b>Register</b>
ADDING JOY TO EACH DAY	4,282,305	January 29, 2013	<b>Principal</b>
GIVE THE GIFT OF CARE	4,277,099	January 15, 2013	<b>Principal</b>
INTRODUCE SOMEONE YOU CARE ABOUT TO SOMEONE YOU TRUST	3,845,317	September 7, 2010	<b>Principal</b>
<b>To Improve the Quality of Life for Those We Serve®</b>	4,481,215	February 11, 2014	<b>Principal</b>
<b>THE RIGHT CARE, RIGHT AT HOME®</b>	4,680,962	February 3, 2015	<b>Principal</b>
<b>THE CARE THAT'S RIGHT, AT HOME®</b>	4,466,267	January 14, 2014	<b>Principal</b>
<b>THE RIGHT PEOPLE DOING THE RIGHT THINGS THE RIGHT WAY FOR THE RIGHT REASON</b>	5,014,509	August 2, 2016	<b>Principal</b>
<b>RIGHTMISSION</b>	4,831,969	October 13, 2015	<b>Principal</b>
<b>RIGHTAPPROACH</b>	4,831,968	October 13, 2015	<b>Principal</b>
<b>RIGHTSERVICES</b>	4,831,967	October 13, 2015	<b>Principal</b>
<b>RIGHTPEOPLE</b>	4,831,966	October 13, 2015	<b>Principal</b>

Currently there are no effective material determinations of the United States Patent and Trademark Office, trademark trial and appeal board, the trademark administrator of this state or any court; pending infringement, opposition or cancellation; or pending material litigation involving the Principal Mark.

There are no infringing or prior superior uses actually known to us that could materially affect the use of the Principal Mark in this state or any other state in which the Franchised Business is to be located. All required affidavits have been filed. No registration of any Mark has been renewed.

There are no other agreements currently in effect which significantly limit our rights to use or license the use of the Principal Mark in any manner material to your franchise.

All of your usage of the Marks and any goodwill established from their use will inure to our benefit.

You acknowledge that we are the owner of all right, title and interest in the Marks. You will not receive any interest in the Marks. You may not at any time contest the validity or ownership of the Marks, including any Marks that we license to you after you sign the Franchise Agreement.

You must promptly notify us of any claim, demand or cause of action based upon or arising from any attempt by any person, firm or corporation to use the Marks or any colorable imitation of the Marks. We will take whatever action it deems appropriate to protect the Marks. We are not required to defend or otherwise protect you against a claim of infringement or unfair competition arising out of your use of the Marks. We have the right to control any administrative proceedings or litigation involving a Mark. We are not required to participate in your defense or in your indemnification for expenses and damages if you are party to an administrative or judicial proceeding involving a trademark licensed to you, or if the proceeding is resolved unfavorably to you.

You must modify or discontinue using any Mark upon direction to do so from us within a reasonable time after receiving notice from us. We may add to, delete, substitute or modify any or all of our Marks from time to time. You must accept, use or cease using, as may be appropriate, the Marks, including modified or additional Marks in accordance with our prescribed directives, procedures, policies, rules and regulations whether contained in the Brand Standards Manual, Franchise Agreement or otherwise. If You fail or refuse to do so, we may execute in Your name and on Your behalf any and all documents necessary, in our judgment, to comply with this Section; and we are hereby irrevocably appointed and designated as Your attorney-in-fact to do so. You will not be compensated or otherwise reimbursed for expenses resulting from or related to any discontinuance or modification of any of the Marks.

Except as approved by us in writing, you must not use any Mark or part of any Mark as part of any corporate or trade name, in any modified form, nor may you use any Mark in connection with the sale of any unauthorized product or service, or in any other manner we do not authorize in writing. You must give notices of trademark and service mark registrations as we specify and obtain such fictitious or assumed name registrations as may be required under the law.

You may not establish a Web site or any other Web presence on the Internet using any domain name without obtaining our prior written approval. Any domain name cannot contain the words “RIGHT AT HOME”, “RAH STAFFING SERVICES” or any variation without our written consent. We retain the sole right to advertise on the Internet and create Web sites using the “RIGHT AT HOME” and “RAH STAFFING SERVICES” domain names. You acknowledge that we are the owner of all right, title and interest in and to such domain names as we designate in the Brand Standards Manual. We retain the right to pre-approve your use of linking and framing between our Web pages and all other Web sites and any other Web presence. If we request, you will, within 5 days, dismantle any frames and links between your Web pages and any other Web sites and Web presences.

We and our agents will have the right to enter and inspect your Franchised Business, during normal business hours, to ensure you are complying with our standards.

#### **ITEM 14. PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION**

No patents are material to the franchise and we do not have any pending patent applications that are material to the franchise. We own certain copyrights in the Brand Standards Manual, marketing materials, certain forms and reports and other copyrightable items. While we claim copyrights in these and similar items used in operating a Franchised Business, we have not registered these copyrights with the United States Registrar of Copyrights but need not do so to protect them. You may use these items only as we specify while operating your Franchised Business and must stop using them immediately if we direct you to do so and also at such time when the franchise is terminated.

You will receive proprietary, confidential and trade secret information of Right at Home. Our confidential information will include services, equipment, technologies, systems of operation, programs, policies, standards, techniques, requirements and specifications, the Brand Standards Manual, the identity of and services to clients, records of clients and billings, methods of advertising and promotion, instructional materials, and other matters all being part of the Right at Home System. You are required to maintain the confidentiality of this information and may not use such information in any other business or in any manner we do not specifically authorize in writing. You may never, during the term of the Franchise Agreement, or after the Franchise Agreement expires or is terminated, reveal any of our confidential information, which will then include contracts for clients served by you, client lists and details of service, to another person or use it for any other person or business. You may not copy any of our confidential information or give it to a third party except as we authorize. Although we own client lists and certain client related data, we are not responsible for complying with HIPAA. You are responsible for complying with HIPAA and for maintaining the confidential nature of client information as required by HIPAA. You are prohibited from transferring client information, except as required by HIPAA.

You will divulge confidential information only to your employees who must have access to it in order to operate the Franchised Business. All information, knowledge and know-how which we designate as confidential will be deemed confidential for purposes of the Franchise Agreement, except information which you can demonstrate lawfully came to your attention before our disclosure of it; or which, at the time of our disclosure to you, had lawfully become a part of the public domain, through publication or communication by others; or which, after our disclosure to you, lawfully becomes a part of the public domain, through publication or communication by others.

You and any of your employees having access to confidential information will be required by us to sign a confidentiality agreement in the form attached as **Exhibit C** to the Franchise Agreement.

If you make or acquire any improvements, including any enhancements, adaptations, derivative works, modifications or new processes in the operation of the Franchised Business, you will grant-back rights in these improvements to us in consideration of the grant of the franchise and without the payment of additional consideration. If we seek patent protection or copyright registration for any improvements, it will do so at our own expense. You will sign or have the creator sign all documents necessary to enable us to apply for intellectual property rights protection and to secure all rights to these improvements. You will have each of your employees sign an agreement requiring employee cooperation with the foregoing requirements. You agree that this does not constitute our consent to your modification of any Right at Home intellectual property or the creation of any derivative work based on any Right at Home copyright and you must obtain our express written consent before making the modification or derivative work.

The Brand Standards Manual and the Best Practices Manual belongs to us and we have the right to terminate your access upon the expiration or termination of the Franchise Agreement. You may not make any disclosure, duplication, or other unauthorized use of any portion of the Brand Standards Manual or the Best Practices Manual.

You must keep the passwords and any access codes to the Brand Standards Manual and Best Practices Manual confidential. If there is a dispute with the contents of the Brand Standards Manual or the Best Practices Manual, the terms of our master copy will control.

You must not use, in advertising or any other form of promotion, the copyrighted materials, trademarks, service marks or commercial symbols of Right at Home without the appropriate notices which may be required by law or us, including ©, ® or other copyright registration notices or the designations <sup>TM</sup>, <sup>SM</sup> where appropriate or an indication that the Marks described in Item 13 and any other Right at Home trademarks or service marks are the trade names, trademarks and service marks of Right at Home or an affiliate. The contents of all material available from us are copyrighted by us unless otherwise indicated.

All rights are reserved by us, and content may not be reproduced, disseminated, published, or transferred in any form or by any means, except with our prior written permission. Despite anything stated or implied to the contrary in this Agreement, Franchisee must not use any of the Marks or copyrighted materials in any manner which has not been specified or approved by us.

To establish the validity of the sale of any Franchised Business for comparable purposes, we reserve the right to disclose information about any such transaction, including, but not limited to the transaction's terms, financing structure, and related marketing materials; the unit's operations and financial performance; and any other related material information.

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

Upon executing the Franchise Agreement, you will designate and retain an individual to serve as your Operating Principal ("**Operating Principal**"). The Operating Principal will have the full authority to act on your behalf in all matters related to the performance of the Franchise Agreement and the operation of the Franchised Business. We have the right to rely on any and all directions, elections, information and other communication from your Operating Principal as being made on your behalf, even if we receive information from any other owner or person who claims to have an ownership interest in you which may be contrary to or different from the information provided by your Operating Principal. We have no duty or obligation to inquire into or resolve any conflicting information provided by your Operating Principal and any other person on your behalf. If you are an individual, you will perform all the obligations of the Operating Principal.

The Operating Principal will, during the entire period he or she serves as such: (i) unless agreed upon in writing by us, maintain a direct or indirect ownership interest in you equal to at least 25% of the ownership interests in you; (ii) establish the operation of the Franchised Business as his or her primary business focus and devote his or her best efforts to the supervision and conduct of the Franchised Business; (iii) meet our standards and criteria for such individual, as outlined in the Brand Standards Manual or otherwise in writing by us; and (iv) satisfy the training requirement discussed in Item 11(F). You must keep us informed of the identity of your Operating Principal.

Even if you designate and retain an Operating Principal, you will remain obligated to oversee the operations of the Franchised Business, and you must devote the necessary time and best efforts for the proper and effective operation of the franchise. You must at all times faithfully, honestly and diligently perform your obligations under the Franchise Agreement(s) and you must not engage in any business or other activities that will conflict with your obligations under the Franchise Agreement.

You are not an agent, legal representative, joint venturer, partner or employee of ours. You will be an independent contractor and are in no way authorized to make any contract, agreement, warranty or representation or to create any obligation, express or implied, on behalf of us.

You, your spouse, and all holders of a legal or beneficial interest in the franchisee entity must personally guarantee the obligations of franchisee to us and enter into a Non-Compete Agreement.

All of your employees having access to confidential information may be required to sign employment agreements with confidentiality agreements in a form approved by us as described in Item 14.

#### **ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must offer and sell only those services and products that we approve as part of the System. You may not offer any products or perform any services that we have not authorized. We periodically may change approved services and/or add products, and there are no limits on our right to do so.

You must not, without our written consent, place in, on or upon the location of the Franchised Business, or in any communication media, any form of advertising, or list with any business, real estate broker, agent or attorney any information concerning the sale of the Franchised Business or the rights granted under the Franchise Agreement.

You must, at all times, hold yourself out as an independent contractor. You must take whatever actions we suggest which clearly indicates that the Franchised Business is independently owned and operated as a Right at Home Franchised Business and not as an agent of ours.

You must cooperate with us by maintaining high standards in the operation of the franchise and you must at all times, give prompt, courteous and efficient service to your clients and not engage in any business or other activities that will conflict with your obligations under the Franchise Agreement. The Franchised Business will, in all dealings with its clients, suppliers and the public, adhere to the highest standards of honesty, integrity, fair dealing, moral and ethical conduct.

We reserve the right to designate certain national or regional accounts that we may develop for the Right at Home System. Your obligation to participate and our policies and procedures for national or regional accounts will be included in the Brand Standards Manual and the Best Practices Manual. We also reserve the right to develop certain national or regional alliance programs. Your obligation to participate and our policies and procedures for national or regional alliance programs will be included in the Brand Standards Manual and the Best Practices Manual.

## **ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

### **THE FRANCHISE RELATIONSHIP**

**This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the agreements attached to this Franchise Disclosure Document.**

#### **FRANCHISE AGREEMENT**

<b>Provisions</b>	<b>Section In Franchise Agreement</b>	<b>Summary</b>
a. Length of the franchise term	Section 2.1	The term is 10 years from the date the Franchise Agreement is signed.
b. Renewal or extension of the term	Section 2.2	If you continuously complied with all of the provisions in the Franchise Agreement, you have 3 separate options intended to renew for the period of 5 years each, subject to the terms and conditions of the then current form of the Franchise Agreement. There is a renewal fee payable to us for each term renewal approved by us equal to 10% of the then current franchise fee at the time of each renewal. The renewal Franchise Agreement will also contain 3 separate options intended to renew for the period of 5 years each, subject to the terms and conditions of the renewal Franchise Agreement.

c. Requirements for franchisee to renew or extend	Sections 2.2, 2.3 and 18.2	For you to renew the Franchise Agreement, you must not be in default under any terms of the Franchise Agreement and substantially have complied with all obligations under the Franchise Agreement; maintain possession of the business Premises; have brought the Franchised Business into compliance with our current standards; have given timely notice of renewal to us; have satisfied all monetary obligations owed to us and any affiliate; have paid the renewal fee, if any; have executed a general release, in form prescribed by Franchisor, of all claims – except those not permitted to be waived under applicable law – against Franchisor and our agents; have signed a current renewal Franchise Agreement which may have materially different terms and conditions than in your original contract; and have met current qualifications and training requirements. You must give us notice of your intent to renew between 8 and 14 months before the Franchise Agreement expires. “Renew” or “renewal” means the continuation of your franchise relationship.
d. Termination by franchisee	Section 16.1	You may terminate the Franchise Agreement if you are in compliance with the Franchise Agreement, and we materially breach the Franchise Agreement, which breach results in a material adverse effect on Franchisee, and fails to cure or begin to cure within 30 days of receiving your written notice.
e. Termination by franchisor without cause	Not Applicable	The Franchise Agreement does not provide for termination without cause.
f. Termination by franchisor with cause	Sections 16.2, 16.3, 16.4, and 16.5	We may terminate the Franchise Agreement if you default under the terms of the Franchise Agreement.

g. "Cause" defined - curable defaults	Sections 16.3, 16.4, 16.5, and 12.13	<p>The following events constitute curable defaults: failure to satisfactorily complete training; violation of and failure to cure any health, safety or sanitation law or conduct your operation in a manner creating a safety hazard; default under the lease for the Premises; failure to establish and continuously maintain an open office within the Designated Area; failure to timely meet with Franchisor after receiving notice from Franchisor ("Section 30.4 Notice"); default under any covenant in Section 15; providing franchise services or products in another franchisee's designated area; failure to pay the Minimum Royalty or contribute the Minimum Brand Marketing and Promotion Fee when due; payments of Continuing Royalty and Brand Marketing and Promotion Fee that are not equal or greater than then Minimum Royalty and/or Minimum Brand Marketing and Promotion Fee for four consecutive Quarters or four Quarters in a 24 month period; after failing to meet the Minimum Quarterly Net Billings you fail or refuse to submit a Performance Improvement Plan, get our approval of a Performance Improvement Plan or comply with a Performance Improvement Plan; failure to meet the Minimum Quarterly Net Billings within the time period specified in a Performance Improvement Plan; or failure or refusal to comply with any provision of the Franchise Agreement or any mandatory specification, standard, or operating procedure prescribed in the Manuals or otherwise directed in writing by us and failure or refusal to such failure or refusal.</p>
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h. “Cause” defined – non-curable defaults	Sections 16.2 and 12.13	<p>The following events constitute noncurable defaults: making a material misrepresentation or omission in the application for the franchise; conviction or plea of no contest to a felony or other crime or offense that can adversely affect the reputation of you or the Franchised Business; unauthorized use of any trade secret, confidential information, proprietary software, your misuse of the Marks, or any portion of the Brand Standards Manual or Best Practices Manual, copyrighted or copyrightable material or patents; abandonment of the business for 5 business days in any consecutive 12 month period; an attempt to or in fact does: (i) surrender or transfer of control of business, or (ii) make unauthorized assignment, or (iii) refuse to assign the Agreement or interest of a deceased or incapacitated controlling owner; submission of reports on 3 or more separate occasions understating Royalty Fees by more than 2% for any accounting periods during the term of the franchise and you do not satisfactorily demonstrate that understatements resulted from inadvertent error; failure to submit payments on 2 or more occasions within any 12 month period; any other franchise agreement with us is terminated by us as a result of your default, other than a default due to your failure to meet the Quarterly Minimum Net Billings requirements of that agreement; you are adjudicated bankrupt, insolvent or make a general assignment for the benefit of creditors; attempt to assign, transfer or sell the clients or identity of clients without our consent; perform Core Services or Ancillary Services in another franchisee’s designated area on 2 or more occasions; fail to meet the Minimum Royalty or Minimum Brand Marketing and Promotion Fee for four consecutive Quarters or more than four Quarters in any consecutive 24 months; or failure to timely submit to arbitration any franchisee quarrel for which we have provided a Notice to Arbitrate. Termination upon bankruptcy may not be enforceable under the federal bankruptcy law (11 U.S.C. Section 101 et seq.).</p>
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i. Franchisee's obligations on termination/non-renewal	Section 17	Your obligations include: cease operations of the Franchised Business; assign lease to us, at our option; stop using the Marks and items bearing the Marks; assign any assumed names to us; de-identify the Premises from any confusingly similar decoration, design or other imitation of a Right at Home Franchised Business; stop advertising as a Franchised Business; terminate all agreements with Required Suppliers; pay all sums owed to us; pay all damages and costs incurred in enforcing the termination provisions of the Franchise Agreement; return all manuals, copyrighted material, and other confidential information to us; sell to us, at our option, all assets of the Franchised Business, including signs, equipment, supplies and items bearing the Marks; assign your telephone and facsimile number, internet and email addresses to us and comply with the covenants not to compete.
j. Assignment of contract by franchisor	Section 18.1	There are no restrictions on our right to assign except that assignee must be financially responsible and economically capable of performing our obligations under the Franchise Agreement and assignee must expressly agree to assume such obligations.
k. "Transfer" by franchisee-defined	Sections 18.2 and 18.3	Includes transfer of assets or sale of equity. You may transfer the assets of the Franchised Business and all rights subject to certain restrictions.
l. Franchisor approval of transfer by you	Section 18.4	We have the right to approve all transfers and transferees, but will not unreasonably withhold approval.
m. Conditions for franchisor approval of transfer	Section 18.4	For a transfer to a third party, the transferee must meet our current qualifications, successfully complete the training program, sign the current Franchise Agreement and agree to assume all of the previous franchisee's obligations. You will be required to pay all sums owed to us, including a transfer fee of 50% of the then-current Initial Franchise Fee, or if a Franchise consultant or brokers Commission is payable, 100% of the Initial Franchise Fee. If you are transferring to an entity you owned and formed solely for the purposes of operating the Franchised Business, you must remain the owner of the majority interest of that entity.
n. Franchisor's right of first refusal to acquire your business	Section 20	We have the right of first refusal to purchase a Franchised Business that is for sale and for which you have received a good faith offer to purchase. We have 30 days from notice of the offer to purchase the Franchised Business or its assets at the same terms as those contained in the offer.

o. Franchisor's option to purchase your business	Section 17.10	We are not obligated to do so, but, if the franchise is terminated or expires, we may purchase the assets of the Franchised Business at fair market value within 30 days after expiration or termination of the Franchise Agreement.
p. Death or disability of franchisee	Section 19	Your heirs, beneficiaries, devisees or legal representatives can apply to us to continue operation of the Franchised Business, or sell or otherwise transfer interest in the Franchised Business for 180 days after the death or incapacity. If they fail to do so, the Franchise Agreement will terminate and we will have the option to buy the assets used to operate the Franchised Business.
q. Non-competition covenants during the term of the franchise	Section 15.3	You must not divert or attempt to divert any business or client to a competitor, or perform any act which may harm the goodwill associated with the Marks and the System; other than for caregivers, employ or seek to employ any person we then employed or another franchisee of ours or otherwise cause that person to leave his or her employ without a mutual agreement between franchisees; or own or otherwise have any interest in any business (including a business operated before entry into the Franchise Agreement) specializing in offering or providing in-home assistance, companionship or staffing services or related services the same as or similar to any product or service provided in the System or offering or providing services or products that are the same as or similar to any component to the operation of the Franchised Business or System (referrals to provide Services are excluded).
r. Non-competition covenants after the franchise is terminated or expires	Section 15	You must not own or operate a business or become an employee of a business, which provides non-medical in-home assistance and companionship services, healthcare, supplemental staffing or related services the same as or similar to other or services provided through the System for a period of 1½ years after the Franchise Agreement terminates, expires or is transferred within 10 miles of the outer boundaries of the Designated Area. You must not solicit current or past customers, accounts, or clients serviced by the Franchised Business or any other franchisee's franchised business or referral sources for a period of 1 ½ years after the Franchise Agreement terminates, expires or is transferred. You must not, for a period of 1 ½ years after the Franchise Agreement terminates, expires or is transferred provide services or products that are the same as or similar to a component to the operation of the Franchised Business or System to any party.

s. Modification of the agreement	Section 26	The Franchise Agreement can be modified only by written agreement between us and you. We may modify or change the System through changes in the Brand Standards Manual.
t. Integration/merger clause	Sections 26 and 27	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable. No claim made in any franchise agreement is intended to disclaim the express representations made in this Franchise Disclosure Document.
u. Dispute resolution by arbitration or mediation	Section 29	Any dispute or claim relating to or arising out of the Franchise Agreement must be resolved exclusively by mandatory arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association (“AAA”) or another arbitration service agreed to by the parties. Any proceedings will be conducted at the AAA’s Omaha, Nebraska office. In addition, Owners of your Franchised Business are obligated to submit arguments between themselves to arbitration if Franchisor so orders.
v. Choice of forum	Section 28	All other disputes must be brought only in the United States District Court of the District of Nebraska and the Courts of Nebraska sitting in Douglas County, Nebraska (subject to applicable state law).
w. Choice of law	Section 28	Nebraska law applies, (subject to state law), except that disputes regarding the Marks are governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sec. 1051 et seq.).

#### **ITEM 18. PUBLIC FIGURES**

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

#### **ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS**

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

#### **BACKGROUND**

This Item 19 sets forth certain historical financial performance data as provided by our franchisees and that is the basis and written substantiation for the representations included below. The representations made in this Item 19 are based upon the franchise system’s Businesses that existed for the periods of time indicated below and are not made up of any other subset of those Businesses. These Businesses all offered

similar services and do not differ materially from the type of Business described in this disclosure document.

Written substantiation of the data used in preparing this information and for the financial performance representation made in this Item 19 will be made available to prospective franchisees upon reasonable request.

For the purpose of this Item 19, “**Net Billings**” means the total of all revenues from the operation of the Franchised Business whether received in cash, services in kind, from barter and/or exchange, on credit (whether or not payment is received therefore) or otherwise. Net Billings does not include the amount of all sales tax receipts or similar tax receipts which, by law, are chargeable to clients, if such taxes are separately stated when the client is charged and if such taxes are paid to the appropriate taxing authority. In addition, Net Billings does not include the amount of any documented refunds, chargebacks, credits and allowances given in good faith to clients by franchisee and the amount of mileage and out-of-pocket expenses incurred by and reimbursed to your employees in connection with providing services to clients.

Importantly, the success of your franchise will depend largely upon your personal abilities, your use of those abilities and your market. The financial results of your franchise will likely differ, perhaps materially, from the results summarized in this item.

#### **AVERAGE NET BILLINGS**

Tables 1, 1A and 2 presented below contain certain information related to Net Billings realized by our franchisees for the period beginning January 1, 2017 and ending December 31, 2017. The opening date of a Franchised Business is the date the Franchisee is able to take on his or her first client.

The information and figures regarding Net Billings presented in Table 1 below is based upon information reported to us by Right at Home Franchisees for 447 Franchised Businesses. Table 1A below is based upon information reported to us by 271 Franchisee Entities whose Franchised Businesses had been open for at least 12-months for the period ending December 31, 2017 and reported Net Billings. NOTE: Right at Home has not audited this information, nor have we independently verified this information. The information is for the period commencing January 1, 2017 through December 31, 2017. The information has been extracted from actual franchise reports made to Right at Home. The Franchised Businesses classified below, together with the breakdown of information, represent only those franchisees that reported data to us as specifically noted following the Net Billings Information table. The information may be used to evaluate the experience of existing Right at Home Franchised Businesses. The information is not a projection or forecast of what a new franchisee may experience.

Some franchisees have earned these amounts. Your individual results may differ. There is no assurance that you will sell as much.

*(Remainder of page intentionally left blank)*

Table 1: Net Billings Information for Franchised Offices Open at Least One Year										
Right at Home Franchised Offices Months in Business	Total Offices	Average Net Billings	Median Net Billings	Number & % of Offices that Attained or Exceeded the Average Revenue Amount		Number & % of Offices that Attained or Exceeded the Median Revenue Amount		Highest Offices Net Billings	Lowest Offices Net Billings	Average Percent Increase over 2017
73 Months Plus	170	\$1,637,730.30	\$1,185,406.33	55	32%	86	51%	\$12,615,267.46	\$113,100.66	4.3%
61 To 72 Months	18	\$1,089,875.66	\$1,053,170.71	8	44%	9	50%	\$2,454,465.68	\$306,902.16	15.2%
49 To 60 Months	31	\$914,457.17	\$729,327.97	11	35%	16	52%	\$3,635,392.34	\$142,470.19	18.5%
37 To 48 Months	25	\$576,066.83	\$443,650.17	12	48%	13	52%	\$1,575,012.33	\$133,033.37	16.54%
25 To 36 Months	31	\$541,488.47	\$423,357.34	10	32%	16	52%	\$1,774,566.37	\$57,251.37	48.21%
13 To 24 Months	23	\$336,764.64	\$249,687.61	9	39%	12	52%	\$821,572.87	\$36,730.34	*
All Offices Open One Year or More Ending 2017	298	\$1,225,448.39	\$838,723.43	99	33%	149	50%	\$12,615,267.46	\$36,730.34	8.5%

\*Percent not included because the Franchised Businesses were open less than 12 months in 2017.

Table 1A: Net Billings Information by Franchisee Entity for Franchised Businesses Open at Least One Year									
Number of Franchisee Entities	Total # of Franchised Businesses Owned by Franchisee Entities	Average Net Revenue per Franchisee Entity	Number and % of Franchisee Entities Meeting or Exceeding Average		Median Net Revenue per Entity	Number and % of Franchisee Entities Meeting or Exceeding Median		Highest Franchisee Entity Net Revenue	Lowest Franchisee Entity Net Revenue
271	447	\$1,636,831.61	102	38%	\$1,223,923.64	136	50%	\$12,615,267.46	\$36,730.34

**Notes to Tables 1 and 1A:**

Table 1 includes data reported by 447 Franchised Businesses operated by franchisees that reported Net Billings during 2017. Five franchisees that operate multiple Franchised Businesses aggregated their data and did not report to us separate data for each of their Franchised Businesses. Twenty franchises transferred ownership of their Franchised Businesses during 2017. Table 1 includes information only for those Franchised Businesses that have an Office in their Designated Area.

Table 1A is the data reported for each of the 447 Franchised Businesses operated by franchisees that reported Net Billings during 2017. A Franchisee Entity may own and operate more than one Franchised Business that is under common ownership with other Franchised Businesses. Net Billings data for those Franchised Businesses were reported based on the date the respective original Franchised Businesses opened. Written substantiation of this information is available upon request. Table 1A includes information for Franchised Businesses that have Offices both within and outside their Designated Area.

The term “Office” in Table 1 refers to a Designated Area that has an office located within it where at least one Franchised Business operates. The term “Franchisee Entity” means a franchisee that owns one or more Franchised Business. The Franchised Businesses in Table 1A include all the Right at Home Franchised Businesses owned by a Franchisee Entity, including those that operate from an office outside its Designated Area.

<b>Table 2: Net Billings of Franchised Businesses</b>		
<b>2017 Net Billings</b>	<b># Franchised Businesses</b>	<b>Percent</b>
<b>Over \$1,000,000</b>	150	34%
<b>\$750,001 - \$1,000,000</b>	52	12%
<b>\$500,001 - \$750,000</b>	70	16%
<b>\$250,001 - \$500,000</b>	101	23%
<b>\$0-250,000</b>	74	17%
<b>Total Franchised Businesses</b>	447	

**Notes to Table 2:**

Table 2 is the data reported for all of the 447 Franchised Businesses operating for the full 12 months from January 1, 2017 to December 31, 2017 that reported Net Billings.

<b>Table 3-A: Average Business Performance as a Percentage of Net Billings (Average Performance Table)</b>			
<b>Year</b>	<b>Gross Margin %</b>	<b>Office Payroll %</b>	<b>Marketing %</b>
2010	37.89%	14.75%	2.87%
2011	37.13%	10.36%	2.09%
2012	37.44%	10.27%	1.33%
2013	37.29%	10.56%	1.30%
2014	38.26%	10.76%	1.46%

<b>Table 3-A: Average Business Performance as a Percentage of Net Billings (Average Performance Table)</b>			
<b>Year</b>	<b>Gross Margin %</b>	<b>Office Payroll %</b>	<b>Marketing %</b>
2015	38.03%	11.08%	2.10%
2016	38.71%	10.93%	2.11%
2017	39.22%	10.67%	2.06%

**Notes to Table 3-A:**

The average performance Table 3-A sets forth the year-by-year average business performance of our franchisees based on those costs listed and then measured against their Net Billings. As used in the average performance Table 3-A:

1. Gross Margin means Net Billings less the Cost of Goods Sold. Cost of Goods Sold includes all direct costs related to direct care staff, including wages, workers compensation insurance, crime–fidelity employee dishonesty coverage and other professional and general liability insurance. Payroll taxes and payroll related insurance are included in the Cost of Goods Sold both for office staff and direct care staff because they were combined in the information reported to us by these franchisees.
2. Office Payroll means all wages for office staff employees. Payroll taxes and payroll related insurance are included in Cost of Goods Sold.
3. Marketing costs are those associated with marketing and promoting the business, including such items as local telephone directory advertising, web-based advertising, media advertising, and trade show fees.

In Table 3-A you will find financial data reported only from those Franchised Businesses that had been open for at least the entire year indicated. For the year ending 12/31/2010, we received complete financial data from 112 of the 168 (67%) Franchised Businesses. For the year ending 12/31/2011, we received complete financial data from 163 of the 191 (85%) Franchised Businesses. For the year ending 12/31/2012, we received complete financial data from 198 of the 229 (87%) Franchised Businesses. For the year ending 12/31/2013, we received complete financial data from 224 of the 249 (90%) Franchised Businesses. For the year ending 12/31/2014, we received complete financial data from 310 of the 316 (98%) Franchised Businesses. For the year ending 12/31/2015, we received complete financial data from 332 of the 367 (90%) Franchised Businesses. For the year ending 12/31/2016, we received complete financial data from 369 of the 402 (92%) Franchised Businesses included in Table 1A. For the year ending 12/31/2017, we received complete financial data from 396 of the 447 (89%) Franchised Businesses included in Table 1A.



For purposes of this financial performance representation, the following Tables, 3-B and 3-C, show the number and percentages of Franchised Businesses that attained or surpassed the averages stated (surpassed means their performance was better than the average):

<b>Number and Percent of Franchised Businesses Meeting or Surpassing Average Table 3-B</b>		<b>Table 3-C</b>		
<b>Year</b>	<b>Gross Margin</b>	<b>Year</b>	<b>Office Payroll</b>	<b>Marketing</b>
<b>2010</b>	58 (52%)	<b>2010</b>	85 (76%)	88 (79%)
<b>2011</b>	86 (57%)	<b>2011</b>	79 (53%)	111 (74%)
<b>2012</b>	110 (55%)	<b>2012</b>	108 (54%)	104 (52%)
<b>2014</b>	126 (56%)	<b>2013</b>	133 (59%)	122 (55%)
<b>2014</b>	168 (54%)	<b>2014</b>	127 (41%)	128 (41%)
<b>2015</b>	189 (51%)	<b>2015</b>	130 (35%)	157 (43%)
<b>2016</b>	186(50%)	<b>2016</b>	207(56%)	142(38%)
<b>2017</b>	210(53%)	<b>2017</b>	220(56%)	143(36%)

#### **Notes to Tables 3-A, 3-B and 3-C:**

The information contained in Tables 3-A, 3-B and 3-C and related Sections is historical, based on cost experience reported. The information is not a projection or forecast of what Net Billings or costs a new franchisee may experience. These are not the only costs associated with the business. There is no assurance your costs will be comparable to our other franchisees.

#### **SYSTEMWIDE NET BILLINGS**

Table 4 presented below contains certain information related to Net Billings realized by all of our franchisees for the period beginning January 1, 2001 (the first full year after we began selling franchises) and ending December 31, 2017.

The information and figures regarding Net Billings presented in Table 4 below are based upon information reported to us by all Right at Home franchisees whose Franchised Businesses had been open for any period of time during the period beginning January 1, 2001 and ending December 31, 2017. During such period, all units offered the same or similar services. NOTE: Right at Home has not audited this information, nor have we independently verified this information. The information is for the period commencing January 1, 2001 through December 31, 2017. The information has been extracted from actual franchise reports made to Right at Home. The information may be used to evaluate the experience of

existing Right at Home Franchised Businesses. This information is not a projection or forecast of what a new franchisee may experience.

<b>Year</b>	<b>Outlets at Start of the Year</b>	<b>Outlets Opened During the Year</b>	<b>Outlets Ceased Operations During the Year</b>	<b>Outlets at the end of the Year</b>	<b>System-Wide Net Billings</b>
2001	1	13	0	14	\$783,857
2002	14	23	1	36	\$4,256,770
2003	36	22	2	56	\$9,366,404
2004	56	25	8	73	\$20,796,593
2005	73	28	2	99	\$38,169,221
2006	99	30	6	123	\$57,120,460
2007	123	35	5	153	\$79,866,042
2008	153	32	8	177	\$109,532,765
2009	177	42	13	206	\$136,020,298
2010	206	23	5	224	\$171,530,811
2011	224	22	6	240	\$202,804,737
2012	240	39	11	268	\$234,162,740
2013	268	78	7	339	\$265,541,764
2014	339	51	12	378	\$306,031,607
2015	378	59	5	432	\$351,988,906
2016	432	47	14	465	\$396,065,770
2017	465	24	14	475	\$439,382,774
				<b>TOTAL</b>	<b>\$2,823,421,519</b>

If you rely upon those figures, you do so at your own risk of not doing as well. Actual results vary from business to business, and we cannot reasonably estimate the result of a particular business operation. Gross Revenues, Net Billings and costs will vary. In particular, the gross revenues and Net Billings of your Franchised Business will be directly affected by many factors, such as: (a) geographic location; (b) competition from other similar businesses in your area; (c) sales and marketing effectiveness based on market saturation; (d) your product and service pricing; (e) vendor prices on materials, supplies and inventory; (f) labor costs; (g) ability to generate clients; (h) client loyalty; and (i) employment conditions in the market. Any such factor may differ materially from those that may exist for a franchise offered to you.

Importantly, you should not consider the Net Billings Information presented to be the actual potential Net Billings that you will realize. We do not represent that you can or will attain those or similar revenues or margins, or any particular level of Net Billings. We do not represent that you will generate income, which exceeds the initial payment for, or investment in, your franchise.

Based on all of the matters mentioned in this Item 19, we recommend that you make your own independent investigation to determine whether or not the franchise may be profitable to you and worth the risk. You should use this information only as a reference in conducting your analysis and in preparing your

own projected income statements and cash flow statements. We suggest strongly that you consult your financial advisor or personal accountant concerning financial projections, federal, state and local income taxes, and any other applicable taxes that you may incur in owning and operating a franchised business.

**The success of your franchise will depend largely upon your individual abilities, your use of those abilities, and your market. The financial results of your franchise operations are likely to differ, perhaps materially, from the results summarized in this Item 19.**

A new franchisee's financial results are likely to differ from the results stated in the financial performance representation.

Other than the preceding financial performance representation, Right at Home does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Eric Little, Chief Development Officer, 6464 Center Street, Suite 150, Omaha, Nebraska 68106, (877) 697-7537, the Federal Trade Commission, and the appropriate state regulatory agencies.

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**ITEM 20. OUTLETS AND FRANCHISE INFORMATION**

In the following Table No. 1 you will find the total number of franchised and company-owned outlets for each of our last three fiscal years. For purposes of this Item 20, “outlet” means and includes franchises/outlets of a type substantially similar to that offered to the prospective franchisee.

**Table No. 1**  
**Systemwide Outlet Summary**  
**For Years 2015 to 2017**

<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change (+ or -)</b>
<b>Franchised</b>	<b>2015</b>	378	432	+54
	<b>2016</b>	432	465	+33
	<b>2017</b>	465	475	+10
<b>Company-Owned*</b>	<b>2015</b>	1	1	0
	<b>2016</b>	1*	0	-1
	<b>2017</b>	0	0	0
<b>Total Outlets</b>	<b>2015</b>	<b>379</b>	<b>433</b>	<b>+54</b>
	<b>2016</b>	<b>433</b>	<b>465</b>	<b>+32</b>
	<b>2017</b>	<b>465</b>	<b>475</b>	<b>+10</b>

\*This company owned outlet was transferred to a franchisee in August 2016.

In the following Table No. 2 you will find the total number of franchised outlets transferred in each state during each of our last three fiscal years. For purposes of this Item 20, “transfer” means the acquisition of a controlling interest in a franchised outlet, during its term, by a person other than us or an affiliate of ours. No transfers of outlets from franchisees to new owners for years 2015 to 2017 occurred in the states not included in this table.

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**Table No. 2**  
**Transfers of Outlets from Franchisees to New Owners**  
**(Other than the Franchisor)**  
**For Years 2015 to 2017**

State	Year	Number of Transfers
Alabama	2015	0
	2016	0
	2017	0
Arizona	2015	0
	2016	0
	2017	0
Arkansas	2015	0
	2016	0
	2017	0
California	2015	4
	2016	4
	2017	2
Colorado	2015	1
	2016	1
	2017	0
Connecticut	2015	0
	2016	0
	2017	0
Delaware	2015	0
	2016	0
	2017	0
District of Columbia	2015	0
	2016	0
	2017	0
Florida	2015	4
	2016	0
	2017	3
Georgia	2015	0
	2016	0
	2017	2
Hawaii	2015	0
	2016	0
	2017	0
Idaho	2015	0
	2016	0
	2017	0

State	Year	Number of Transfers
Illinois	2015	0
	2016	1
	2017	0
Indiana	2015	0
	2016	2
	2017	0
Iowa	2015	0
	2016	0
	2017	1
Kansas	2015	0
	2016	0
	2017	0
Kentucky	2015	0
	2016	0
	2017	0
Louisiana	2015	0
	2016	0
	2017	0
Maryland	2015	0
	2016	0
	2017	0
Massachusetts	2015	2
	2016	0
	2017	0
Michigan	2015	2
	2016	1
	2017	0
Minnesota	2015	0
	2016	0
	2017	1
Mississippi	2015	0
	2016	0
	2017	0
Missouri	2015	1
	2016	0
	2017	0
Montana	2015	0
	2016	0
	2017	0
Nebraska	2015	0
	2016	1
	2017	1

State	Year	Number of Transfers
Nevada	2015	0
	2016	0
	2017	0
New Hampshire	2015	0
	2016	0
	2017	1
New Jersey	2015	1
	2016	0
	2017	0
New Mexico	2015	0
	2016	0
	2017	0
New York	2015	1
	2016	0
	2017	0
North Carolina	2015	0
	2016	0
	2017	0
Ohio	2015	0
	2016	1
	2017	2
Oklahoma	2015	0
	2016	0
	2017	0
Oregon	2015	0
	2016	0
	2017	0
Pennsylvania	2015	2
	2016	0
	2017	0
Rhode Island	2015	0
	2016	0
	2017	0
South Carolina	2015	0
	2016	0
	2017	1
South Dakota	2015	0
	2016	0
	2017	0
Tennessee	2015	2
	2016	0
	2017	0

State	Year	Number of Transfers
Texas	2015	0
	2016	3
	2017	5
Utah	2015	0
	2016	0
	2017	1
Vermont	2015	0
	2016	0
	2017	0
Washington	2015	0
	2016	0
	2017	0
West Virginia	2015	0
	2016	0
	2017	0
Wisconsin	2015	0
	2016	0
	2017	0
TOTAL	2015	20
	2016	14
	2017	20

In the following Table No. 3 you will find the status of franchisee-owned outlets located in each state (with at least one outlet) for each of our last three fiscal years.

**Table No. 3**  
**Status of Franchised Outlets**  
**For Years 2015 to 2017**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
Alabama	2015	5	1	0	0	0	0	6
	2016	6	0	0	0	0	0	6
	2017	6	0	0	0	0	0	6
Arizona	2015	10	3	0	0	0	0	13
	2016	13	0	2	0	0	0	11
	2017	11	1	0	0	0	0	12



State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
Arkansas	2015	4	0	0	0	0	0	4
	2016	4	0	0	0	0	0	4
	2017	4	0	0	0	0	0	4
California	2015	59	2	0	0	0	0	61
	2016	61	6	0	0	0	1	66
	2017	66	3	0	0	0	2	67
Colorado	2015	5	0	0	0	0	0	5
	2016	5	0	0	0	0	0	5
	2017	5	1	0	0	0	1	5
Connecticut	2015	9	0	0	0	0	0	9
	2016	9	1	0	0	0	0	10
	2017	10	0	0	0	0	0	10
Delaware	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
District of Columbia	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
Florida	2015	13	8	0	0	0	0	21
	2016	21	9	0	0	0	1	29
	2017	29	7	0	0	0	0	36
Georgia	2015	10	2	0	0	0	0	12
	2016	12	0	0	0	0	0	12
	2017	12	0	0	0	0	1	11
Hawaii	2015	2	1	0	0	0	0	3
	2016	3	0	0	0	0	0	3
	2017	3	0	0	0	0	2	1
Idaho	2015	2	0	0	0	0	2	0
	2016	0	0	0	0	0	0	0
	2017	0	1	0	0	0	0	1
Illinois	2015	15	0	0	0	0	0	15
	2016	15	2	0	0	0	0	17
	2017	17	0	0	0	0	0	17
Indiana	2015	4	2	0	0	0	0	6
	2016	6	2	0	0	0	0	8
	2017	8	0	0	0	0	0	8

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
Iowa	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2
	2017	2	0	0	0	0	0	2
Kansas	2015	3	0	0	0	0	0	3
	2016	3	0	0	0	0	0	3
	2017	3	0	0	0	0	0	3
Kentucky	2015	3	1	0	0	0	0	4
	2016	4	0	0	0	0	0	4
	2017	4	0	0	0	0	0	4
Louisiana	2015	2	0	0	0	0	0	2
	2016	2	1	0	0	0	0	3
	2017	3	0	0	0	0	0	3
Maryland	2015	10	1	0	0	0	0	11
	2016	11	0	0	0	0	0	11
	2017	11	0	0	0	0	0	11
Massachusetts	2015	12	1	0	0	0	0	13
	2016	13	0	0	0	0	0	13
	2017	13	0	0	0	0	0	13
Michigan	2015	22	0	0	0	0	0	22
	2016	22	0	0	0	0	0	22
	2017	22	0	0	0	0	1	21
Minnesota	2015	4	1	0	0	0	0	5
	2016	5	1	0	0	0	1	5
	2017	5	0	0	0	0	1	4
Mississippi	2015	5	0	0	0	0	0	5
	2016	5	0	0	0	0	0	5
	2017	5	0	0	0	0	0	5
Missouri	2015	6	0	0	0	1	0	5
	2016	5	2	0	0	0	0	7
	2017	7	0	0	0	0	0	7
Montana	2015	0	0	0	0	0	0	0
	2016	0	3	0	0	0	1	2
	2017	2	0	0	0	0	0	2
Nebraska	2015	2	0	0	0	0	0	2
	2016	2	1	0	0	0	0	3
	2017	3	0	0	0	0	0	3

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
Nevada	2015	3	0	0	0	0	0	3
	2016	3	0	0	0	0	0	3
	2017	3	0	0	0	0	0	3
New Hampshire	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2
	2017	2	0	0	0	0	0	2
New Jersey	2015	18	2	0	0	0	0	20
	2016	20	1	0	0	0	0	21
	2017	21	0	0	0	0	0	21
New Mexico	2015	1	1	0	0	0	0	2
	2016	2	0	0	0	0	0	2
	2017	2	0	0	0	0	0	2
New York	2015	13	11	0	0	0	0	24
	2016	24	5	0	0	0	0	29
	2017	29	2	0	0	0	2	29
North Carolina	2015	3	0	0	0	0	0	3
	2016	3	6	0	0	0	0	9
	2017	9	0	0	0	0	0	9
North Dakota	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	1	0	0	0	0	1
Ohio	2015	14	3	0	0	0	1	16
	2016	16	2	0	0	0	0	18
	2017	18	4	0	0	0	0	22
Oklahoma	2015	6	0	0	0	0	0	6
	2016	6	0	0	0	0	0	6
	2017	6	0	0	0	0	0	6
Oregon	2015	6	0	0	0	0	0	6
	2016	6	0	0	0	0	1	5
	2017	5	0	0	0	0	0	5
Pennsylvania	2015	24	4	0	0	0	0	28
	2016	28	1	0	0	0	0	29
	2017	29	0	0	0	0	0	29

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
Rhode Island	2015	0	1	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
South Carolina	2015	8	4	0	0	0	0	12
	2016	12	0	0	0	0	3	9
	2017	9	1	0	0	0	0	10
South Dakota	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
Tennessee	2015	8	0	0	0	0	0	8
	2016	8	1	0	0	0	0	9
	2017	9	1	0	0	0	0	10
Texas	2015	33	4	0	0	0	1	36
	2016	36	1	1	0	0	2	34
	2017	34	0	0	0	0	1	33
Utah	2015	3	2	0	0	0	0	5
	2016	5	0	0	0	0	1	4
	2017	4	0	0	0	0	1	3
Virginia	2015	5	2	0	0	0	0	7
	2016	7	0	0	0	0	0	7
	2017	7	1	0	0	0	1	7
Washington	2015	7	0	0	0	0	0	7
	2016	7	1	0	0	0	0	8
	2017	8	1	0	0	0	1	8
West Virginia	2015	4	0	0	0	0	0	4
	2016	4	0	0	0	0	0	4
	2017	4	0	0	0	0	0	4
Wisconsin	2015	8	2	0	0	0	0	10
	2016	10	1	0	0	0	0	11
	2017	11	0	0	0	0	0	11
TOTAL	2015	378	59	0	0	1	4	432
	2016	432	47	3	0	0	11	465
	2017	465	24	0	0	0	14	475

In the following Table No. 4 you will find the status of company-owned outlets located in each state (with at least one outlet) for each of our last three fiscal years.

**Table No. 4**  
**Status of Company-Owned Outlets**  
**For Years 2015 to 2017**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Nebraska	2015	1	0	0	0	0	1
	2016	1	0	0	0	1	0
	2017	0	0	0	0	0	0
TOTAL	2015	1	0	0	0	0	1
	2016	1	0	0	0	1	0
	2017	0	0	0	0	0	0

In the following Table No. 5 you will find projected new franchised and company-owned outlets.

**Table No. 5**  
**Projected Openings as of December 31, 2018**

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal year	Projected New Company-Owned Outlets in the Next Fiscal Year
Alabama	0	1	0
Alaska	0	0	0
Arizona	0	1	0
Arkansas	0	0	0
California	0	3	0
Colorado	0	0	0
Connecticut	0	0	0
Delaware	0	0	0
District of Columbia	0	0	0
Florida	1	2	0
Georgia	0	0	0
Hawaii	0	0	0
Idaho	0	0	0
Illinois	0	0	0
Indiana	0	0	0
Iowa	0	0	0

<b>State</b>	<b>Franchise Agreements Signed But Outlet Not Opened</b>	<b>Projected New Franchised Outlets in the Next Fiscal year</b>	<b>Projected New Company-Owned Outlets in the Next Fiscal Year</b>
Kansas	0	1	0
Kentucky	0	0	0
Louisiana	0	0	0
Maine	0	1	0
Maryland	0	0	0
Massachusetts	0	0	0
Michigan	0	1	0
Minnesota	1	1	0
Mississippi	1	0	0
Missouri	0	1	0
Montana	0	0	0
Nebraska	0	0	0
Nevada	0	0	0
New Hampshire	0	1	0
New Jersey	0	0	0
New Mexico	0	0	0
New York	0	1	0
North Carolina	0	0	0
North Dakota	0	0	0
Ohio	0	2	0
Oklahoma	0	0	0
Oregon	0	0	0
Pennsylvania	0	1	0
Rhode Island	0	0	0
South Carolina	0	1	0
South Dakota	0	0	0
Tennessee	0	1	0
Texas	0	2	0
Utah	0	0	0
Vermont	0	0	0
Virginia	0	2	0
Washington	0	1	0
West Virginia	0	0	0
Wisconsin	0	1	0

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal year	Projected New Company-Owned Outlets in the Next Fiscal Year
Wyoming	0	0	0
<b>Totals</b>	<b>3</b>	<b>25</b>	<b>0</b>

**Exhibit G** lists the names of all current franchises and the addresses and telephone numbers of their outlets as of December 31, 2017.

**Exhibit H** lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, cancelled, not-renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during our most recently completed fiscal year or who had not communicated with us within 10 weeks of the issuance date of this Franchise Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with Right at Home. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

During the last three (3) fiscal years, one current or former franchisee signed a confidentiality clause that restricted them from discussing with you their experiences as a franchisee in our franchise system.

**Exhibit I-1** lists, to the extent known, the names, addresses, telephone numbers, e-mail address and Web address of each trademark-specific franchisee organization associated with the franchise system being offered which we have created, sponsored or endorsed.

**Exhibit I-2** lists the independent franchisee organizations that have asked to be included in this disclosure document.

## **ITEM 21. FINANCIAL STATEMENTS**

Attached as **Exhibit D** are the following: consolidated audited financial statements for our parent, RiseMark Holdings, LLC and its subsidiaries as of December 31, 2017 and 2016 and for the year ended December 31, 2017 and for the period from August 15, 2016 to December 31, 2016. Also attached are the consolidated financial statements for RiseMark Brands, Inc. n/k/a RiseMark Brands, LLC for the period ending December 31, 2015. Our parent, RiseMark Holdings, LLC has guaranteed our performance with you. A copy of the Guaranty of Performance is included as **Exhibit D**.

Our fiscal year end is December 31.

## **ITEM 22. CONTRACTS**

The following agreements are attached as Exhibits to this Franchise Disclosure Document:

- B. Franchise Agreement (including the following exhibits):
  - A. Franchise Fee and Designated Area
  - B. Guaranty and Assumption of Obligations
  - C. Confidentiality and Non-Compete Agreement
  - D. Renewal Addendum
  - E. Form of Business Associate Agreement
  - F. Multiple Unit Amendment
  - G. Skilled Care Amendment
- E. Franchisee Disclosure Questionnaire
- F. Multi-State Addendum

## **ITEM 23. RECEIPTS**

You will find copies of a detachable receipt in **Exhibit J** at the very end of this Franchise Disclosure Document.



**EXHIBIT A TO THE FRANCHISE DISCLOSURE DOCUMENT**  
**LIST OF STATE AGENTS FOR SERVICE OF PROCESS**  
**AND STATE ADMINISTRATORS**

**EXHIBIT A TO THE FRANCHISE DISCLOSURE DOCUMENT****LIST OF STATE ADMINISTRATORS  
AND AGENTS FOR SERVICE OF PROCESS**

<b>STATE</b>	<b>STATE ADMINISTRATOR</b>	<b>AGENT FOR SERVICE OF PROCESS</b>
<b>CALIFORNIA</b>	California Department of Business Oversight One Sansome Street, Suite 600 San Francisco, CA 94104 415-972-8559 1-866-275-2677	Commissioner of the California Department of Business Oversight 320 West 4th Street, Suite 750 Los Angeles 90013-2344 1-866-275-2677
<b>CONNECTICUT</b>	Securities and Business Investment Division Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103 860-240-8230	Connecticut Banking Commissioner Same Address
<b>FLORIDA</b>	Department of Agriculture & Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, FL 32399-0800 850-245-6000	Same
<b>GEORGIA</b>	Office of Consumer Affairs 2 Martin Luther King Drive, S.E. Plaza Level, East Tower Atlanta, GA 30334 404-656-3790	Same
<b>HAWAII</b>	State of Hawaii Business Registration Division Securities Compliance Branch Dept. of Commerce and Consumer Affairs 335 Merchant Street, Room 205 Honolulu, HI 96813 808-586-2722	Hawaii Commissioner of Securities Same Address
<b>ILLINOIS</b>	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 217-782-4465	Illinois Attorney General Same Address
<b>INDIANA</b>	Securities Commissioner Indiana Securities Division 302 West Washington Street, Room E 111 Indianapolis, IN 46204 317-232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
<b>IOWA</b>	Iowa Securities Bureau Second Floor Lucas State Office Building Des Moines, IA 50319 515-281-4441	Same
<b>KENTUCKY</b>	Kentucky Attorney General's Office Consumer Protection Division 1024 Capitol Center Drive Frankfort, KY 40602 502-696-5389	Same
<b>LOUISIANA</b>	Department of Urban & Community Affairs Consumer Protection Office 301 Main Street, 6th Floor One America Place Baton Rouge, LA 70801 504-342-7013 (gen. info.) 504-342-7900	Same
<b>MAINE</b>	Department of Business Regulations State House - Station 35 Augusta, ME 04333 207-298-3671	Same
<b>MARYLAND</b>	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 410-576-6360	Maryland Securities Commissioner Same Address
<b>MICHIGAN</b>	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 525 W. Ottawa Street G. Mennen Williams Building, 1 <sup>st</sup> Floor Lansing, MI 48913 517-373-7117	Michigan Department of Commerce Corporations and Securities Bureau Same Address
<b>MINNESOTA</b>	Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 500 St. Paul, MN 55101 651-296-4026	Minnesota Commissioner of Commerce Same Address
<b>NEBRASKA</b>	Department of Banking and Finance 1230 "O" Street, Suite 400 Lincoln, NE 68508 P.O. Box 95006 Lincoln, Nebraska 68509-5006 402-471-2171	Same

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
<b>NEW HAMPSHIRE</b>	Attorney General Consumer Protection and Antitrust Bureau State House Annex Concord, NH 03301 603-271-3641	Same
<b>NEW YORK</b>	Bureau of Investor Protection and Securities New York State Department of Law 120 Broadway, 23rd Floor New York, NY 10271 212-416-8222	Secretary of State of New York 99 Washington Street Albany, New York 12231
<b>NORTH CAROLINA</b>	Secretary of State's Office/Securities Division 2 South Salisbury Street Raleigh, NC 27601 919-733-3924	Secretary of State Secretary of State's Office Same Address
<b>NORTH DAKOTA</b>	North Dakota Securities Department 600 East Boulevard Avenue State Capitol, Fifth Floor Bismarck, ND 58505-0510 701-328-4712; Fax: 701-328-0140	North Dakota Securities Commissioner Same Address
<b>OHIO</b>	Attorney General Consumer Fraud & Crime Section State Office Tower 30 East Broad Street, 15th Floor Columbus, OH 43215 614-466-8831 or 800-282-0515	Same
<b>OKLAHOMA</b>	Oklahoma Securities Commission 2915 Lincoln Blvd. Oklahoma City, OK 73105 405-521-2451	Same
<b>OREGON</b>	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 96310 503-378-4387	Director Department of Insurance and Finance Same Address
<b>RHODE ISLAND</b>	Rhode Island Department of Business Regulation Securities Division John O. Pastore Center – Building 69-1 1511 Pontiac Avenue Cranston, RI 02920 401-222-3048	Director, Rhode Island Department of Business Regulation Same address

<b>STATE</b>	<b>STATE ADMINISTRATOR</b>	<b>AGENT FOR SERVICE OF PROCESS</b>
<b>SOUTH CAROLINA</b>	Secretary of State P.O. Box 11350 Columbia, SC 29211 803-734-2166	Same
<b>SOUTH DAKOTA</b>	South Dakota Department of Labor and Regulation Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, SD 57501 605-773-4823	Director of the South Dakota Division of Insurance, Securities Regulation Same Address
<b>TEXAS</b>	Secretary of State Statutory Documents Section P.O. Box 12887 Austin, TX 78711-2887 512-475-1769	Same
<b>UTAH</b>	Utah Department of Commerce Consumer Protection Division 160 East 300 South (P.O. Box 45804) Salt Lake City, UT 84145-0804 TELE: 801-530-6601 FAX: 801-530-6001	Same
<b>VIRGINIA</b>	State Corporation Commission Division of Securities and Retail Franchising Tyler Building, 9 <sup>th</sup> Floor 1300 E. Main Street Richmond, VA 23219 804-371-9733	Clerk of the State Corporation Commission Tyler Building, 1st Floor 1300 E. Main Street Richmond, VA 23219 804-371-9051
<b>WASHINGTON</b>	Department of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501 360-902-8762	Director, Dept. of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501
<b>WISCONSIN</b>	Wisconsin Dept. of Financial Institutions Division of Securities 345 W. Washington Avenue, 4th Floor Madison, WI 53703 608-266-8557	Wisconsin Commissioner of Securities Same Address

**EXHIBIT B TO THE FRANCHISE DISCLOSURE DOCUMENT**

**FRANCHISE AGREEMENT AND RELATED MATERIALS**



**Right at Home, LLC**

**FRANCHISE AGREEMENT**

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## EXHIBITS

- A. FRANCHISE FEE, DESIGNATED AREA AND OWNERS
- B. GUARANTY AND ASSUMPTION OF OBLIGATIONS
- C. CONFIDENTIALITY AND NON-COMPETE AGREEMENT
- D. RENEWAL ADDENDUM
- E. FORM OF BUSINESS ASSOCIATE AGREEMENT
- F. MULTIPLE UNIT AMENDMENT **[NOTE: DELETE FOR SINGLE UNIT FRANCHISE AGREEMENTS]**
- G. SKILLED CARE AMENDMENT **[NOTE: DELETE IF NOT APPLICABLE]**

**Right at Home, LLC**

**FRANCHISE AGREEMENT**

This Franchise Agreement, together with the Exhibits attached to it (collectively “this **Agreement**”), made by and between Right at Home, LLC, a limited liability company formed under the laws of the State of Delaware and having its principal place of business at 6464 Center Street, Suite 150, Omaha, Nebraska 68106 (“**Franchisor**”), and \_\_\_\_\_ whose principal address is \_\_\_\_\_, an individual/partnership/corporation/limited liability company resident/established in the State of \_\_\_\_\_\* (“**Franchisee**”) and is effective as of the date Franchisor executes this Agreement as indicated on the signature page hereto (“**Effective Date**”).

**WITNESSETH:**

WHEREAS, Franchisor, over a period of time and as the result of extensive research and the expenditure of time, expertise, effort and money, has developed a business system (the “**System**”) that is owned by Franchisor and identified by the trade names “RIGHT AT HOME” and “RAH STAFFING SERVICES”, relating to the establishment, development and operation of a business providing hands-on personal care, non-medical care, in-home care assistance and companionship care services to seniors and other adults (the “**Core Services**”); and, (i) supplemental staffing services for nursing homes, hospitals and other medical settings; (ii) skilled care and other in-home medical care; and, (iii) other related products, materials, and equipment that Franchisor has or may develop and implement that franchisees are authorized, but not required to provide (the “**Ancillary Services**”) (the Core Services and the Ancillary Services are collectively referred to as the “**Franchise**”); and

WHEREAS, the distinguishing characteristics of the System and the Franchise include, without limitation, established programs, resources and support services, exclusively designed signage, equipment, products, and materials; the Right at Home confidential brand standards manual (the “**Brand Standards Manual**”) and best practices manual (the “**Best Practices Manual**”). The Brand Standards Manual and the Best Practices Manual are collectively referred to herein as the “**Manuals**”; uniform policies, operating methods, procedures and techniques; other confidential operations procedures; and methods and techniques for record keeping and reporting, personnel management and training, marketing and advertising, all of which may be changed, improved and further developed by Franchisor from time to time; and

WHEREAS, Franchisor is the owner of the right, title and interest, together with all the goodwill connected with them, in and to the trade names, service marks and trademarks “RIGHT AT HOME” and “RAH STAFFING SERVICES”, associated logos, commercial symbols and such other trade names, service marks and trademarks as are now designated (and may hereinafter be designated by Franchisor) as part of the System (individually, “**Mark**”; collectively, “**Marks**”); and, in accordance with the terms and conditions of this Agreement, has licensed to Franchisee the right to use the Marks in the operation of a Franchise; and

WHEREAS, Franchisor will continue to develop, use and control such Marks for the benefit and use of itself and its franchisees in order to identify for the public the source of services and products, materials and equipment marketed thereunder and to represent the System’s high standards of quality; and

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If Franchisee is a resident of or if the Franchised Business is to be located in a registration State, then State Addenda is attached and modifies this Agreement in accordance with its provisions.

WHEREAS, Franchisor grants and licenses to certain qualified persons and entities the right to own and operate a Franchise providing Core Services and Ancillary Services that are authorized and approved by Franchisor in utilizing the System and Marks; and

WHEREAS, Franchisee desires to operate a Franchise under the System and wishes to obtain the rights from Franchisor for that purpose, as well as to receive other assistance provided by Franchisor in connection therewith; and

WHEREAS, Franchisee understands and acknowledges the importance of Franchisor's high and uniform standards of quality and service and the necessity of operating a Franchise (sometimes referred to in this Agreement as the "**Franchised Business**") in conformity with Franchisor's standards and specifications; and

WHEREAS, Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received nor relied upon, any warranty or guaranty, express or implied, as to the revenues, profits or success of the business venture contemplated by this Agreement. Franchisee acknowledges that it has read and understands this Agreement, the Franchisor's Franchise Disclosure Document and all of their respective attachments, upon which Franchisee has exclusively relied, and that Franchisee has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees or agents that are contrary to the statements made in this Agreement, Franchisor's Franchise Disclosure Document or their respective attachments.

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other party, hereby agree as follows:

## 1. APPOINTMENT AND FRANCHISE FEE

1.1 Franchisor grants to Franchisee, and Franchisee accepts, as of the Effective Date set forth after Franchisor's signature and pursuant to the terms and conditions of this Agreement, (i) the right to conduct the Franchised Business in accordance with the System, as it may be changed, improved and further developed from time to time; and, (ii) the license to use the Marks, within the Designated Area (described in Section 1.2). Franchisee undertakes the obligation to operate the Franchised Business strictly in accordance with the System and this Agreement, as the System may be changed, improved and further developed from time to time, at a location to be designated, as provided in Section 3 hereof within the Designated Area.

1.2 Neither Franchisor nor any parent, subsidiary or affiliate of Franchisor (collectively, "**Related Entity**") will, conditioned upon Franchisee's full compliance with the terms of this Agreement, so long as this Agreement is in force and effect and Franchisee is not in default under any of the terms of this Agreement, license or operate any other Franchise within the Designated Area, except as specifically set forth in this Agreement. The Designated Area is defined by zip codes and includes a population of between approximately fifteen thousand (15,000) to thirty thousand (30,000) people, who are age sixty-five (65) and older ("**Potential Clients**"). A list of the zip codes for the Designated Area is in Exhibit A. Zip codes are a system of postal codes used by the United States Postal Service ("**USPS**") and are changed by it from time to time. Changes by the USPS may affect the zip codes and the geographic area that makes up Franchisee's Designated Area.

1.3 Notwithstanding the rights granted to Franchisee in Section 1.2, Franchisor retains the sole right to:

1.3.1 Establish and/or license other Franchises at any location outside of the Designated Area as Franchisor deems appropriate;

1.3.2 Establish and license others to establish businesses under other systems using the Marks or other proprietary marks, which businesses may be located within or outside the Designated Area, provided, however, that, except as specifically provided in this Agreement, Franchisor will not license or establish a business offering the Core Services within Franchisee's Designated Area;

1.3.3 Advertise and sell the Core Services and Ancillary Services under other trademarks, service marks and commercial symbols through similar or dissimilar channels of distribution, including, without limitation, by electronic means such as the Internet and websites that Franchisor establishes and pursuant to terms Franchisor deems appropriate outside Franchisee's Designated Area;

1.3.4 Advertise the System on the Internet (including social media) and to create, operate, maintain and modify, or discontinue the use of one or more websites using the Marks;

1.3.5 Offer for sale products that are ancillary or related to the Core Services and Ancillary Services and needs of clients and customers through our website(s) or through such dissimilar channels of distribution within and outside Franchisee's Designated Area;

1.3.6 Acquire the assets or ownership interest of one or more businesses providing Core Services and Ancillary Services similar to those provided at Franchisee's Franchised Business, and franchise, under a service mark or trademark other than the Marks, license or grant the right to others to operate those businesses once acquired, regardless of whether these businesses are located or operating within Franchisee's Designated Area; provided, however, that such businesses will not be granted the rights to use the Marks;

1.3.7 Be acquired by an entity providing services, products, materials and equipment similar to those provided at Franchisee's Franchised Business, even if such business operates, franchises and/or licenses competitive businesses in Franchisee's Designated Area; provided, however, that any business operated directly or indirectly by such acquirer that is similar to the Franchise will not be granted the right to operate using the Marks in the Designated Area;

1.3.8 Engage in joint marketing programs with partner companies and all forms of sales through the Internet or any other form of electronic media (including social technology, social media and social networking platforms); and

1.3.9 Engage in any other activities not expressly prohibited in this Agreement.

1.4 Franchisee will use its best efforts to confine all advertising and promotion (including using online or traditional media), use of Promotional Materials (as defined in Section 9.1), solicitation, and similar efforts to the Designated Area, except as may be authorized by written communication from Franchisor. Franchisee will confine the performance of all services and the supply of all related products, materials and equipment to clients located in the Designated Area, except as may be authorized by written communication from Franchisor. If Franchisee wishes to provide Core Services or Ancillary Services or any other related products, materials and equipment outside of its Designated Area, then Franchisee must first obtain the prior written approval of Franchisor, which Franchisor is under no obligation to grant. Notwithstanding the foregoing, if Franchisor provides its prior written approval, Franchisee may advertise and promote, use Promotional Materials (as defined in Section 9.1), solicit and engage in similar efforts outside of its Designated Area. If Franchisor has granted Franchisee approval to provide Core Services or Ancillary Services or to advertise and promote, use Promotional Materials, solicit and engage in similar efforts outside of Franchisee's Designated Area, Franchisor may withdraw its approval at any time and for any reason without any further obligation to Franchisee. If, before Franchisee executed this Agreement or before Franchisee has established an open office (defined in Section 12.2), another Right at Home franchisee has been serving clients in an area previously unassigned to any franchisee that is now in Franchisee's Designated Area, Franchisor will, in the best interests of continuity of client care, permit that franchisee to continue to serve those clients in

Franchisee's Designated Area. Despite any other provision in this Agreement to the contrary, authority for the disposition and resolution of any request by Franchisee or disagreement that may arise between Franchisor and Franchisee about zip codes, Designated Area make-up, franchisee sales, marketing, promotions, advertising, soliciting, working or rendering services or products, materials or equipment outside of a franchisee's Designated Area will rest with the Franchisor and Franchisor's decision will be final and conclusive.

1.5 In consideration of the Franchise granted in this Agreement, Franchisee will pay to Franchisor, upon execution of this Agreement, a Franchise Fee ("**Franchise Fee**") in the amount set forth on Exhibit A. When paid, the Franchise Fee is fully earned and non-refundable as consideration for expenses incurred by Franchisor, including marketing, researching, awarding, furnishing assistance and services to Franchisee and for Franchisor's lost or deferred opportunity to franchise others.

1.6 If Franchisee desires to offer to its clients Ancillary Services relating to skilled care ("**Skilled Care Services**"), Franchisee must apply for prior written approval from Franchisor, which approval Franchisor has the right to provide or deny.

1.6.1 To be eligible to offer Skilled Care Services, Franchisee must demonstrate to Franchisor's satisfaction that it has met the following conditions:

1.6.1.1 The Franchisee has completed the Right Start Program;

1.6.1.2 The Franchised Business must not have any uncured defaults under the Franchise Agreement;

1.6.1.3 Franchisee or a qualified person designated by Franchisee must have successfully completed Franchisor's training program specifically relating to Skilled Care Services ("**Skilled Care Training Program**");

1.6.1.4 Franchisee must comply with all state and federal laws, including obtaining all applicable licenses and permits, including as required under the applicable Nurse Practitioner's Act;

1.6.1.5 Franchisee must follow the guidelines outlined in the Home Health Policy and Procedure Manual, which Franchisee will be required to purchase from an Approved Supplier;

1.6.1.6 Franchisee must satisfy any other requirements established by Franchisor that Franchisor believes is necessary for a Franchised Business to offer Skilled Care Services, including all insurance requirements; and

1.6.1.7 Franchisee must execute an amendment to this agreement ("**Skilled Care Amendment**") in a form similar to Exhibit G to this Agreement.

1.6.2 If Franchisee and the Franchised Business meet all of these conditions, the Franchised Business may offer Skilled Care Services and, if required by applicable law, determine the referrals for services it will accept based on the skill level of its personnel. Franchisor has the right to revoke its approval for Franchisee to offer Skilled Care Services if Franchisee fails or refuses to continue to meet any of the foregoing conditions.

1.6.3 If Franchisee purchases a Franchised Business that is already approved to offer Skilled Care Services, Franchisee may continue offering Skilled Care Services so long as Franchisee and the

Franchised Business meet all of the above conditions, excluding the condition set forth in Section **Error! Reference source not found.**

1.6.4 If Franchisee purchases a Franchised Business that is not already approved to offer Skilled Care Services, Franchisee and the Franchised Business must meet all of the conditions above.

1.7 Franchisee acknowledges that because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, as it may deem in the best interests of all concerned in any specific instance, to vary standards for any franchisee based upon the peculiarities of the particular site/area or circumstance, density of population, business potential, population of Designated Area, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of such franchisee's business. Franchisee will not be entitled to require Franchisor to grant to Franchisee a like or similar variation under this Agreement.

## **2. TERM AND RENEWAL**

2.1 This Agreement will be effective and binding from the date of its acceptance by Franchisor (as indicated on the signature page) for an initial term equal to ten (10) years (unless sooner terminated in accordance with the terms of this Agreement, with three (3) separate options intended to renew this Agreement for the period of five (5) years each as provided in Section 2.2).

2.2 Subject to the notice provisions in Section 2.3, at the expiration of the initial term (or any renewal term), if this Agreement will then be in full force and effect, and Franchisee will have duly performed all of its terms and conditions, Franchisee will have three (3) separate options to renew this Agreement, subject to the terms and conditions of the then current form of Franchise Agreement, for periods of five (5) years each. A renewal of this Agreement will not grant Franchisee an additional option for successive terms. For the purposes of this Section 2, unless the context clearly indicates otherwise, the words "terms and conditions" of this Agreement will include, but not be limited to, the following:

2.2.1 Franchisee has, during the entire initial term of this Agreement and any subsequent renewals, duly performed all provisions of this Agreement;

2.2.2 Franchisee maintains legal and physical possession of the Premises (as defined in Section 3.1 below) and the Franchised Business is in full compliance with the specifications and standards then applicable for a new or renewing Franchise. Franchisee will also present evidence reasonably satisfactory to Franchisor that Franchisee has the right to remain in possession of the Premises for the duration of any renewal term; or, in the event Franchisee is unable to legally retain possession of the Premises, or, in the judgment of Franchisor, the Franchised Business should be relocated, Franchisee secures substitute premises approved by Franchisor;

2.2.3 Franchisee has given notice of renewal to Franchisor as provided in Section 2.3 below;

2.2.4 Franchisee has satisfied all monetary obligations owed by Franchisee to Franchisor and its Related Entities, including the renewal fee, and has timely met these obligations throughout the term of this Agreement;

2.2.5 Instead of the then-current Franchise Fee or its equivalent, Franchisee has delivered to Franchisor the renewal fee, if any, in the amount of ten percent (10%) of the then-current Franchise Fee that corresponds to the type of Franchise Fee initially paid by Franchisee for the Franchised Business and Franchisee has executed Franchisor's then current form of the Franchise Agreement, or at Franchisor's election has executed renewal documents with appropriate modifications to reflect the fact that the current

form Franchise Agreement relates to the grant of a renewal franchise term, which Franchise Agreement or renewal documents will supersede in all respects this Agreement, and the terms of this Agreement. Despite the foregoing, upon renewal (i) the Royalty Fee described in Section 10 will not exceed five percent (5%) of the Net Billings derived from the Franchised Business, and (ii) unless otherwise provided in this Agreement, the Designated Area will not be changed unless mutually agreed to in writing by Franchisee and Franchisor; and

2.2.6 Franchisee and its owners have executed a general release, in a form prescribed by Franchisor, of any and all existing claims against Franchisor and its respective officers, directors, agents and employees, except such claims as are not permitted to be waived under applicable law.

2.3 Unless the context of this Agreement clearly indicates otherwise, the words “**term of this Agreement**” will include and apply to the initial term and any renewal term. If Franchisee desires to exercise its option to renew this Agreement at the expiration of the then current term of this Agreement, Franchisee must give Franchisor written notice of its desire to renew at least eight (8) months, but not more than fourteen (14) months, prior to the expiration of the then current term of this Agreement. Within sixty (60) days after its receipt of such timely notice, Franchisor will furnish Franchisee with a copy of Franchisor’s current form Franchise Agreement which relates to the grant of a renewal franchise term, in accordance with Section 2.2.5 and written notice of any other requirements, as set forth in Section 2.2, which Franchisee must satisfy as a condition of renewal. Renewal of this Agreement will be conditioned upon Franchisee’s compliance with such requirements and continued compliance with all the terms and conditions of this Agreement up to the date of termination, provided, however, that in the event Franchisee is diligently and in good faith curing any deficiencies as required by Franchisor, the term of this Agreement will be extended for a period of time equal to the number of days required to cure such deficiency as determined by Franchisor.

2.4 If Franchisee does not initiate and comply with the terms and conditions for renewal and the procedures set forth in this Section 2, including signing Franchisor’s then current form of the Franchise Agreement and/or, if Franchisor determines is appropriate, Franchisor’s renewal documents, prior to the tenth (10<sup>th</sup>) or fifth (5<sup>th</sup>) anniversary date of this Agreement, as applicable (the “**Expiration Date**”), then upon notice from Franchisor this Agreement will expire as of the Expiration Date with Franchisee then operating without a Franchise to do so and in violation of Franchisor’s rights.

### **3. BUSINESS LOCATION, ENTITY REQUIREMENTS AND OPERATING PRINCIPAL**

3.1 Franchisee must operate the Franchised Business only within the Designated Area. Franchisee’s open office location for the Franchised Business will be at an open office location separate from any personal residence, nursing facility, assisted living facility (or similar facility) or executive suites and the open office will exist and be used solely and exclusively for the operation of the Franchised Business under this Agreement (“**Premises**”), and will at all times be located within the Designated Area. As used in this Agreement, open office has the meaning set forth in Section 12.2.

3.2 Franchisee will be solely responsible for purchasing or leasing a suitable site and office for the Premises and it will be maintained in the condition and appearance consistent with Franchisor’s standards. While Franchisor will utilize its general experience in providing guidelines and criteria for selection of a Premises location, nothing contained herein will be interpreted as a guarantee of success for said location. The Premises is subject to Franchisor’s approval, which Franchisor has the right to grant or deny. Franchisee acknowledges that Franchisor’s approval of the Premises indicates only that Franchisor believes that the office falls within the acceptable criteria established by Franchisor as of the approval date.

3.3 If Franchisee is a corporation, limited liability company or partnership:

3.3.1 Franchisee will be duly organized, in good standing in its state of origin, and validly existing solely for the exclusive purpose of owning and operating as a Franchised Business duly authorized to do business, and will state that in its organizational documents;

3.3.2 All shareholders, members or partners of Franchisee, as the case may be, will be listed on Exhibit A, together with their ownership interest in Franchisee and will enter into a written agreement, in a form satisfactory to Franchisor, attached hereto as Exhibit B, jointly and severally guaranteeing the full payment and performance of Franchisee's obligations to Franchisor under this Agreement;

3.3.3 Each stock certificate or membership certificate or other evidence of ownership of an equity interest in Franchisee, as the case may be, will have conspicuously endorsed upon it a statement that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed by this Agreement;

3.3.4 The bylaws, operating agreement or partnership agreement of Franchisee, as the case may be, will be in writing and will conspicuously state that all ownership interests in Franchisee are held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed by this Agreement;

3.3.5 No shares of common or preferred voting stock, membership interests or partnership interests (of whatever nature) in Franchisee, as the case may be, will be issued or transferred to any person, partnership, trust, foundation, limited liability company, corporation or other party without obtaining Franchisor's prior written consent and then, only upon and in compliance with this Agreement;

3.3.6 If Franchisee has not done so prior to the execution of this Agreement, Franchisee will deliver copies of Franchisee's organizational documents to Franchisor prior to the execution hereof and from time to time upon Franchisor's request;

3.3.7 Franchisee will not use any Mark or portion of any Mark as part of any corporate or entity name, with any prefix, suffix or other modifying words, terms, designs or symbols or any modified or other confusingly similar form; and

3.3.8 Franchisee will designate, and at all times during the term of this Agreement have, an Operating Principal, in accordance with the requirements set forth in Section 3.4;

3.3.9 Franchisee and each of its shareholders, members or partners, and their respective spouses, as the case may be, will enter into a written Confidentiality and Non-Compete Agreement, in a form satisfactory to Franchisor, attached hereto as Exhibit C.

#### 3.4 If Franchisee is a trust:

3.4.1 Franchisee will be created, in good standing in its state of origin, and have the power to own and operate the Franchised Business and duly authorized to do business, and will state that in its organizational documents;

3.4.2 All trustees and beneficiaries of Franchisee, as the case may be, will be listed on Exhibit A, together with their beneficial interest in Franchisee and the grantor, trustees or beneficiaries, as Franchisor designates, will enter into a written agreement, in a form satisfactory to Franchisor, attached hereto as Exhibit B, jointly and severally guaranteeing the full payment and performance of Franchisee's obligations to Franchisor under this Agreement;



3.4.3 The trust agreement and any other evidence of ownership of an equity or beneficial in Franchisee, as the case may be, will have conspicuously endorsed upon it a statement that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed by this Agreement;

3.4.4 The trust agreement of Franchisee will be in writing and will conspicuously state that all ownership and beneficial interests in Franchisee are held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed by this Agreement;

3.4.5 No equity or beneficial interest in Franchisee, as the case may be, will be transferred to any person, partnership, trust, foundation, limited liability company, corporation or other party without obtaining Franchisor's prior written consent and then, only in compliance with this Agreement;

3.4.6 If Franchisee has not done so prior to the execution of this Agreement, Franchisee will deliver copies of Franchisee's organizational documents to Franchisor prior to the execution hereof and from time to time upon Franchisor's request;

3.4.7 Franchisee will not use any Mark or portion of any Mark as part of any trust or business name, with any prefix, suffix or other modifying words, terms, designs or symbols or any modified or other confusingly similar form;

3.4.8 Franchisee will designate, and at all times during the term of this Agreement have, an Operating Principal, in accordance with the requirements set forth in Section 3.4; and

3.4.9 Franchisee and each of its grantors, trustees and beneficiaries, as Franchisor designates, and their respective spouses, as the case may be, will enter into a written Confidentiality and Non-Compete Agreement, in a form satisfactory to Franchisor, attached hereto as Exhibit C.

3.5 Upon the execution of this Agreement, Franchisee will designate and retain an individual to serve as the Operating Principal of Franchisee ("**Operating Principal**"). The Operating Principal will have the full authority to act on behalf of Franchisee in all matters related to the performance of this Agreement and the operation of the Franchised Business. Franchisor has the right to rely on any and all directions, elections, information and other communication from Operating Principal as being made on behalf of Franchisee, even if Franchisor receives information from any other owner or person who claims to have an ownership interest in Franchisee which may be contrary to or different from the information provided by Operating Principal. Franchisor has no duty or obligation to inquire into or resolve any conflicting information provided by Operating Principal and any other person on behalf of Franchisee. If Franchisee is an individual, Franchisee will perform all obligations of the Operating Principal. The Operating Principal will, during the entire period he or she serves as such, meet the following qualifications:

3.5.1 Unless agreed upon in writing by Franchisor, the Operating Principal must maintain a direct or indirect ownership interest in Franchisee equal to at least twenty-five percent (25%) of the ownership interests in Franchisee. Except as may otherwise be provided in this Agreement, the Operating Principal's ownership interest in Franchisee must remain free of any pledge, mortgage, hypothecation, lien, charge, encumbrance, voting agreement, proxy, security interest or purchase right or options. The Operating Principal must execute the Confidentiality and Non-Compete Agreement, in the form attached as Exhibit C and the Guaranty And Assumption Of Obligations, in the form attached as Exhibit B;

3.5.2 The primary business focus of the Operating Principal must be the operation of the Franchised Business and the Operating Principal must devote his or her best efforts to the supervision and conduct of the Franchised Business;

3.5.3 The Operating Principal will meet Franchisor's standards and criteria for such individual, as set forth in the Manuals or otherwise in writing by Franchisor, and will satisfy the training requirements set forth in Section 4; and

3.5.4 If, during the initial term of this Agreement and any renewal term, (i) the Operating Principal is not able to continue to serve in the capacity of Operating Principal; (ii) the Operating Principal no longer qualifies to act as such in accordance with this Section; or, (iii) Franchisee desires to replace the Operating Principal with another person who is qualified to act as such in accordance with this Section, Franchisee will promptly notify Franchisor and, within 30 days after the Operating Principal ceases to serve or be so qualified, provide evidence satisfactory to Franchisor that shows the owners of more than fifty percent (50%) of the ownership interests in Franchisee had designated a duly qualified replacement Operating Principal. Any failure to comply with the requirements of this Section will be deemed a material event of default under this Agreement.

#### 4. TRAINING AND ASSISTANCE

4.1 Franchisor will make the training program available to the Operating Principal and two (2) additional persons, one of whom may be another owner of Franchisee or Franchisee's office manager. Each person attending the training program on behalf of Franchisee is required to complete Phase-one of the training program successfully prior to commencement of business operations and prior to having an open office. Phase-one training will begin on the date designated by Franchisor within approximately ninety (90) days after the Effective Date. The initial training program will include classroom training at Franchisor's headquarters or another location designated by Franchisor (the "**Phase-one training program**"). The Phase-one training program will be approximately ten (10) days in duration and will cover administrative, operational, sales and marketing matters. All expenses incurred by the Operating Principal and other representatives in attending such training, including, without limitation, travel costs, room and board expenses, and employees' salaries, will be the sole responsibility of Franchisee. Franchisee acknowledges that it will be solely responsible for training Franchisee's employees that are not required to attend the Phase-one training program in the operation of the Franchised Business.

4.2 If this Agreement is for Franchisee's first Franchised Business, Franchisor will furnish to Franchisee, at the Premises, one (1) of Franchisor's representatives for approximately two (2) days or such longer period of time as Franchisor determines is necessary for the purpose of facilitating the early stages of the Franchised Business ("**Right Start Program**"). During this period, such representative will assist Franchisee and Operating Principal in establishing and standardizing procedures and techniques essential to the operation of the Franchised Business. The first two days of the Right Start Program will be at Franchisor's expense. Should Franchisee request additional assistance from Franchisor to facilitate the early stages of the Franchised Business, or should Franchisor determine that Franchisee or the Operating Principal needs additional training, Franchisee will reimburse Franchisor for the expense Franchisor incurs in providing such additional assistance at its then-current rate as published in the Manuals (defined in Section 6), plus expenses. If this Agreement is for an additional Franchised Business, Franchisor is not required to provide the Right Start Program described in this Section 4.2; but, may do so if it determines the Right Start Program described in this Section 4.2 is necessary.

4.3 Franchisor has the right to provide training to additional Operating Principal(s), owners or office managers ("**Executive Management Employees**") of Franchisee to the extent that Franchisor can reasonably accommodate such additional Executive Management Employees in Franchisor's regularly scheduled training. Franchisee will be responsible for all expenses incurred by Franchisee or Franchisee's Executive Management Employees in attending such additional training including, without limitation, travel costs, room and board expenses, and Executive Management Employees' salaries. Franchisee is solely responsible for the training of employees that do not attend Franchisor's Phase-one training.

4.4 Franchisor may, from time to time, require franchisees and their Operating Principals and Executive Management Employees to attend and successfully complete refresher and updated training programs, seminars, conferences, regional conferences, webinars and the Right at Home annual meeting (“**Home Improvement Annual Conference**” or “**HIAC**”). These educational training programs, seminars, conferences, regional conferences and the HIAC will be conducted at such locations as may be designated by Franchisor. Attendance at such educational training programs, seminars, conferences, regional conferences, the HIAC and/or webinars will be at Franchisee’s sole expense. Attendance at the HIAC is mandatory for new franchisees and franchisees that do not meet the revenue or royalty minimums as described in Section 12.13, unless waived by Franchisor. If we waive the attendance requirement for your first year of operation, you will be required to attend your second year of operation. Franchisor has the right to require all franchisees attend the HIAC. Attendance will not be required for more than two (2) live programs in any calendar year and such live programs will not collectively exceed five (5) business days in duration. Franchisor has the right to charge a fee for any educational training programs, seminars, conferences, regional conferences, HIAC and/or webinars to cover Franchisor’s costs of providing such programs. Franchisor will waive the attendance fee, for up to two of Franchisee’s attendees, for the first HIAC attended by Franchisee.

4.5 To be approved by Franchisor to offer Skilled Care Services pursuant to Section 1.6, Franchisee or a qualified person designated by Franchisee must successfully complete Franchisor’s training program specifically relating to Skilled Care Services, which will not exceed five (5) days in duration. At any time afterwards, Franchisor may require Franchisee or a qualified person designated by Franchisee to attend additional training related to Skilled Care Services as directed by Franchisor, which may include online training through Franchisor’s learning management system, teleconferences, and webinars. Attendance at such continuing educational training programs, seminars or webinars will be at Franchisee’s sole expense. Franchisor has the right to charge a fee for any of these continuing educational training programs, seminars, or webinars to cover Franchisor’s costs of providing such programs.

4.6 Franchisee acknowledges that Franchisor may from time-to-time, make certain recommendations as to employment policies and procedures. Franchisee will have the exclusive right to determine if it will adopt such policies and procedures and the specific terms of such policies and procedures. Franchisee is solely responsible for training its employees on all such policies and procedures.

## 5. PROPRIETARY MARKS

5.1 Franchisee acknowledges that Franchisor is the owner of all right, title and interest, together with all the goodwill under the Marks with the right to use and sublicense use of the Marks to franchisees. Franchisee further acknowledges that Franchisee’s right to use the Marks is derived solely from this Agreement and is limited to the conduct of the Franchised Business by Franchisee pursuant to and in compliance with this Agreement and all applicable standards, specifications and operating procedures prescribed by Franchisor from time to time during the term of this Agreement. Any unauthorized use of the Marks by Franchisee is a breach of this Agreement and an infringement of the rights of Franchisor in and to the Marks. Franchisee acknowledges that all usage of the Marks by Franchisee and any goodwill established by Franchisee’s use of the Marks will inure to the exclusive benefit of Franchisor, and that this Agreement does not confer any goodwill or other interests in the Marks upon Franchisee. Franchisee will not, at any time during the term of this Agreement or after its termination or expiration, contest the validity, strength, enforceability or ownership of any of the Marks or assist any other person in contesting the validity, strength, enforceability or ownership of any of the Marks.

5.2 Except as approved by Franchisor in writing, Franchisee will not use any Mark or portion of any Mark as part of any corporate or entity name, with any prefix, suffix or other modifying words, terms, designs or symbols or in any modified or other confusingly similar form, nor may Franchisee use any Mark or any modification or other confusingly similar form thereof in connection with the sale of any unauthorized

product or service or in any other manner not expressly authorized in writing by Franchisor. Despite the foregoing, Franchisee may use “RIGHT AT HOME” and/or “RAH STAFFING SERVICES” as a fictitious or assumed name while this Agreement is in effect, and Franchisee will obtain such fictitious or assumed name registrations as may be required under applicable state law at Franchisee’s expense. Such fictitious or assumed name registrations will recognize Franchisee as doing business under an assumed name but will not recognize Franchisee as having the exclusive right to use such name in that state. In no event, however, will this right to use be considered a specific grant of any ownership rights in any of the Marks. The contents of all material available from Franchisor are copyrighted by Franchisor unless otherwise indicated. All rights are reserved by Franchisor, and content may not be reproduced, disseminated, published, or transferred in any form or by any means, except with the prior written permission of Franchisor. Even if there is anything to the contrary in this Agreement, Franchisee will not use any of the Marks or copyrighted materials in any manner that has not been specified or approved by Franchisor.

5.3 Franchisee will promptly notify Franchisor of any claim, demand or cause of action based upon or arising from any attempt by any other person, firm or corporation to use any of the Marks or any confusingly similar form of any of the Marks. Franchisee will also notify Franchisor of any action, claim or demand against Franchisee relating to the Marks within ten (10) days after Franchisee receives notice of said action, claim or demand. Upon receipt of timely notice of any action, claim or demand against Franchisee relating to the Marks, Franchisor will have the sole right to defend any such action. Franchisor will have the exclusive right to contest or bring action against any third party regarding the third party’s use of any of the Marks. In any defense or prosecution of any litigation relating to the Marks or components of the System undertaken by Franchisor, Franchisee will cooperate with Franchisor and execute any and all documents and take all actions as may be desirable or necessary, in the opinion of Franchisor’s legal counsel, to carry out such defense or prosecution. Both parties will make every effort consistent with the foregoing to protect, maintain and promote the Marks, including “RIGHT AT HOME” and “RAH STAFFING SERVICES”.

5.4 Franchisor may add to, substitute or modify any or all of the Marks from time to time. If Franchisor determines it is advisable at any time and for any reason, Franchisor has the right to modify or discontinue use of any Mark, and/or use one or more additional or substitute trade names, trademarks, service marks or other commercial symbols, Franchisee will comply with Franchisor’s directions within a reasonable time after notice is given to Franchisee by Franchisor, and Franchisor will have no liability or obligation whatsoever with respect to Franchisee’s modification or discontinuance of any Mark. On expiration or sooner termination of this Agreement, Franchisor may, if Franchisee does not timely comply with Franchisor’s directions, execute in Franchisee’s name and on Franchisee’s behalf any and all documents necessary, in Franchisor’s judgment to end and cause a discontinuance of the use by Franchisee of the Marks and Franchisor is hereby irrevocably appointed and designated as Franchisee’s attorney-in-fact to do so. Franchisee will be responsible for the tangible costs (such as replacing signs and materials) of complying with any obligation to change or discontinue using the Marks. Franchisor will not be liable for any direct, indirect, special, incidental, exemplary or consequential damages arising out of an addition, substitution or modification of any of the Marks.

5.5 In order to preserve the validity and integrity of the Marks and copyrighted materials licensed by this Agreement and to ensure that Franchisee is properly employing the same in the operation of the Franchised Business, Franchisor and its agents will have the right of entry to and inspection of the Premises at all reasonable times, and, additionally, will have the right to observe the manner in which Franchisee is rendering the services of the Franchised Business and conducting its operations, to confer with Franchisee’s employees and clients, and, at Franchisee’s expense, to select or request Franchisee to provide samples of products, materials, inventory, equipment, advertising and other items, and supplies for inspection and evaluation purposes to make certain that the services, products, inventory, materials, supplies, equipment and operations are satisfactory and meet the quality control provisions and performance standards established by Franchisor.

5.6 Franchisee may not establish a Web site or any other Web presence on the Internet using any domain name until Franchisee obtains Franchisor's prior written approval. Any domain name cannot contain the words "RIGHT AT HOME", "RAH STAFFING SERVICES" or any variation without Franchisor's written consent. Franchisor retains the sole right to develop, design and execute any form of content or promotion, social networking or advertising on the Internet and to create a website using the "RIGHT AT HOME" and "RAH STAFFING SERVICES" domain names and other domain names using the Marks. Franchisee acknowledges that Franchisor is the owner of all right, title and interest in and to such domain names. Franchisee may not use linking and framing between Franchisee's pages or website and any other websites or Web presence without the prior approval of Franchisor, which Franchisor has the right to withhold for any reason. If requested by Franchisor, Franchisee will, within five (5) days, dismantle any frames and links between Franchisee's website and any other websites. Franchisor will provide Franchisee, as a link within Franchisor's site, approximately three (3) to four (4) pages devoted to the Franchised Business. Franchisor has the sole right to determine the content of the pages devoted to the Franchised Business.

5.7 Upon expiration or earlier termination of this Agreement, Franchisee will cease use of the Marks, terminate all fictitious name registrations using the Marks and will deliver to Franchisor any signs, advertising, promotional or merchandising materials utilizing the Marks. Franchisee hereby appoints Franchisor as its attorney-in-fact to make any filings required by law to effect the foregoing, which power of attorney will be irrevocable and coupled with an interest. Franchisee will cancel or transfer to Franchisor all registrations in the name of Franchisee using any Marks, trade names of Franchisor or any similar designation, and will execute such documents and take such steps as Franchisor may request to effect such cancellation or transfer. Franchisee hereby grants to Franchisor an irrevocable power of attorney coupled with an interest to effect the foregoing. Franchisee will be responsible for the tangible fees and costs associated with complying with any obligation to change or discontinue using the Marks.

## **6. CONFIDENTIAL MANUALS**

6.1 During the term of this Agreement, Franchisor will provide Franchisee with password protected electronic access to the Manuals, which contain: (i) mandatory and suggested specifications, standards, procedures and rules prescribed from time to time by Franchisor for the operation of the Franchised Businesses, (ii) information relative to other obligations of Franchisee under this Agreement; and, (iii) compliance guidelines for the System and the operation of the Franchised Business. Franchisee acknowledges and agrees that the requirements imposed by this Agreement and the Manuals are necessary to promote the high uniform standards of quality of the System, the Franchise and the services offered by Franchised Business; and, to promote and maintain the goodwill associated with the Marks and the System. Franchisee agrees to conform to the requirements in the Manuals. Franchisor has the right to add, modify and revise its policies, standards, procedures, Confidential Information and the Manuals periodically to conform to the changing needs of the System, as provided in Section 8. Franchisor may deliver its policies, standards, procedures, Confidential Information and the Manuals, and any updates to such information, in a written document, via CD, DVD, electronically on its Website, Intranet or through other electronic communication methods at it deems appropriate. The Manuals will also include any other materials, in any form provided by Franchisor to Franchisee under this Agreement, including written, unwritten, oral, visual, and electronic or by access to a website. Franchisee will immediately, upon notice from Franchisor, adopt and implement any such revisions, updates and changes in its Franchised Business.

6.2 The Manuals, together with the passwords, access codes and users' names to access the Manuals in electronic format, will always remain the sole property of and be owned by Franchisor; and, electronic access will be terminated upon the expiration or termination of this Agreement. Franchisee will protect the confidentiality of all passwords, access codes and users' names used to access the Manuals in electronic format and will not make any disclosure, duplication or other unauthorized use of such passwords, access codes and users' names or any portion of the Manuals, as provided in Section 7.

6.3 The Manuals contain Franchisor's proprietary information and Franchisee will keep such information confidential both during the term of this Agreement and after the expiration or termination of this Agreement. Franchisee will, at all times have a computer to access the electronic version of the Manuals. Franchisee will promptly notify Franchisor by telephone and in writing if Franchisee discovers any unauthorized access to the Manuals in electronic format; and, will comply with Franchisor's directions with regard to any action Franchisor determines is necessary to remedy any unauthorized access and the consequences thereof. In the event of any dispute as to the contents of the Manuals, the terms of the master copy of the Manuals maintained by Franchisor at Franchisor's corporate office will be controlling.

6.4 During the term of this Agreement, Franchisor will also provide Franchisee with a HIPAA Manual, prepared by an Approved Supplier, for Franchisee to use to create and implement Franchisee's own HIPAA compliance program.

6.5 Franchisee understands and agrees that establishing and maintaining a common identity creates substantial value to Franchisor, Franchisee and other franchisees in the System. Franchisee agrees and acknowledges that to preserve, maintain and enhance the reputation and goodwill of the System and the Marks, full compliance with the Manuals is essential; and, that failure of the Franchisee to operate the Franchised Business in accordance with the Manuals can cause damage to the Franchisor, Franchisee and other franchisees within the System. Notwithstanding the foregoing, and consistent with goals of the System, Franchisee is responsible for the day-to-day operation of the Franchised Business.

6.6 Franchisee acknowledges that the services offered by the Franchised Business and the way such services are offered to clients of the Franchised Business are essential to Franchisor and the System. To protect the System, Franchisee will comply with all mandatory specifications, standards and procedures relating to: (1) the type and quality of the services offered by the Franchised Business; (2) the appearance, color, design of signage of the Franchised Business; and, (3) standards of services provided by the Franchised Business. Franchisee also agrees to use all equipment, signage, and services as have been approved for the System from time to time by Franchisor. Mandatory specifications, standards, and procedures will be prescribed by Franchisor in the Manuals, or otherwise communicated to Franchisee in writing.

## 7. CONFIDENTIAL INFORMATION

7.1 Franchisor owns and possesses (and may continue to develop and acquire) certain confidential information consisting of and relating to the methods, techniques, formats, specifications, procedures, equipment, information, software, systems, sales and marketing techniques and programs, and knowledge of and experience in the development, operation and franchising of Franchises; advertising, marketing and promotional programs for Franchises; knowledge of, specifications for and suppliers of certain products, materials, equipment and supplies used to operate a Franchise; knowledge of the operating results and financial performance of Franchises other than the Franchised Business; the Manuals; passwords, codes and user names to access the Manuals in electronic format; and, contracts for clients served by Franchisee, the client lists and details of service (collectively, the "**Confidential Information**"). Except as otherwise provided by applicable law, the term "Confidential Information" also includes all written or electronic information, computer files, documents, records and data that the Franchisor or any of its representatives furnishes or otherwise discloses to Franchisee or any of its representatives, together with all analyses, compilations, studies, memoranda, translations, notes or other documents, records or data (in whatever form maintained, whether documentary, computer or other electronic storage or otherwise) prepared by Franchisee or any of its representatives which contain or otherwise reflect or are generated from such information and documents. Except as otherwise provided by applicable law, Franchisor will retain all ownership of, property in, and title to its Confidential Information; and Franchisee will have no claim to it or right in it except as expressly authorized under the provisions of this Agreement. Franchisor will disclose certain Confidential Information to Franchisee in the training program, the Manuals, and in guidance furnished to Franchisee

during the term of this Agreement. Franchisee and the Operating Principal acknowledge that, except as otherwise provided by applicable law, the Confidential Information is proprietary and involves trade secrets of Franchisor, and that Franchisee and the Operating Principal will not acquire any interest in the Confidential Information, other than the right to utilize the Confidential Information in the operation of the Franchised Business in compliance with this Agreement during the term of this Agreement. Franchisee and the Operating Principal further acknowledge and agree that the Confidential Information is disclosed to Franchisee only on the condition precedent that Franchisee and the Operating Principal agree and Franchisee and the Operating Principal hereby do agree to: (1) use the Confidential Information only in operating the Franchised Business and not in any other business or capacity; (2) keep all Confidential Information absolutely confidential during and after the term of this Agreement; (3) make no unauthorized copies of any Confidential Information disclosed via electronic medium, in writing or other tangible form; and (4) adopt and implement all reasonable procedures periodically prescribed by Franchisor to prevent unauthorized use or disclosure of Confidential Information including restrictions on disclosures to Franchisee's principals and employees. Franchisee and the Operating Principal will divulge Confidential Information only to Franchisee's employees who must have access to it in order to perform their responsibilities to operate the Franchised Business. Franchisee and the Operating Principal further agree that the Operating Principal and each officer, director, management and supervisory level employee of Franchisee having access to Confidential Information will be required by Franchisee to sign an employment confidentiality contract in the form of Exhibit C. Franchisee and the Operating Principal do, by entering into this Agreement, acknowledge that, except as otherwise provided by applicable law, all Confidential Information is owned by Franchisor alone and during the term of this Agreement and at the end of this Agreement all Confidential Information will be returned to Franchisor.

7.1.1 Franchisee and the Operating Principal acknowledge and agree that the Franchised Business' clients, client lists, details of service, and contracts are also trade secrets and are derived and result from the operation of the Franchised Business in accordance with this Agreement and Franchisor's System standards, specifications and operating procedures. Franchisee and the Operating Principal acknowledge and agrees that such clients, client lists, details of service to clients, and contracts are deemed Confidential Information (as defined above) owned by Franchisor and are subject to the restrictions set forth above, including, without limitation, restrictions on the use, sale or transfer of such client lists and contracts to a third party. Although Franchisor owns client lists and certain client related data, Franchisee is required to comply with the Health Insurance Portability and Accountability Act ("HIPAA") as further described in Section 12.14. Franchisee is prohibited from transferring client information, except as required by HIPAA.

7.2 Notwithstanding the provisions of Sections 7.1 and 7.1.1, Franchisor reserves the right to use, advertise, publish (including inclusion in its Franchise Disclosure Document) and disclose information regarding the performance of Franchisee, including but not limited to, revenues, expenses and profits of Franchisee to other franchisees in the System, prospective franchisees and in the media to advertise or promote the System. Notwithstanding the foregoing, without the prior written permission of Franchisee, Franchisor will not specifically identify any of such financial information as it relates specifically to Franchisee in its Franchise Disclosure Document.

7.3 All ideas, concepts, techniques or other materials relating to the Franchised Business, whether or not protectable intellectual property and whether created by or for Franchisee, the Operating Principal or Franchisee's employees, must be promptly disclosed to Franchisor and will be deemed to be Franchisor's sole and exclusive property, part of its franchise System and works made-for-hire. To the extent that any item does not qualify as a work made-for-hire, Franchisee and the Operating Principal hereby assign ownership of that item, and all related rights to that item, to Franchisor and agrees to sign any assignments or other documents as Franchisor reasonably requests to evidence its ownership of or to otherwise assist Franchisor in obtaining intellectual property rights in the item.

7.4 Confidential Information does not include any information, knowledge or know-how that Franchisee obtained prior to its being provided to Franchisee directly or indirectly by Franchisor or any of its current, former or future affiliates (including, without limitation, pursuant to any license agreement or similar agreement between Franchisee and any such party). Franchisee and the Operating Principal have the burden of proving that the elements of this Section apply to any information, knowledge or know-how.

## **8. MODIFICATION OF THE SYSTEM**

Franchisee acknowledges that from time to time Franchisor may change or modify the System, including Manuals; the adoption and use of new or modified trade names, trademarks, service marks and/or copyrighted materials; new computer systems, equipment, techniques and/or services; and, that Franchisee will be required to accept, use and display for the purpose of this Agreement any such changes in the System as if they were part of this Agreement at the time of execution hereof. Franchisee will make such expenditures of money as are reasonably required to make such modifications in the System. Franchisor will permit Franchisee a reasonable period of time, based on the amount of the expenditure, if any, to implement such modifications. Franchisee will not change, modify or alter the System in any way, except as directed by Franchisor; provided that no such change or modification will alter Franchisee's fundamental status and material rights under this Agreement.

## **9. ADVERTISING AND PROMOTION**

Recognizing the value of advertising for and promotion of the Franchised Business and the importance of the standardization of advertising and promotion to the furtherance of the goodwill and the public image of the Franchised Business, Franchisee agrees as follows:

9.1 Franchisee will submit to Franchisor or its designated agency, for its prior written approval, all advertising and promotional materials to be used by Franchisee, including, but not limited to, direct mail, newspaper, radio, television, Internet (including social media), website, on-line listings, other web based marketing, specialty items, novelty items and other promotional materials (hereinafter for this Section 9, collectively referred to as "**Promotional Materials**"). Franchisor or its designated agent will provide written approval or disapproval of said Promotional Material to Franchisee within ten business (10) days after the date such materials are received by Franchisor or its designated agent. If Franchisor or its designated agent fails to respond in ten business (10) days, then such Promotional Materials will be deemed to be approved by Franchisor.

9.2 Each month during the term of this Agreement, Franchisee will spend at least two percent (2%) of its Net Billings, as defined in Section 10.1, on local marketing, sales and promotion, and other Promotional Materials. Such expenditures will be made directly by Franchisee. Franchisor may provide guidelines for conducting local marketing and promotional programs, and any proposed deviations from such guidelines will be approved by Franchisor in writing prior to use. Franchisee does not have the right to use other channels of distribution, such as the Internet (including social media), telemarketing or other direct marketing to make sales outside of Franchisee's Designated Area, unless otherwise permitted in writing by Franchisor. If requested by Franchisor, within thirty (30) days after the end of each calendar month, Franchisee will furnish to Franchisor, in a manner approved by Franchisor, an accurate accounting of Franchisee's expenditures on local marketing, sales and promotion for the preceding calendar month just ended.

9.3 Franchisee will use all Promotional Materials in accordance with Section 1.4, except as may be authorized by written communication from Franchisor. Franchisor reserves the right to withdraw approval of the use of any Promotional Materials for any reason by sending written notice to Franchisee.



9.4 Franchisee will provide necessary information for the website developed by Franchisor pursuant to Section 13.2.6.

9.5 Franchisee will not use in advertising or in any other form of promotion, the copyrighted materials, trademarks, service marks or commercial symbols of Franchisor without appropriate notices which may be required by applicable laws or as Franchisor may from time to time direct, including, without limitation, ©, ®, TM, SM, or other copyright or trademark registration notices or the designations where applicable or an indication that the name “RIGHT AT HOME” and the Marks are the trade names, trademarks and service marks owned by Franchisor.

9.6 Franchisor has established a brand marketing and promotion fund to promote expansion and increase brand awareness and preference of the System (the “**Brand Marketing and Promotion Fund**”).

9.6.1 Franchisee will contribute the following amounts (the “**Brand Marketing and Promotion Fee**”) to the Brand Marketing and Promotion Fund: two percent (2%) of Franchisee’s weekly Net Billings on the first \$1,000,000 of Net Billings each calendar year, plus one percent (1%) of Franchisee’s weekly Net Billings on the next \$2,000,000 of Net Billings for such calendar year and each calendar year thereafter. If Franchisee operates more than one Franchised Business in Designated Areas within the same Metropolitan Statistical Area (as that term is defined by the US Government from time to time) or other similar geographic area designed by Franchisor that participate in the Brand Marketing and Promotion Fund; then, Franchisee’s maximum Brand Marketing and Promotion Fees are based on the Net Billings from all Designated Areas in the same Metropolitan Statistical Area or other similar geographic area designated by Franchisor (the “**MSA Cap**”). The Brand Marketing and Promotion Fees are paid weekly at the same time and in the same manner as the Royalty Fee or as otherwise prescribed in the Manuals until the maximum amount that Franchisee is obligated to contribute has been paid in each calendar year. All franchisees are required to contribute to the Brand Marketing and Promotion Fund on the same basis; provided, however, some franchisees may not be obligated to do so under their current franchise agreements. The Brand Marketing and Promotion Fees are paid directly into the Brand Marketing and Promotion Fund and will be used by Franchisor to develop and implement programs to promote expansion and increase awareness and preference of the Right at Home brand. Franchisor has the right to modify or increase the Brand Marketing and Promotion Fee, with input and advice from the Brand Marketing and Promotion Council (as defined below); provided, that the contribution will not exceed two percent (2%) of Franchisee’s weekly Net Billings or the MSA Cap each calendar year. Franchisor holds the Brand Marketing and Promotion Fund contributions in a separate account to be expended only as described below. The Brand Marketing and Promotion Fund will not be commingled with Franchisor’s funds or considered to be income of Franchisor; but, are held in the separate account to be expended as set forth in the Franchise Agreement. Any business operated by Franchisor or its Affiliates under the same Marks as the Franchised Business contribute to the Brand Marketing and Promotion Fund on the same basis as franchisees. Franchisor reserves the right to terminate or suspend the Brand Marketing and Promotion Fund and payment of the Brand Marketing and Promotion Fee at any time, but Franchisor will seek the advice of the Brand Marketing and Promotion Council prior to doing so. If Franchisor terminates the Brand Marketing and Promotion Fund, any unused Brand Marketing and Promotion Fees in the Brand Marketing and Promotion Fund will be paid back to all franchisees in the System in proportion to their contributions to the Brand Marketing and Promotion Fund during the preceding twelve (12) months.

9.6.2 The Brand Marketing and Promotion Fund will only be used for the following:

9.6.2.1 The development of programs and materials to build brand awareness and preference with referral sources, consumers, insurance companies or related businesses, health care providers, facilities, social service organizations, and others at the local, regional, and/or national level;

9.6.2.2 Local, regional, or national advertising, promotions, marketing, public relations, and/or direct sales including print, social media, Internet or web based, direct mail, radio or television; development and maintenance of any Internet and/or e-commerce programs; Internet promotions and on-line marketing activities, and related expenses;

9.6.2.3 The creation, production and placement of commercial advertising; agency costs and commissions; creation and production of video, audio and written advertisements; market research and research agency fees; administering local, regional, or national advertising programs, direct mail, promotions, public relations, Internet/e-commerce, social media, and other media advertising;

9.6.2.4 The attendance or participation in local, regional, or national tradeshow, conferences, exhibitions where promoting the brand would be appropriate; affiliate with national/community organizations to leverage the brand; and

9.6.2.5 Developing and administering sales, marketing, and/or public relations training or support programs for franchisees utilizing employees or third parties to develop, administer, or conduct the training or support programs and such other programs designed to promote or enhance the brand, with the advice of the Brand Marketing and Promotion Council.

9.6.2.6 The Brand Marketing and Promotion Fund will not be used for advertising or marketing activities whose principal purpose is to solicit new franchisees.

Franchisor may engage a third-party agency or agencies to assist Franchisor with these initiatives in addition to Franchisor's own in-house efforts. Franchisor cannot use the Brand Marketing and Promotion Fund for communications or materials primarily geared towards franchise sales or solicitations. Any expenditures from the Brand Marketing and Promotion Fund may or may not be proportionate to contributions made by Franchisee or provide a direct or any benefit to Franchisee. Franchisor, with input and advice from the Brand Marketing and Promotion Council, has the right to direct expenditures from the Brand Marketing and Promotion Fund for the purposes described above. Subject to these foregoing limitations, Franchisor may accumulate these funds, and the balance may be carried over to subsequent years and used for the purposes stated in the Franchise Agreement. If the Brand Marketing and Promotion Fund needs additional funds at any time to pay for expenditures, with input and advice from the Brand Marketing and Promotion Council, Franchisor may loan such funds to the Brand Marketing and Promotion Fund at an interest rate not to exceed five percent (5%) per annum and with repayment terms that will not unreasonably burden the Brand Marketing and Promotion Fund or prevent it from performing its obligations. Franchisor may also utilize the Brand Marketing and Promotion Fund to reimburse Franchisor for administrative expenses incurred in administering the Brand Marketing and Promotion Fund and the Brand Marketing and Promotion Council. An unaudited annual financial statement and report of the Brand Marketing and Promotion Fund will be prepared and delivered to the Brand Marketing and Promotion Council members and all franchisees participating in the Brand Marketing and Promotion Fund within 120 days after the end of Franchisor's fiscal year. The report will show the total Brand Marketing and Promotion Fees collected and expenditures from the Brand Marketing and Promotion Fund during the previous fiscal year. Franchisor reserves the right to change the name of the Brand Marketing and Promotion Fund from time to time.

9.6.3 Franchisor has established a committee composed of franchisees and members of Franchisor's staff ("**Brand Marketing and Promotion Council**"). The Brand Marketing and Promotion Council consists of not less than seven (7) members, at least four (4) of whom must be franchisees, who will initially be appointed by Franchisor. By-laws for the operation of the Brand Marketing and Promotion

Council will be prepared and adopted by the initial Brand Marketing and Promotion Council, which will provide that:

9.6.3.1 each franchisee member of the Brand Marketing and Promotion Council will serve for terms that will be not less than two (2) years each and may serve up to two (2) consecutive terms;

9.6.3.2 a franchisee member of the Franchisee Advisory Council may not also serve as a member of the Brand Marketing and Promotion Council and a franchisee member of the Brand Marketing and Promotion Council may not also serve as a member of the Franchisee Advisory Council;

9.6.3.3 elections or appointments of franchisee members to the Brand Marketing and Promotion Council will occur between September 1 and October 31, 2016, based on the procedures established in the by-laws; and

9.6.3.4 Franchisor has the right to appoint the members of Franchisor's staff who serve on the Brand Marketing and Promotion Council and to appoint franchisee members to fill any vacancies that arise.

9.6.4 During such time that Brand Marketing and Promotion Fees are required to be paid by Franchisee, if the Brand Marketing and Promotion Fee is greater than one percent (1%) of weekly Net Billings, then Franchisee's local marketing, sales and promotion expenditures pursuant to Section 9.2 of the Franchise Agreement will reduce so that Franchisee's required total combined expenditures on local marketing, sales and promotion, other Promotional Materials pursuant to Section 9.2 of the Franchise Agreement and Brand Marketing and Promotion Fee payments will not exceed three percent (3%) of Franchisee's Net Billings.

9.6.5 Notwithstanding the requirements of Section 1.4 regarding restrictions on the use of advertising and promotion materials, solicitations and similar efforts in the Designated Area, Franchisee understands that certain activities and programs undertaken by the Brand Marketing and Promotion Fund and approved by the Brand Marketing and Promotion Council may not lend themselves to be confined to franchisees' designated areas or other geographic areas. Therefore, Franchisee will not be deemed to be in default if Franchisee participates in such activities and programs in accordance with their approved terms and conditions.

## 10. CONTINUING SERVICES AND ROYALTY FEE

10.1 Franchisee will pay, without offset, credit or deduction of any nature, to Franchisor a royalty fee equal to five percent (5%) of the Net Billings derived from the Franchised Business ("**Royalty Fee**"). The Royalty Fee will be paid weekly in the manner specified below or as otherwise prescribed in the Manuals.

10.1.1 On a weekly basis on a date designated by Franchisor, Franchisee will submit to Franchisor, in a format and manner directed by Franchisor, a true and accurate statement of Franchisee's Net Billings for the preceding week just ended ("**Weekly Reports**"). See Section 10.6 below. Franchisee will make available to Franchisor all original books and records that Franchisor may deem necessary to ascertain Franchisee's Net Billings for reasonable inspections at reasonable times.

10.1.2 The term "**Net Billings**," as used throughout this Agreement, will mean and include the total of all revenues from the operation of the Franchised Business whether received in cash, in services, in kind, from barter and/or exchange, on credit (whether or not payment is received therefor) or otherwise.

There will be deducted from Net Billings for purposes of said computation (but only to the extent they have been included) the amount of all sales tax receipts or similar tax receipts which, by law, are chargeable to clients, if such taxes are separately stated when the client is charged and if such taxes are paid to the appropriate taxing authority. There will be further deducted from Net Billings the amount of any documented refunds, chargebacks, credits and allowances given in good faith to clients by Franchisee and the amount of mileage and out-of-pocket expenses incurred by and reimbursed to employees of Franchisee in connection with providing services to clients.

10.2 Franchisee will pay Franchisor a late fee in an amount up to two hundred fifty dollars (\$250.00) for each occurrence if a Weekly Report is not submitted on its due date or if a Royalty Fee is not paid when due. All Royalty Fees, amounts due for purchases by Franchisee from Franchisor, and other amounts which Franchisee owes to Franchisor, will also bear interest after due and payable date at the highest applicable legal rate for open account business credit, not to exceed one and one-half percent (1.5%) per month. Franchisee acknowledges that all amounts due and payable pursuant to this Section 10.2 and Section 11.3 are reasonable liquidated damages, are set because of the difficulty of ascertaining the exact amount of expenses incurred by Franchisor, and are not penalties, and will be in addition to all other remedies available to Franchisor. Franchisee also acknowledges that this Section 10 will not constitute agreement by Franchisor to accept such payments after same are due and payable or a commitment by Franchisor to extend credit to, or otherwise finance Franchisee's operation of, the Franchised Business. Franchisee acknowledges that its failure to pay all amounts when due will constitute, in addition to all other remedies available to Franchisor, grounds for termination of this Agreement, as provided in Section 16 hereof, despite the provisions of this Section 10. Nothing in this Section will limit Franchisor's right and remedies under any other provision of this Agreement.

10.3 Despite any designation by Franchisee, Franchisor will have the absolute right to apply any payments by Franchisee to any past due indebtedness of Franchisee for Royalty Fees, purchases from Franchisor, interest or any other indebtedness owed by Franchisee to Franchisor, in such amounts and in such order as Franchisor will determine.

10.4 All Royalty Fees, amounts due for purchases by Franchisee from Franchisor and other amounts that Franchisee owes to Franchisor will be required to be paid to Franchisor through an Electronic Depository Transfer Account ("EDTA") as further described in the Manuals. Immediately following execution of this Agreement, if directed by Franchisor, Franchisee will set up an EDTA and Franchisor will have access to such account to receive payment for Royalty Fees, amounts due for purchases by Franchisee from Franchisor, and any other amounts which Franchisee owes to Franchisor. Each week, Franchisee will make deposits to the EDTA sufficient to cover amounts owed to Franchisor for Royalty Fees and other monies owed by Franchisee to Franchisor. For the purposes of this Agreement, workweeks run from Sunday through Saturday. Deposits are due the Friday following the previous workweek. Franchisee will not withhold payment of any Royalty Fee, amounts due for purchases by Franchisee from Franchisor, or other amounts that Franchisor claims are due to Franchisor. Any alleged non-performance or breach of Franchisor's obligations under the Franchise Agreement or any related agreement does not establish a right at law or in equity for Franchisee to withhold payment due Franchisor for Royalty Fee, amounts due for purchases by Franchisee from Franchisor, or other amounts that Franchisor claims are due to Franchisor.

10.5 Franchisee will pay to Franchisor (or any Related Entity) promptly and when due the amount of all sales taxes, use taxes, personal property taxes and similar taxes imposed upon, required to be collected, or paid by Franchisor on the account of services or goods furnished by Franchisor to Franchisee through sale, lease or otherwise, or on account of collection by Franchisor of the initial Franchise Fee, all Royalty Fees, amounts due for purchases by Franchisee from Franchisor, and other amounts which Franchisee owes to Franchisor.

10.6 Franchisee's and the Operating Principal's signature on this Agreement constitutes: (i) Franchisee's consent to make filings with the Franchisor by electronic means, if Franchisor so requests, and (ii) Franchisee's representation and warranty to Franchisor that each electronic filing made by Franchisee is true and correct in all respects, and (iii) Franchisee's consent and representation to Franchisor that each electronic signature will be equivalent to Franchisee's actual signature for all intents and purposes.

## **11. ACCOUNTING AND RECORDS**

11.1 Franchisee will regularly prepare and maintain during the term of this Agreement, and will preserve for the time period specified in the Manuals, full, complete and accurate books, records and accounts, including records maintained in electronic format, in accordance with the standard accounting system and procedures prescribed by Franchisor in the Manuals or otherwise. Franchisee will retain, during the term of this Agreement and for three (3) years thereafter, all books, records and accounts related to the Franchised Business, including, without limitation, sales reports, checks, purchase orders, invoices, payroll records, check stubs, sales tax records and returns, cash receipts and disbursement journals, general ledgers and any other financial records designated by Franchisor or required by law.

11.2 On or before the fifteenth (15th) day of each calendar month in a form and in the manner approved by Franchisor, Franchisee will supply to Franchisor a balance sheet as of the end of the last preceding calendar month, a profit and loss statement for such month and Franchisee's fiscal year-to-date, and a statement of the aging of accounts receivable of the Franchised Business. Additionally, Franchisee will, at its expense, submit to Franchisor within one hundred twenty (120) days after the end of each fiscal year, an income statement for such fiscal year and a balance sheet as of the last day of such fiscal year, prepared in accordance with generally accepted accounting principles. Such financial statements will be certified to be true and correct by Franchisee.

11.3 Franchisee will submit to Franchisor such other periodic reports, forms and records, including income tax returns of Franchisee and, if applicable, its owners, in the manner and at the time specified in the Manuals, or as Franchisor will otherwise require in writing from time to time. If Franchisee is not using Franchisor's designated system for electronic reporting, for each occurrence that such a report, form or record is not timely submitted, Franchisee will incur a late fee payable to Franchisor in an amount up to two hundred fifty dollars (\$250.00) as determined by Franchisor. Such late fee will recur every seven (7) calendar days during the period of time that such report, form or record is not timely submitted. Franchisee acknowledges that such periodic reports, forms, records, income tax returns and similar documents, allows Franchisor to consult with Franchisee more effectively on Franchisee's operation of the Franchised Business and assists Franchisor to make uniform decisions for the benefit of the System.

11.4 To establish uniform standards for maintaining and managing client information, scheduling, client satisfaction survey programs, caregiver satisfaction survey programs, accounting records, administrative functions and activities to operate the Franchised Business, Franchisee will utilize software or third-party vendors designated by Franchisor and pay any required license fee, usage fee, program fee and/or set-up fee for such designated software or third-party vendor services. Franchisee will comply with all specifications and standards prescribed by Franchisor for equipment and software, as provided from time to time in the Manuals. Franchisor has the right (but not the obligation) to develop and design software to operate any aspect of the Franchised Business. If developed, the software will be proprietary to Franchisor and will constitute part of the Confidential Information. Franchisor may not be able to alter the software and System to accommodate the unique needs of each franchisee. If developed, Franchisor will designate when Franchisee will use the software. If Franchisor requires Franchisee to use any software developed by Franchisor, then, Franchisor reserves the right to charge a fee for the use of such software, but the fees will not exceed the fees or charges for similar software developed by third parties.

11.5 To be able to verify Franchisee's compliance with this Agreement and the Manuals, Franchisor or its designated agents will have the right at all reasonable times to examine, inspect and copy, at its expense, Franchisee's books, records and accounts, including tax returns. As part of the inspection, Franchisor will also have the right, at any time, to have an independent audit made of Franchisee's books, records and accounts at Franchisor's expense. If an inspection should reveal that any payments due to Franchisor have been understated in any report to Franchisor, then Franchisee will immediately pay to Franchisor the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the maximum rate permitted by law. If an inspection discloses an understatement in any report equal to two percent (2%) or more, Franchisee will also reimburse Franchisor for any and all costs and expenses connected with the inspection (including, without limitation, reasonable accounting and attorney fees). If an inspection discloses that Franchisee has operated its Franchised Business in violation of this Agreement, Franchisee will reimburse Franchisor for any and all costs and expenses connected with the inspection. The remedies described in this Section 11 are not exclusive and will be in addition to any other remedies Franchisor may have in this Agreement or as provided by law.

11.6 Pursuant to the terms of this Agreement, Franchisee will create and maintain an electronic database comprised of certain books, records, accounts, client lists, prospective clients, referral sources, etc., as prescribed by Franchisor. Franchisee acknowledges that to be able to verify Franchisee's compliance with this Agreement and the Manuals, it is imperative for the Franchisor to be able to timely and readily access such database and information. Franchisee covenants that Franchisee will cooperate in good faith with the Franchisor as to all aspects relating to the performance of Franchisee's obligation to provide access to the database and provide such information to Franchisor. Franchisee covenants to cooperate with the Franchisor to promptly and mutually agree upon a time to coordinate with and allow Franchisor access to Franchisee's database and records via Franchisee's computer system. Franchisor maintains Internet access software so that it is able to connect remotely with Franchisee over the Internet. Upon Franchisor's request, Franchisee will promptly allow its database to be reviewed by Franchisor and Franchisee will generate and transmit the reports as requested by Franchisor. In the event that the Franchisor desires to review Franchisee's entire database, Franchisor and Franchisee will set up a webinar so that the entire database may be transferred via Franchisor's FTP site. Franchisor reserves the right to require that Franchisee upgrade any software used and approved by Franchisor for bookkeeping and record keeping purposes at least once every two (2) years.

11.7 Franchisee acknowledges and understands that computer systems are vulnerable to computer viruses, bugs, power disruptions, communication line disruptions, Internet access failures, Internet content failures, date-related problems, and attacks by hackers and other unauthorized intruders. Franchisor has taken reasonable steps to ensure that these problems will not materially affect the System. Franchisor does not guarantee that information or communication systems supplied by Franchisor or its suppliers will not be vulnerable to these problems. Franchisee acknowledges and agrees that Franchisee is solely responsible for protecting itself from these problems. Franchisee must also take reasonable steps to verify that Franchisee's suppliers, lenders, landlords, customers, and governmental agencies on which Franchisee relies, are reasonably protected. This may include taking reasonable steps, including steps that Franchisor may require, to secure Franchisee's systems, including, but not limited to, firewalls, access code protection, anti-virus systems, and use of backup systems.

## 12. STANDARDS OF QUALITY AND PERFORMANCE

12.1 Franchisee will comply with all requirements set forth in this Agreement and the Manuals and other written policies, specifications, standards, procedures, rules and regulations promulgated by Franchisor from time to time and supplied to Franchisee by Franchisor ("**Promulgated Rules**"). The Promulgated Rules will constitute provisions of this Agreement as if fully set forth herein; provided, however, except as provided in this Agreement, that any changes to the Promulgated Rules will not materially alter or amend Franchisee's obligations in this Agreement with regard to the minimum Net Billing requirements;

payment of Royalty Fees, Brand Marketing and Promotion Fees; or, renewal fees or affect the term of this Agreement. All references herein to this Agreement will include such Promulgated Rules. Franchisee will comply with the entire System, including, but not limited to, the provisions of this Section 12.

12.2 If this Agreement is for Franchisee's first Franchised Business, Franchisee or the Operating Principal must successfully complete Phase-one training at least thirty (30) days prior to opening the office at the Premises and Franchisee must commence operations of the Franchised Business not later than six (6) months after execution of this Agreement, unless otherwise agreed upon in writing by Franchisor or due to licensing requirements imposed by applicable law in the Designated Area. If this Agreement is for an additional Franchised Business, Franchisee must commence operations of the Franchised Business on the date contemporaneously or within thirty (30) days after execution of this Agreement. As used in this Agreement, an open office means: a Premises, and such Premises will continuously (i) have at least two (2) full-time equivalent staff members, one of which may be the Operating Principal, who have the authority to and are hiring and managing employees and actively marketing and selling the services and products, materials and equipment of the Franchised Business, and (ii) provide and supervise home care and/or staffing services, and (iii) produce and deliver all Weekly Reports and others required under this Agreement. As used in this Agreement within the context of a Franchised Business that is re-sold, an open office means the date on which the Franchised Business's office was originally opened. As used in this Agreement, "continuously" means uninterrupted at least during normal day to day business hours and at least Monday through Friday, plus providing a service to handle calls from and respond to the public 24 hours each day, 7 days per week. Prior to such opening, Franchisee will have complied with all of Franchisor's pre-opening standards and specifications. Franchisee acknowledges and agrees that the hours of operation and the staffing requirements of this Agreement are integral to maintaining the value of the System and the Marks; and, that Franchisee's failure to operate during the designated hours or to meet the staffing required by this Agreement is detrimental to the value of the System and the Marks. Franchisee further acknowledges and agrees that the day-to-day operational decision relating to the opening and closing procedures of the Franchised Business, including any security, staffing beyond the staffing of at least two full time equivalent staff members, and other similar matters, will be made solely by Franchisee. If Franchisee for any reason fails to commence and or continue such operations as herein provided, such failure will be a default of this Agreement and Franchisor may, in addition to all other remedies provided for under this Agreement, terminate this Agreement.

12.3 Franchisee will maintain the condition and appearance of the Premises consistent with Franchisor's standards. Franchisee will operate the Premises to maintain and/or improve the appearance and efficient operation of the Franchised Business, including, but not limited to, replacement of worn out or obsolete fixtures and signs, and repair of the exterior and interior of the Premises. If at any time, in Franchisor's reasonable judgment, the general state of repair or the appearance of the Premises or its equipment, fixtures, signs or decor does not meet Franchisor's standards, Franchisor will notify Franchisee, specifying the action to be taken by Franchisee to correct such deficiency. If Franchisee fails or refuses to initiate within thirty (30) days after receipt of such notice or immediately, if the condition presents a safety or health hazard; and, thereafter, continue a bona fide program to complete any required maintenance, Franchisor will have the right, to exercise its remedies set out in this Agreement and under applicable law.

12.4 To be able to verify Franchisee's compliance with this Agreement and the Manuals, Franchisor has the right to designate and require Franchisee to purchase and utilize commercially available software (or use third party vendors) for tracking sales leads, customer satisfaction survey programs, caregiver satisfaction survey programs and marketing support, sales reports, job cost, estimating, appointment scheduling, service calls, accounting and other business functions. Franchisee agrees that it will only utilize software as prescribed by Franchisor. Franchisee will comply with all specifications and standards prescribed by Franchisor regarding any software as provided from time to time in the Manuals. Software support and service will be provided by the software manufacturer with costs of such support paid by Franchisee directly to the manufacturer. Franchisor may, but is not obligated to, provide additional software support. Franchisor

also has the right, but not the obligation, to develop design and license to Franchisee proprietary software to perform such functions. Franchisor cannot alter the System to accommodate the unique needs of each franchisee. Franchisor will have independent access to all of Franchisee's information and data relating to the Franchised Business. There are no contractual limitations on Franchisor's access to said information and data. In the event Franchisor introduces the software into the System, Franchisee will license the software from Franchisor or any designated party. Franchisee may choose any authorized dealer from which to license commercially available software.

12.5 Franchisee will offer for sale and provide at the Franchised Business all types of services and related products, materials and equipment that Franchisor from time to time authorizes and will not offer for sale or provide at the Franchised Business or the Premises which it occupies, any other category of services, products, materials or equipment or use such Premises for any purpose other than the operation of the Franchised Business. Franchisor reserves the right to designate certain national or regional accounts and alliances that Franchisor may develop for the Right at Home System ("**National/Regional Accounts and Alliances**"). Franchisee's obligation to participate and Franchisor's policies and procedures for National/Regional Accounts and Alliances will be included on the Manuals.

12.6 From time to time, Franchisor will provide to Franchisee a list of approved manufacturers, suppliers and distributors authorized for items or services used to operate the Franchised Business ("**Required Suppliers List**") and a list of approved inventory, products, materials, fixtures, furniture, equipment, signs, stationery, supplies and other items or services necessary to operate the Franchised Business or offer for sale to clients of a Franchised Business ("**Required Supplies List**"). Franchisor may revise the Required Supplies List and Required Suppliers List from time to time, as Franchisor determines is appropriate. Franchisee must purchase, sell and use only those suppliers and supplies that are set forth on the Required Suppliers List or Required Supplies List. Franchisee must operate the Franchised Business according to our System standards. System standards include, but are not limited to, the matters in the Manuals and they may regulate among other things, the Required Suppliers List, Required Supplies List, types, models and brands of required equipment, signs, stationery, promotional materials and other items or services necessary to operate the Franchised Business or offer for sale to clients of a Franchised Business. If Franchisee would like to offer for sale to clients of the Franchised Business or use to operate the Franchised Business any product, material, equipment or supply or purchase any products, materials or equipment from a supplier not on either of these lists, Franchisee must obtain Franchisor's prior written approval. Franchisee must notify Franchisor of such event and submit to Franchisor all information, specifications and samples that Franchisor may request regarding a supplier, service or product proposed by Franchisee. Franchisor may require that its representatives be permitted to inspect the proposed supplier's facilities and that samples from the proposed supplier be delivered to Franchisor for evaluation and testing. Franchisor has the absolute right to determine whether such supplier's goods or products meet the System standards and Franchisor's specifications, and may approve or disapprove any proposed supplier. Franchisor will typically provide response to such written request within 30 days from the date Franchisor receives Franchisee's written request and the necessary items Franchisor requires for review. **ALTHOUGH PRODUCTS, SERVICES OR SUPPLIERS MAY BE APPROVED BY FRANCHISOR, FRANCHISOR AND ITS AFFILIATES EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, WITH RESPECT TO PRODUCTS, SERVICES, FIXTURES, FURNITURE (INCLUDING WITHOUT LIMITATION ANY REQUIRED COMPUTER SYSTEMS), SIGNS, STATIONERY, SUPPLIES OR OTHER APPROVED ITEMS SOLD TO PROVIDED TO FRANCHISEE BY FRANCHISOR OR ANY THIRD-PARTY, INCLUDING ANY APPROVED SUPPLIER.** Franchisor reserves the right to designate exclusive suppliers, the right to designate the Franchisor or its Related Entity as an approved or exclusive supplier, and the right to earn fees on Franchisee purchases from suppliers.

12.7 Franchisee, at its expense, will secure and maintain in force all required licenses, permits and certificates relating to the operation of the Franchised Business and will operate the Franchised Business



in full compliance with all applicable laws, ordinances and regulations including, without limitation, all government regulations relating to housing and the care of individuals, occupational hazards and health, trade regulation, workers' compensation, unemployment insurance and withholding and payment of federal and state income taxes, social security taxes and sales, use and property taxes.

12.8 Franchisee will maintain an electronic database of the names and addresses and contact notes of all current and past clients, clients' families, and responsible parties, current and past prospects, referral sources and vendors of the Franchised Business. Franchisee will supply said database to Franchisor by electronic transmission at a time and in a manner prescribed by Franchisor. To preserve the proprietary and unique aspects of the System, Franchisee will maintain the confidentiality of said information and will not disclose, provide, transfer, assign, sell or otherwise disclose such database or contents thereof to any person or entity other than Franchisor, or as required by applicable law, in accordance with the provisions of Section 7 of this Agreement.

12.9 Each Franchised Business must operate and maintain an open office that must be under the direct and continuous supervision of the Operating Principal who has successfully completed Franchisor's Phase-one training. Franchisee will keep Franchisor informed at all times of the identity of any employee(s) acting as manager(s) of the Franchised Business. Franchisee will, at all times, faithfully, honestly and diligently perform its obligations and will not engage in any business or other activities that will conflict with its obligations. Franchisee, the Operating Principal and Franchisee's owners will participate in the day-to-day activities of the Franchised Business on an ongoing basis.

12.10 Franchisee acknowledges that hiring employees with a history of elder abuse, crimes involving elders, drug or alcohol abuse or similar crimes will have a detrimental effect on the reputation of the System. Therefore, Franchisee will conduct criminal background checks on all prospective employees and current employees of the Franchised Business to determine whether any of them have a history of elder abuse or crimes involving elders or similar crimes that are ascertainable from the public record. All employees must also pass any applicable tests required by any governmental entity, submit to annual medical examinations and random drug tests, have a criminal background investigation performed and participate actively in safety training seminars and programs. Franchisee acknowledges that requiring employees to undergo criminal background checks, testing as required by any governmental entity and participating in safety training are integral to the value of the System, brand and the Marks, and any failure to do so, is detrimental to the System and the Marks. Franchisee is responsible and assumes liability for all hiring decisions for the Franchised Business and all hiring decisions will be made solely by Franchisee. Franchisee acknowledges that: Franchisee has the sole right to define the job duties and working conditions and control the way Franchisee's employees perform their job duties; Franchisor is not the employer or joint employer of Franchisee's employees; Franchisor will not exercise direct or indirect control of Franchisee's employees' working conditions; Franchisor does not share or codetermine the terms and conditions of employment of Franchisee's employees or participate in matters relating to the employment relationship between Franchisee and its employees, such as hiring, promotion, demotion, termination, hours or schedule worked, rate of pay, benefits, work assigned, discipline, response to grievances and complaints, or working conditions; and, Franchisee has the sole responsibility and authority for these terms and conditions of employment. Franchisee must conspicuously and in writing notify its employees that Franchisee (and only Franchisee) is their employer and that Franchisor is not their employer.

12.11 Franchisee will notify Franchisor in writing within five (5) days after Franchisee's receipt of any written threat or the actual commencement of any action, suit or proceeding, or of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality which may adversely affect the operation or financial condition of the Franchised Business.

12.12 Franchisee will at all times continuously use its best efforts to promote and increase the sales of the Franchised Business and to effect the widest and best possible distribution, sales and placement, soliciting all Potential Clients and accounts for services and related products, materials and equipment within the Designated Area.

12.13 To maintain the exclusivity of Franchisee's Designated Area, beginning on the 13<sup>th</sup> month of operation of the Franchised Business, Franchisee must meet the following minimums:

12.13.1 For each consecutive 13-week period ("**Quarter**"), Franchisee is required to pay to Franchisor the greater of (a) the Royalty Fee; or (b) a minimum royalty ("**Minimum Royalty**") according to the following schedule:

<b>Months After Franchisee Has Opened Office</b>	<b>Minimum Royalty Requirement Per Quarter</b>	<b>Minimum Quarterly Net Billings</b>
13-24	\$2,275	\$45,500
25-36	\$3,738	\$74,750
37-48	\$5,200	\$104,000
49-60	\$7,475	\$149,500
61-72	\$8,938	\$178,750
73 and thereafter, including Renewal Term, if any	\$10,563	\$211,250

12.13.2 For each Quarter, Franchisee is required to contribute to the Brand Marketing and Promotion Fund the greater of (a) the Brand Marketing and Promotion Fee; and (b) a minimum brand marketing and promotion fee ("**Minimum Brand Marketing and Promotion Fee**") according to the following schedule:

<b>Months After Franchisee Has Opened Office</b>	<b>Minimum Brand Marketing and Promotion Fee Requirement Per Quarter</b>
13-24	\$910
25-36	\$1,495
37-48	\$2,080
49-60	\$2,990
61-72	\$3,575
73 and thereafter, including Renewal Term, if any	\$4,225

12.13.3 If at the end of each Quarter, the Royalty Fee and/or Brand Marketing and Promotion Fee Franchisee paid during the Quarter does not meet or exceed the Minimum Royalty and/or the Minimum Brand Marketing and Promotion Fee (as the case may be), Franchisee will pay Franchisor, or contribute to the Brand Marketing and Promotion Fund (as the case may be), the difference. The difference will be included with the last weekly invoice for such Quarter.

12.13.4 If Franchisee owns Additional Franchised Businesses and an MSA Cap applies, Franchisee's Minimum Brand Marketing and Promotion Fee will be calculated based on the Minimum Quarterly Net Billings for all the Franchised Businesses owned and operated by Franchisee in the designated specified area so as not to exceed the MSA Cap. All other minimum requirements (including Minimum Royalty and Minimum Quarterly Net Billings) will be applicable to each individual Franchised Business.

12.13.5 The Minimum Royalty and the Minimum Brand Marketing and Promotion Fee are based on each Quarter's Minimum Net Billing Requirements. Any Royalty Fee and Brand Marketing and Promotion Fees paid in any Quarter in excess of the Minimum Royalty or Minimum Brand Marketing and Promotion Fee, as applicable, will not apply toward any such minimums for any future Quarter.

12.13.6 Franchisor can increase the above stated Minimum Royalty and Minimum Quarterly Net Billings requirements by up to 5% per year upon notice to Franchisee.

12.13.7 If (a) Franchisee's Royalty Fee and/or Brand Marketing and Promotion Fee payments do not meet or exceed the Minimum Royalty and Minimum Brand Marketing and Promotion Fee (even if Franchisee pays the difference) for four consecutive Quarters; (b) Franchisee Royalty Fee and/or Brand Marketing and Promotion Fee payments do not meet or exceed the Minimum Royalty and Minimum Brand Marketing and Promotion Fee more than four Quarters in any consecutive 24 month period; Franchisor has the right, in addition to other remedies in the Franchise Agreement and by law to: (i) decrease/reduce or otherwise change the size of the Designated Area; (ii) establish other franchises within the Designated Area; (iii) permit other franchisees to provide services to clients located within the Designated Area; and/or (iv) terminate the Franchise Agreement as provided in the Franchise Agreement.

12.13.8 If Franchisee fails to meet the Quarterly Net Billings in any Quarter, Franchisor has the right, in addition to other remedies in the Franchise Agreement and by law to require Franchisee to participate in a Performance Improvement Plan, which will include attending the HIAC. A performance improvement plan will include Franchisee's submission of a detailed business plan that describes how Franchisee will meet the Minimum Quarterly Net Billings within a reasonable time frame, not to exceed 6 months ("**Performance Improvement Plan**"). Franchisee will submit the Performance Improvement Plan in the form and substance acceptable to us within 30 calendar days of Franchisor's request. Franchisor will approve or disapprove Franchisee's Performance Improvement Plan within 14 calendar days of Franchisor's receipt. If Franchisor, in its sole judgment, believes that the Performance Improvement Plan is reasonably achievable within the time period set out in the Performance Improvement Plan (but in no event longer than 6 months), Franchisor will grant Franchisee additional time to meet the Minimum Quarterly Net Billing requirements in accordance with the Performance Improvement Plan. If Franchisee fails or refuses to provide the Performance Improvement Plan within the time prescribed, Franchisor does not approve the Performance Improvement Plan, Franchisee fails to execute the Performance Improvement Plan, or Franchisee fails to meet the Minimum Quarterly Net Billings requirements as applicable within the time period set out in the Performance Improvement Plan, Franchisor may exercise the remedies described in Section 12.13.7 above. Details as to the form and content required for the Performance Improvement Plan and the process described above may be more specifically explained and modified in the Manuals.

12.13.9 For purposes of this Section, the office is considered to be "open" as follows:

12.13.9.1 For a new Franchised Business, the office is open in accordance with Section 12.2;

12.13.9.2 For a Franchised Business opened as an Additional Franchised Business pursuant to Exhibit F, the office is considered to be open as of the date that the first Franchised Business opens;

12.13.9.3 If the Franchise Agreement for an Additional Franchised Business pursuant to Exhibit F is not signed on the same date that the Franchise Agreement for the first Franchised Business is signed, then the Additional Franchised Business is considered to be open as of the date that the Franchise Agreement for the Additional Franchised Business is signed; and

12.13.9.4 For a Franchised Business acquired from a previous franchisee, the office is open on the date that the Franchised Business was considered to be open by the original franchisee.

12.14 Franchisee will comply with the portions of HIPAA which require health care providers to submit transactions related to payment in standard electronic formats and regulate the security and privacy of health data, and HIPAA's implementing regulations, including the HIPAA Privacy Rule, HIPAA Breach Notification Rule, HIPAA Security Rule, HITECH Act, and Omnibus Rule. To comply with HIPAA's privacy and security regulations, Franchisee must implement privacy and security policies and safeguards, designate a privacy and security officer, inform individuals how their health information is used and disclosed, provide access to health information, and give notice of certain breaches of protected data. Franchisee is solely responsible for training its employees on all such policies and procedures. To help Franchisee comply with the applicable HIPAA regulations, policies, and procedures, Franchisor has designated a third-party supplier to provide Franchisee with various tools for implementing Franchisee's own compliance program. In addition, if Franchisee engages a third party to perform functions that require access to patients' personal information, Franchisee and such third party are required to execute a business associate agreement ("**Business Associate Agreement**") in a form similar to the form of agreement included in Exhibit E to this Agreement.

12.15 In order to protect the Marks and the System, Franchisor may require that Franchisee participate in certain client satisfaction survey programs and caregiver satisfaction survey programs. Franchisor may also set certain performance criteria and metrics regarding such client satisfaction survey programs and caregiver satisfaction survey programs and Franchisee's participation in such client satisfaction survey programs and caregiver satisfaction survey programs. Franchisee acknowledges that Franchisee is solely responsible for reviewing and responding to any issues or alerts provided through any caregiver satisfaction survey programs. Franchisee may incur a fee for participating in such client satisfaction survey programs and caregiver satisfaction survey programs. Franchisor may require Franchisee to participate in additional satisfaction or survey programs at any time. Franchisee will be required to pay any fees to participate in such programs.

12.16 Franchisor may require Franchisee to obtain accreditation through a third-party designated by Franchisor, including but not limited to the Joint Commission Accreditation ("**Accreditation**") at its sole cost and expense. If required, Franchisee will obtain the Accreditation within the time frames set out by Franchisor and will satisfactorily maintain such Accreditation in good standing during the Term of the Franchise Agreement and any renewal period thereof (unless no longer required by Franchisor).

### 13. FRANCHISOR'S OPERATIONS ASSISTANCE

13.1 Franchisor may from time to time advise or offer guidance to Franchisee relative to prices for the services and products, materials and equipment offered by the Franchised Business that, in Franchisor's judgment, constitute good business practice. Such guidance will be based on the experience of Franchisor and its franchisees in operating Franchises and an analysis of the costs of such services and prices charged for competitive services. Franchisee will not be obligated to accept any such advice or guidance and will have the sole right to determine the prices to be charged by the Franchised Business and no such advice or guidance will be deemed or construed to impose upon Franchisee any obligation to charge any fixed or minimum prices for any services offered for sale by the Franchised Business; provided, however, that Franchisor reserves the right to establish maximum prices as Franchisor deems appropriate.

13.2 Prior to and upon commencement of operation of the Franchised Business and during the term of this Agreement, Franchisor must provide to Franchisee the following:

13.2.1 Guidelines for identifying a suitable location for the Franchised Business;

13.2.2 A comprehensive list of established sources of services, products, materials, equipment, supplies and goods necessary for the operation of the Franchised Business and specifications for same;

13.2.3 Guidance of advertising materials and strategies;

13.2.4 Negotiation of group rates for purchases of services, products, materials, and equipment as Franchisor deems necessary and appropriate;

13.2.5 Ongoing research and development of new services; and

13.2.6 Franchisor will host a website and, pursuant to the terms and conditions contained in the Manuals, provide Franchisee four (4) pages of content of Franchisor's design promoting the Franchised Business. Franchisee may not participate or market on any website or other form of electronic media (including social technology, social media and social networking platforms) using the Marks unless Franchisee first obtains written approval from Franchisor.

13.3 Franchisor may furnish Franchisee with ongoing assistance in connection with the operation of the Franchised Business as is reasonably determined to be necessary by Franchisor. Operations assistance may consist of advice and guidance with respect to:

13.3.1 Procedures adopted by the Franchised Business regarding the services and products, materials and equipment to be offered by the Franchised Business;

13.3.2 Purchase of services, products, materials, equipment and supplies;

13.3.3 Institution of proper administrative, bookkeeping, accounting, inventory control, supervisory and general operating procedures for the effective operation of the Franchised Business; and

13.3.4 Marketing and promotional programs and consultation.

13.4 Franchisor will make periodic visits to the Franchised Business for the purposes of consultation, assistance and guidance of Franchisee in all aspects of the operation and management of the Franchised Business. Franchisor or Franchisor's representatives who visit at the Franchised Business may prepare, for the benefit of both Franchisor and Franchisee, written reports with respect to such visits outlining any suggested changes or improvements in the operations of the Franchised Business and detailing any defaults in such operations which become evident as a result of any such visit. A copy of each such written report will be provided to Franchisor and may be provided to Franchisee. Franchisor will advise Franchisee of problems arising out of the operation of the Franchised Business as disclosed by reports submitted to Franchisor by Franchisee or by inspections conducted by Franchisor of the Franchised Business. Any guidance, suggestions or advice provided to Franchisee in the course of its ongoing assistance to Franchisee or on a periodic visits by the Franchisor, will be deemed recommendations only, and the decision to follow any such guidance, suggestions or advice will be made by solely by Franchisee. Franchisee has the right to consult with its own independent advisors with respect to those policies and decisions.

13.5 All of the specifications, Required Suppliers Lists, Required Supplies Lists, training and Manuals to be provided by Franchisor to Franchisee pursuant to this Agreement will be delivered upon completion of training.

## 14. INSURANCE

14.1 Franchisee will procure, at its expense, and maintain in full force and effect during the term of this Agreement, but not later than the earlier of the date the Franchised Business opens for business in accordance with Section 12.2 or Franchisee hires its first employee, an insurance policy or policies protecting Franchisee and Franchisor, their respective officers, directors and employees, against any loss, liability, personal injury, death, property damage or expense whatsoever arising or occurring upon or in connection with the Franchised Business, as Franchisor may reasonably require, for its own and Franchisee's protection. Franchisee must name Franchisor as "Additional Insured" on a primary basis on Franchisee's insurance policies for Commercial General Liability, Medical Professional Liability, and Auto Liability, and provide Franchisor with an ACORD Form Certificate of Insurance for each policy prior to the commencement of operations of Franchisee's Franchised Business. Franchisee acknowledges that failure to add name Franchisor as "Additional Insured" on a primary basis on Franchisee's insurance is essential to protect the System and the Marks. The coverages described in this Section 14 must be in full force and effect throughout the term of this Agreement.

14.2 Such policy or policies will be written by an insurance company licensed to do business in the state in which Franchisee operates and having at least a "B+" Rating Classification as indicated in A.M. Best's Key Rating Guide in accordance with standards and specifications set forth in the Manuals or otherwise in writing and will include, at a minimum (except as different coverages and policy limits may reasonably be specified for all franchisees from time to time by Franchisor in the Manuals or otherwise in writing), the following:

14.2.1 Commercial Property or "Special" form coverage insurance on all business property used in the operation of the Franchised Business for full repair and replacement value of the property, except that an appropriate deductible clause will be permitted not to exceed TWO THOUSAND FIVE HUNDRED DOLLARS (\$2,500.00).

14.2.2 Workers' Compensation, Employer's Liability insurance and, in some jurisdictions, stop gap liability (also known as employers contingent liability), as well as such other insurance as may be required or permitted by statute or rule of the state and county in which the Franchised Business is located and operated.

14.2.3 Commercial General liability insurance, including a per location aggregate with the following coverages: Medical Professional Liability or Healthcare Provider Professional Liability; broad form blanket contractual liability; personal and advertising injury; products/completed operations; medical payments and fire damage liability, insuring Franchisor on a primary and noncontributory basis and Franchisee against all claims, suits, obligations, liabilities and damages, including attorney fees, based upon or arising out of actual or alleged personal injuries or property damage resulting from, or occurring in the course of, or on or about or otherwise relating to the Franchised Business, including coverage in the following limits:

<b>Coverage</b>	<b>Minimum Limits of Coverage</b>
General Aggregate	\$3,000,000.00
Professional Liability	\$1,000,000.00
Products/Completed Operations Aggregate	\$3,000,000.00
Personal and Advertising Injury	\$1,000,000.00
Each Occurrence	\$1,000,000.00
Fire Damage (Legal Liability)	\$50,000.00
Sexual Abuse and Molestation each occurrence	\$500,000.00
Sexual Abuse and Molestation aggregate	\$500,000.00
Umbrella Coverage over existing Commercial General Liability, Professional Liability, Commercial Automobile Liability, and Employer's Liability	\$1,000,000.00

Should any liability policies be written on a "claims-made" basis for trigger of cover, the policy's "Retroactive Date" will at all times be the original inception date of the first claims-made liability policy acquired for insuring Franchisee or the Franchisee entity. Should the claims made liability policies be replaced, full retro dated coverage is required. Should any policies be terminated or cancelled for any reason, or a "claims made" policies be rewritten to an "occurrence form" of coverage, Franchisee will maintain at a minimum and secure two (2) additional years of "Extended Reporting Period" for claims that may not be discovered until after policy termination.

14.2.4 Business interruption extra expense insurance for actual losses sustained, for a period of indemnity not less than a six (6) month period.

14.2.5 Commercial Automobile liability insurance, including all owned, non-owned and hired vehicle coverage, with a combined single limit of at least ONE MILLION DOLLARS (\$1,000,000) each accident, subject to a maximum retention of FIVE THOUSAND DOLLARS (\$5,000).

14.2.6 Such additional insurance and types of coverage as may be required by the terms of any lease for the Franchised Business or as may be required from time to time by Franchisor.

14.2.7 Crime-Fidelity Employee Dishonesty coverage with Third Party Crime endorsement added. Limit of insurance will be in a minimum amount not less than \$25,000 and a deductible per claim of not more than \$1,000.

14.2.8 Umbrella coverage over Commercial General Liability, Professional Liability, Commercial Automobile Liability, and Employer's Liability coverages purchased by you for a minimum of ONE MILLION DOLLARS (\$1,000,000) in coverage.

14.2.9 Employment Practices Liability Insurance for a minimum of ONE MILLION DOLLARS (\$1,000,000) in coverage, with coverage should include a sublimit of at least \$100,000 for Wage & Hour claims defense.

14.2.10 If Franchisee is approved by Franchisor to provide skilled care services pursuant to Section 1.6 herein, Network Security/Data Breach ("Cyber Liability") coverage for a minimum of ONE MILLION DOLLARS (\$1,000,000) in coverage.

14.3 Franchisor reserves the right to require additional insurance coverages as necessary including 3<sup>rd</sup> Party Employment Practices coverage and Cyber Liability Insurance.

14.4 The insurance afforded by the policy or policies respecting Commercial General Liability and Professional Liability will not be limited in any way by reason of any insurance which may be maintained by Franchisor. Prior to commencement of operations of the Franchised Business, Franchisee will provide Franchisor with a current Certificate of Insurance issued on a standard ACORD certificate of insurance form evidencing all required and optional insurance requirements of this Agreement. Franchisee will maintain all such insurance at all times while operating under any authorization granted to Franchisee by Franchisor and including any completed or discontinued operations. It is Franchisee's sole responsibility to provide Franchisor with notice should any required insurance be cancelled, not renewed, materially changed or reduced from the required coverages. Failure of Franchisee to provide all insurance required, or failure to provide notice to Franchisor, will not relieve Franchisee of its obligations under this Agreement. Maintenance of such insurance and the performance by Franchisee of the obligations under this Section 14 will not relieve Franchisee of liability under the indemnity provision set forth in this Agreement. Minimum limits, as required above, may be modified from time to time, as conditions require, by written notice to Franchisee and Franchisee must maintain any such revised insurance coverage. As mentioned above, the coverages set forth in this Agreement are the minimum, but they may not be adequate for all losses of every type and size. Franchisor encourages Franchisee to make decisions with the advice of Franchisee's insurance consultant and legal counsel.

14.5 Should Franchisee, for any reason, not supply Franchisor with the required insurance certificate or procure and maintain such insurance coverage as required by this Agreement, Franchisor will have the right and authority (without, however, any obligation to do so) to procure such insurance coverage and to charge the cost of the same to Franchisee, which charges, together with a reasonable fee for expenses incurred by Franchisor in connection with such procurement, will be payable by Franchisee immediately upon notice from Franchisor.

## **15. COVENANTS**

15.1 Unless otherwise specified, the term "Franchisee" as used in this Section 15 will include, collectively and individually, Franchisee as defined in Section 30.

15.2 Franchisee covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee or the Operating Principal will devote his or her full-time energy and best efforts to the management and operation of the Franchised Business.

15.3 Franchisee covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee and the Operating Principal will not, either directly or indirectly, for itself or through, on behalf of or in conjunction with any person, persons or entities:

15.3.1 Divert or attempt to divert any business or client of the Franchised Business or any other franchisee's franchised business to any competitor by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System;

15.3.2 Employ or seek to employ any person who is employed by Franchisor, or by any other Franchisee of Franchisor (other than caregivers), or otherwise directly or indirectly induce or seek to induce such person to leave such employment without a mutual agreement with Franchisor or the other Franchisee; or

15.3.3 Own, maintain, engage in or have any interest in any business (including any business operated by Franchisee prior to entry into this Agreement) specializing, in whole or in part, in offering or providing non-medical in-home assistance, companionship, medical staffing services or other services or products, materials or equipment the same as, or similar to, those sold in the System or the



Franchised Business or offering or providing any services or products, materials or equipment that are the same as, or similar to, a component to the operation of the Franchised Business or System to any party, including other franchisees and competitors. Notwithstanding the foregoing, nothing herein is intended to prevent Franchisee from accepting referrals to provide the Services.

15.4 Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee and the Operating Principal will receive valuable training and confidential information from Franchisor, including, without limitation, information regarding the promotional, operational, sales and marketing methods and techniques of Franchisor and the System. Thus, Franchisee covenants that at the time of execution of this Agreement and at all times during the initial term and any renewal term, the Franchisee, the Operating Principal and all shareholders or members of the Franchisee, as the case may be, will enter into a written Confidentiality and Non-Compete Agreement in the form of Exhibit C attached to this Agreement.

15.5 Each of the foregoing agreements, acknowledgements and covenants will be construed as independent of any other provision of this Agreement. If all or any portion of any covenant in this Section 15 is held unreasonable or unenforceable by a court or agency having valid jurisdiction, Franchisee covenants that Franchisee and the Operating Principal will be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 15. The invalidity of any covenant contained in this Agreement does not affect the validity of remaining covenants contained in this Agreement.

15.6 Franchisee understands and acknowledges that Franchisor has the right to reduce the scope of any covenant set forth in Section 15.3 and Exhibit C of this Agreement or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof. Franchisee will comply forthwith with any covenant as so modified, which will be fully enforceable despite the provisions of Section 26 hereof.

15.7 Franchisee covenants and agrees to cooperate in good faith with Franchisor as to all aspects relating to the performance of Franchisee's obligations under this Agreement, and Franchisee will use good faith efforts to promote and develop the Franchised Business and Franchisor.

15.8 Franchisee will require those personnel performing managerial or supervisory functions and all personnel receiving training from Franchisor to execute confidentiality agreements in a form that incorporates Franchisee's obligations under this Agreement.

## **16. DEFAULT AND TERMINATION**

16.1 Franchisee may not terminate this Agreement prior to the expiration of its term except through legal process resulting from Franchisor's breach of this Agreement which breach results in a material adverse effect on Franchisee or otherwise with Franchisor's consent. In the event that Franchisee will claim that Franchisor has failed to meet any obligation under this Agreement, Franchisee will provide Franchisor with written notice of such claim within one (1) year after its occurrence, specifically enumerating all alleged deficiencies and providing Franchisor with an opportunity to cure, which will in no event be less than thirty (30) days after the date of receipt of such notice by Franchisor from Franchisee; provided, however, that if the nature of Franchisor's breach is such that more than thirty (30) days are reasonably required for performance or cure, then Franchisor will not be in breach if it commences performance within the thirty (30) day period and thereafter diligently continues and cures the breach. Failure to timely give any such notice will constitute a waiver of any such alleged breach by Franchisor.

16.2 If any of the following occurs, Franchisee will be in default, will have no right or opportunity to cure the default and Franchisor will have the right and good cause to terminate this Agreement, which termination will be effective immediately upon Franchisor's delivery of the written notice of

termination pursuant to Section 25 identifying the grounds for the termination because Franchisee or any one or more of its Operating Principal, owners, officers, members, shareholders or managers:

16.2.1 Makes any material misrepresentation or omission in its application for the franchise;

16.2.2 Is convicted of or pleads no contest (if applicable in Franchisee's jurisdiction) to a felony or other crime or offense that is likely to adversely affect the reputation of Franchisee or the Franchised Business;

16.2.3 Makes any unauthorized use, disclosure or duplication of any portion of the Manuals or the passwords, access codes or user names to access the Manuals in electronic format or duplicates, discloses or makes any unauthorized use of any Confidential Information;

16.2.4 Abandons, fails or refuses to continuously operate the Franchised Business for five (5) business days in any twelve (12) consecutive months period, unless the Franchised Business has been closed for a purpose approved by Franchisor or due to force majeure, or fails to relocate to approved premises within an approved period of time following expiration or termination of the lease for the Premises;

16.2.5 Surrenders or transfers control of the operation of the Franchised Business, makes an unauthorized direct or indirect assignment of the Franchised Business or its assets or an ownership interest in Franchisee, or fails or refuses to assign the Franchised Business or the interest in Franchisee of a deceased or disabled controlling owner thereof as required in this Agreement;

16.2.6 Submits to Franchisor on three (3) or more separate occasions at any time during the term of this Agreement any reports or other data, information or supporting records which understate by more than two percent (2%) the Royalty Fees for any accounting periods, and Franchisee is unable to satisfactorily demonstrate to Franchisor that such understatements resulted from inadvertent error;

16.2.7 Misuses or makes an unauthorized use of any Marks or commits any act which action can reasonably be expected to impair the goodwill associated with any Marks;

16.2.8 Misuses or makes an unauthorized use of any of Franchisor's proprietary software (if developed which can reasonably be expected to adversely affect the Franchisor's interest in such software);

16.2.9 Fails on two (2) or more separate occasions within any period of twelve (12) consecutive months to pay the Royalty Fees when due, amounts due for purchases from Franchisor, or other payments due to Franchisor or a Related Entity;

16.2.10 Any other franchise agreement with Franchisor is terminated by Franchisor as a result of Franchisee's default, other than a default due to Franchisee's failure to meet the average Net Billing requirements set forth in such franchise agreement;

16.2.11 If Franchisee files for bankruptcy, becomes insolvent, commits any affirmative act of insolvency or files any action or petition of insolvency, or if a receiver (permanent or temporary) of its property or any part thereof is appointed by a court of competent authority, if Franchisee makes a general assignment for the benefit of its creditors, or if a final judgment remains unsatisfied of record for thirty (30) days or longer (unless supersedeas bond is filed), if execution is levied against Franchisee's business or property, or if suit to foreclose any lien or mortgage against its Premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days or is not in the process of being dismissed within thirty (30) days;

16.2.12 Attempts to assign, transfer, or sell the clients or the client service contracts or the identity of clients of the Franchised Business without Franchisor's written consent;

16.2.13 Performs Core Services or Ancillary Services in another franchisee's designated area on two (2) or more separate occasions, even if Franchisee has complied with Franchisor's then-current Promulgated Rules on encroachment, unless Franchisee has received the written permission of such other franchisee;

16.2.14 Fails to meet the Minimum Royalty or Minimum Brand Marketing and Promotion Fee requirements as set forth in Section 12.12 for four (4) consecutive Quarters or fails to meet the Minimum Royalty or Minimum Brand Marketing and Promotion Fee requirements more than four (4) Quarters in any 24 month period;

16.2.15 Fails to timely submit to arbitration any Franchisee Quarrel, for which Franchisor has given a Notice to Arbitrate, in accordance with Section 29.6;

16.2.16 Fails to have an Operating Principal; or

16.2.17 If three (3) or more notices of default have been given by Franchisor to Franchisee within any twelve (12) month period pursuant to this Agreement, whether or not Franchisee has cured the reason for the default.

16.3 If Franchisee fails or refuses to make payment of any amount due Franchisor for Royalty Fees, purchases from Franchisor, or any other amount due to Franchisor, and Franchisee does not make payment within five (5) business days after written notice is delivered to Franchisee pursuant to Section 25, such failure to pay will provide Franchisor with good cause to terminate this Agreement.

16.4 If any of the following defaults occur, Franchisee must cure the default within the time periods set forth in this Section:

16.4.1 Fails to complete the training program at least thirty (30) days prior to opening the office, as provided in Section 12.2 of this Agreement;

16.4.2 Fails to cure any violation of a health, safety or other local, state or federal regulation or ordinance in a manner that presents a hazard to a client of the Franchised Business or other member of the public within the time period required by such regulation or ordinance; or

16.4.3 Fails to cure a default under the lease for the Premises according to the terms of the lease.

16.5 If any of the following defaults occurs, Franchisee will have 30 days to cure the default:

16.5.1 Fails to establish and continuously maintain an open office as provided in Section 12.2 of this Agreement;

16.5.2 Fails to meet with Franchisor after receiving a Notice of Dispute pursuant to Section 29.1;

16.5.3 Defaults under any covenant to Franchisor in Section 15;

16.5.4 Fails to meet the Quarterly Net Billings in any Quarter and does not submit a Performance Improvement Plan acceptable to Franchisor within the time period required by Franchisors; does

not execute the Performance Improvement Plan; or fails to achieve the required Quarterly Net Billings within the time period specified in the Performance Improvement Plan as set forth in Section 12.12;

16.5.5 Except as provided in Section 16.2.13, performs Core Services or Ancillary Services in another franchisee's designated area, unless Franchisee has complied with Franchisor's then-current Promulgated Rules on encroachment or has received the written permission of such other franchisee;

16.5.6 Fails or refuses to comply with (a) any provision of this Agreement not specifically referenced in Sections 16.2, 16.3 or 16.4 above, or (b) any mandatory specification, standard or operating procedure prescribed in the Manuals or otherwise directed in writing by Franchisor, and Franchisee does not correct such failure or refusal (or provide proof acceptable to Franchisor that Franchisee has made all reasonable efforts to correct such failure or refusal and will continue to make all reasonable efforts to cure until a cure is effected, if such failure or refusal cannot reasonably be corrected within thirty (30) days) after written notice of such failure or refusal to comply is delivered to Franchisee;

16.5.7 Fails or refuses to obtain Accreditation or satisfactorily maintain such Accreditation if such Accreditation is required by Franchisor in accordance with Section 12.16; or

16.5.8 Fails or refuses to participate in any client satisfaction survey program, caregiver satisfaction survey program, or any other required satisfaction programs or surveys or fails to meet any performance criteria set out by Franchisor regarding such programs or surveys.

16.6 If Franchisee fails to cure the defaults with the time periods set forth in Sections 16.3, 16.4 or 16.5, termination of this Agreement will be accomplished by Franchisor delivering written notice of termination to Franchisee pursuant to Section 25 identifying the grounds for the termination. Termination will be effective immediately upon Franchisor's delivery of the written notice of termination.

16.7 To the extent that the provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation, nonrenewal or the like, other than in accordance with applicable law, such provisions will, to the extent such are not in accordance with applicable law, not be effective, and Franchisor will comply with applicable law in connection with each of these matters.

16.8 The remedies described in this Agreement and in particular this Section 16 are not exclusive and will be in addition to any other remedies Franchisor may have in this Agreement or as provided by law. In addition to the remedy of termination set forth in this Agreement, Franchisor will have the right, without prejudice to any other right or remedy, to pursue an action at law for damages. Termination will be in addition to and not in limitation of any rights or remedies to which Franchisor is or may be entitled to at law or in equity. Franchisor's rights under this Agreement are cumulative and no exercise or enforcement by Franchisor or any right or remedy under this Agreement will preclude the exercise or enforcement by it of any other right or remedy under this Agreement or which Franchisor is entitled by applicable law to enforce.

## **17. RIGHTS AND DUTIES OF PARTIES UPON EXPIRATION OR TERMINATION**

Upon termination or expiration of this Agreement all rights granted by this Agreement to Franchisee will terminate, and:

17.1 Franchisee will immediately cease to operate the Franchised Business and will not thereafter, directly or indirectly, represent to the public or hold itself out as a present franchisee of Franchisor.

17.2 Upon demand by Franchisor, Franchisee will assign Franchisee's interest in any lease then in effect for the Premises to Franchisor, and Franchisee will furnish Franchisor with evidence satisfactory

to Franchisor of compliance with this obligation within fifteen (15) days after termination or expiration of this Agreement.

17.3 Franchisee will immediately and permanently cease to use, by advertising or in any manner whatsoever, any Confidential Information, Marks, any distinctive forms, slogans, signs, symbols, logos, devices, methods, procedures and techniques associated with the System. In particular, Franchisee will cease to use, without limitation, all signs, advertising materials, websites, stationery, forms and any other articles which display the Marks.

17.4 Upon demand by Franchisor, Franchisee will take such action as may be necessary to cancel, or, if Franchisor so requests, to assign to Franchisor or its designee, any fictitious or assumed name rights or equivalent registration filed with state, city or county authorities which contain the names "RIGHT AT HOME," "RAH STAFFING SERVICES" or any other service mark or trademark associated with the System, and Franchisee will furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement. All goodwill attendant to, related to, and in connection with the Marks, clients, and use of Franchisor's System belong to the Franchisor.

17.5 Franchisee will immediately and permanently cease using any entity used for operating the Franchised Business. In the event Franchisee subsequently operates any other business, Franchisee will not use any reproduction, counterfeit, copy or colorable imitation of the Marks either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake or deception, or which is likely to dilute Franchisor's rights in and to the Marks and further, Franchisee will not utilize any designation of origin, description or representation which falsely suggests or represents an association or connection with Franchisor. Franchisee will make such modifications or alterations to the Premises (including, without limitation, the changing of the telephone number) immediately upon termination or expiration of this Agreement as may be necessary to prevent any association with Franchisor or the System and any business thereon subsequently operated by Franchisee or others, and will make such specific additional changes thereto as Franchisor may reasonably request for that purpose including, without limitation, removal of all distinctive physical and structural features identifying the System. In the event Franchisee fails or refuses to comply with the requirements of this Section 17, Franchisor will have the right to enter upon the Premises without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required at the expense of Franchisee, which expense Franchisee will pay upon demand.

17.6 Franchisee will promptly within fifteen (15) days after the effective date of termination or expiration pay all sums owing to Franchisor. In the event of termination for any default of Franchisee, such sums will include all damages, costs and expenses, including reasonable attorney fees, incurred by Franchisor as a result of the default. Franchisee must contemporaneously with payment furnish a complete accounting of all amounts owing to Franchisor.

17.7 Upon demand by Franchisor, Franchisee will pay to Franchisor all damages, costs and expenses, including reasonable attorney fees, incurred by Franchisor subsequent to the termination or expiration of the franchise herein granted in obtaining injunctive or other relief for the enforcement of any provisions of this Section 17 or Section 15.

17.8 Franchisee will immediately turn over to Franchisor the Confidential Information; Manuals; the passwords, access codes and users names to access the Manuals in electronic format; all other manuals; client information and client lists (subject to any applicable state or federal laws, including but not limited to privacy laws), details of service to clients (subject to any applicable state or federal laws, including but not limited to privacy laws), supplier lists, records, files, electronic files, instructions, brochures, agreements, disclosure statements, relevant data bases and any materials provided by Franchisor to Franchisee relating to the operation of the Franchised Business, all of which are acknowledged by Franchisee to be

Franchisor's property. Franchisor acknowledges that time schedules, time limits, and requirements specified in this Section 17.8 are of the essence in order for Franchisor to protect its Confidential Information and System. For each full day or part thereof after termination or expiration of this Agreement that the Manuals and the passwords, access codes and users names to access the Manuals in electronic format are not delivered back to Franchisor, Franchisee will pay to Franchisor liquidated damages in the amount of Two Hundred and Fifty Dollars (\$250.00). Liquidated damages as provided in this Section 17.8 will not be the exclusive liability of Franchisee for delay, but are in addition to all other remedies available to Franchisor. Franchisor and Franchisee further agree that the terms, conditions and amounts fixed for liquidated damages are reasonable considering the damages. Franchisor will sustain in the event of Franchisee's failure to meet the requirements for timely turning over the Manuals, together with the passwords, access codes and users names to access the Manuals in electronic format and that the amount is agreed upon and fixed as liquidated damages because of the difficulty of ascertaining the exact amount of damages that may be sustained by Franchisor and will be applicable regardless of the actual amount of damages sustained.

17.9 Upon demand, Franchisor will have the right, title and interest to any sign or sign faces bearing the Marks. Franchisee hereby acknowledges Franchisor's right to access the Premises should Franchisor elect to take possession of any said sign or sign faces bearing the Marks.

17.10 Franchisor will have the option and right (but not the duty), to be exercised by notice of intent to do so within thirty (30) days after termination or expiration of this Agreement, to purchase the following: (1) all fixed assets of the Franchised Business at depreciated value as reflected on the Franchisee's most recent financials; (2) the real property consisting of the designated site of the Franchised Business, as specified under Section 3 of this Agreement, at fair market value; and (3) all other assets/property of the Franchised Business at fair market value. If the parties cannot agree on fair market value within a reasonable time, the determination will be made by a Qualified Appraiser (as defined below) selected by both the Franchisor and the Franchisee to determine the amount of the fair market value; provided that in the event that the Franchisor and Franchisee cannot agree upon a Qualified Appraiser within thirty (30) days after the notice of intent is given by the Franchisor to the Franchisee to purchase the assets, the Franchisor and Franchisee will each have the opportunity to appoint a Qualified Appraiser, within five (5) days following the expiration of such thirty (30) day period. The two (2) Qualified Appraisers will establish the amount of the fair market value in a single written opinion agreed to and signed by both of them. If these two (2) Qualified Appraisers cannot agree on the amount of the fair market value within ten (10) days after the appointment of the latter of them, these two (2) appointed Qualified Appraisers will together appoint a third Qualified Appraiser whose sole written opinion will establish the amount of the fair market value. A "Qualified Appraiser" will mean a professional appraiser or independent certified public accountant that is qualified by experience and ability to appraise the amount of the fair market value. The fees of any Qualified Appraiser or Qualified Appraisers will be equally shared by Franchisor and Franchisee. If either the Franchisor or the Franchisee entitled to appoint an appraiser fails to do so or if one of the two initial appraisers fails after appointment to submit his/her appraisal within the required period, the appraisal submitted by the remaining appraiser will be controlling. If Franchisor elects to exercise any option to purchase herein provided, it will have the right to set off all amounts due from Franchisee under this Agreement, if any, against any payment therefor.

17.11 Franchisee acknowledges that all telephone and facsimile numbers, Internet addresses and electronic mail addresses and domain names used in the operation of the Franchised Business constitute assets of the Franchisor and Franchisee will promptly execute all documents, including, but not limited to, authorization forms, prescribed by Franchisor to transfer and assign said assets to Franchisor upon termination or expiration of this Agreement. At termination or expiration of this Agreement, Franchisee will assign to Franchisor or its designee, all of Franchisee's right, title and interest in and to Franchisee's telephone and facsimile numbers, Internet addresses and electronic mail addresses and domain names and will notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any

telephone and facsimile numbers, Internet addresses and electronic mail addresses and domain names and any regular, classified or other telephone directory listing associated with the Marks and authorize a transfer of same to or at the direction of Franchisor.

17.12 Franchisee will comply with the requirements and covenants contained in Sections 11 and 15 of this Agreement.

17.13 All obligations of Franchisor and Franchisee which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect subsequent to and despite its expiration or termination and until they are satisfied or, by their nature, expire.

17.14 Franchisee will provide Franchisor with its current contact information for a period of one year from the date of termination or expiration of this Agreement.

## **18. TRANSFERABILITY OF INTEREST**

18.1 This Agreement and any rights hereunder can be assigned and transferred by Franchisor and, if so, will be binding upon and inure to the benefit of Franchisor's successors and assigns; provided, however, that with respect to any assignment or transfer resulting in the subsequent performance by the assignee or transferee of the functions of Franchisor, the assignee or transferee will: (i) at the time of such assignment, be financially responsible and economically capable of performing the obligations of Franchisor under this Agreement; and (ii) expressly assume and agree to perform such obligations.

18.1.1 Specifically, and without limitation to the foregoing, Franchisee expressly agrees and acknowledges that Franchisor may sell its assets, Marks and/or System outright to a third party; may make a public offering of Franchisor as securities; may engage in a private placement of some or all of its securities; may merge, acquire other corporations or entities, or be acquired by another corporation or other entity; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring; and, with regard to any or all of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or related to the loss of any Marks (or any variation thereof) and/or the loss of association with or identification of Right at Home, LLC as Franchisor.

18.1.2 Nothing contained in this Agreement will require Right at Home, LLC to continue to offer franchises in the event that Franchisor exercises its rights to assign or otherwise transfer its rights in this Agreement.

18.2 Franchisee understands and acknowledges that the rights and duties created by this Agreement are personal to Franchisee and its owners and that Franchisor entered into this Agreement in reliance upon the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of Franchisee and its owners. This Agreement and all rights hereunder including, but not limited to, any legal or beneficial interest in the Franchised Business and any assets of the Franchisee relating to the Franchised Business, may only be sold, assigned, transferred, conveyed, given away, encumbered, or otherwise transferred by Franchisee subject to the following conditions and requirements first being met, together with Franchisor's option/right to purchase and its right of first refusal as set forth in this Agreement and, if so sold, assigned, transferred, conveyed, given away, encumbered, or otherwise transferred, will be binding upon and inure to the benefit of Franchisee's successors and assigns:

18.3 Except as set forth in Section 18.7, neither Franchisee, its Operating Principal nor any holder of a legal or beneficial interest in Franchisee will sell, assign, transfer, convey, give away, encumber or otherwise transfer to any person, firm, corporation, publicly traded company, or other entity, all or any part of its interest in this Agreement or its assets or its interest in the franchise granted by this Agreement or its interest in any proprietorship, partnership, limited liability company or corporation which owns any interest

in the franchise, nor offer, permit or suffer the same to be sold, assigned, transferred, conveyed, given away, encumbered or otherwise transferred in any way to any person, firm, corporation, publicly traded company, limited liability company or other entity without the prior written consent of Franchisor. Franchisee may not, without the prior written consent of Franchisor, fractionalize any of the rights of Franchisee granted pursuant to this Agreement. The restrictions on transferability described in the remainder of this Section 18 also apply to any purported transfers through a shell, through divorce or separation proceedings or by operation of law. Any purported assignment of any of Franchisee's rights herein not having the aforesaid consent will be null and void and will constitute a default of this Agreement;

18.4 Franchisor will not unreasonably withhold its consent to any transfer referenced in Section 18.3 of this Agreement when requested; provided, however, that the following conditions and requirements will first be met to the full satisfaction of Franchisor:

18.4.1 If Franchisee is an individual or general partnership and desires to assign and transfer its rights to a corporation, limited liability company or other entity (hereinafter the **"Business Transferee Entity"**):

18.4.1.1 The Business Transferee Entity will be newly and duly organized, in good standing in its state of origin, and validly existing solely for the exclusive purpose of owning and operating a Franchised Business as licensed under this Agreement and will state that in its organizational documents;

18.4.1.2 Franchisee will be and will remain the owner of the majority of voting stock, membership interest or other interest of the Business Transferee Entity;

18.4.1.3 The individual Franchisee (or, if Franchisee is a partnership, one of the partners) will be the Operating Principal of the Business Transferee Entity or appoint an Operating Principal approved by Franchisor;

18.4.1.4 The Business Transferee Entity will enter into a written assignment or agreement and conditional consent to transfer (in a form satisfactory to Franchisor) in which the Business Transferee Entity assumes all of Franchisee's obligations in this Agreement;

18.4.1.5 All shareholders or members of the Business Transferee Entity will enter into a written non-compete agreement, together with a guaranty and assumption of obligations agreement, in a form satisfactory to Franchisor, jointly and severally guaranteeing the full payment and performance of the Business Transferee Entity's obligations to Franchisor under this Agreement;

18.4.1.6 Each stock certificate or membership certificate of the Business Transferee Entity will have conspicuously endorsed upon it a statement that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon assignments by this Agreement;

18.4.1.7 The shareholders agreement or operating agreement of the Business Transferee Entity will be in writing and will conspicuously state that all interests are held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon assignments by this Agreement;

18.4.1.8 No shares of common or preferred stock or membership interests (of whatever nature) in the Business Transferee Entity will be issued or transferred, directly or indirectly, to any person, partnership, trust, foundation, limited liability company, corporation or other entity without obtaining Franchisor's prior written consent and then, only upon disclosure of the terms and



conditions contained herein being made to the prospective new holders of the stock or membership interests;

18.4.1.9 All accrued money obligations of Franchisee to Franchisee's suppliers, Franchisor, its subsidiaries or assignees, will be satisfied prior to assignment or transfer;

18.4.1.10 Franchisor has the right to require that the Business Transferee Entity execute this Agreement or a new Franchise Agreement, together with a Confidentiality and Non-Compete Agreement, for the term established in the form of the standard form franchise agreement then being offered to new System franchisees and other standard ancillary agreements with Franchisor on the current standard forms being used by Franchisor;

18.4.1.11 The Business Transferee Entity will deliver copies of the Business Transferee Entity's organizational documents to Franchisor prior to the assignment of this Agreement and from time to time upon Franchisor's request;

18.4.1.12 The Business Transferee Entity will not use any Mark or portion of any Mark as part of any corporate or other entity name, with any prefix, suffix or other modifying words, terms, designs or symbols or in any modified or other confusingly similar form; and

18.4.1.13 The Franchisee owner(s) prior to the transfer will execute a general release, in a form prescribed by Franchisor, of any and all existing claims against Franchisor and its respective officers, directors, agents and employees, except such claims as are not permitted to be waived under applicable law.

18.4.2 If Franchisee is an individual or general partnership and desires to assign and transfer its rights to a trust or other similar entity (hereinafter the "**Trust Transferee Entity**"):

18.4.2.1 The Trust Transferee Entity will be in good standing in its state of origin, and validly existing with the power and purpose of owning and operating a Franchised Business as licensed under this Agreement and will state that in its organizational documents;

18.4.2.2 Franchisee will be and will remain the grantor and beneficial owner of the majority of the interest of the Trust Transferee Entity;

18.4.2.3 The individual Franchisee (or, if Franchisee is a partnership, one of the partners) will be the Operating Principal of the Trust Transferee Entity or appoint an Operating Principal approved by Franchisor;

18.4.2.4 The Trust Transferee Entity will enter into a written assignment or agreement and conditional consent to transfer (in a form satisfactory to Franchisor) in which the Trust Transferee Entity assumes all of Franchisee's obligations in this Agreement;

18.4.2.5 All grantors and trustees of the Trust Transferee Entity will enter into a written non-compete agreement, together with a guaranty and assumption of obligations agreement, in a form satisfactory to Franchisor, jointly and severally guaranteeing the full payment and performance of the Trust Transferee Entity's obligations to Franchisor under this Agreement;

18.4.2.6 Any certificate or other evidence of beneficial interest in the Trust Transferee Entity will have conspicuously endorsed upon it a statement that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon assignments by this Agreement;

18.4.2.7 The trust agreement of the Trust Transferee Entity will be in writing and will conspicuously state that all legal and beneficial interests are held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon assignments by this Agreement;

18.4.2.8 No legal or beneficial interests (of whatever nature) in the Trust Transferee Entity will be issued or transferred, directly or indirectly, to any person, partnership, trust, foundation, limited liability company, corporation or other entity without obtaining Franchisor's prior written consent and then, only upon disclosure of the terms and conditions contained herein being made to the prospective new holders of the legal or beneficial interests;

18.4.2.9 All accrued money obligations of Franchisee to Franchisee's suppliers, Franchisor, its subsidiaries or assignees, will be satisfied prior to assignment or transfer;

18.4.2.10 Franchisor has the right to require that the Trust Transferee Entity execute this Agreement or a new Franchise Agreement, together with a Confidentiality and Non-Compete Agreement, for the term established in the form of the standard form franchise agreement then being offered to new System franchisees and other standard ancillary agreements with Franchisor on the current standard forms being used by Franchisor;

18.4.2.11 The Trust Transferee Entity will deliver copies of the Business Transferee Entity's organizational documents to Franchisor prior to the assignment of this Agreement and from time to time upon Franchisor's request;

18.4.2.12 The Trust Transferee Entity will not use any Mark or portion of any Mark as part of any corporate or other entity name, with any prefix, suffix or other modifying words, terms, designs or symbols or in any modified or other confusingly similar form; and

18.4.2.13 The Franchisee owner(s) prior to the transfer will execute a general release, in a form prescribed by Franchisor, of any and all existing claims against Franchisor and its respective officers, directors, agents and employees, except such claims as are not permitted to be waived under applicable law.

18.4.3 If the transfer, other than such transfer as is authorized under Section 18.4.1 of this Agreement, if consummated alone or together with other related previous, simultaneous or proposed transfers, would have the effect of transferring control of the franchise granted by this Agreement to someone other than an original signatory of this Agreement:

18.4.3.1 The transferee(s) will be of good moral character with collected skill, aptitude, business ability, and reputation, together with a good credit rating, financial capacity, and competent business qualifications reasonably acceptable to Franchisor. Franchisee will provide Franchisor with a final purchase agreement duly executed by Franchisor and transferee, together with such information as Franchisor may require to make such determination concerning each such proposed transferee;

18.4.3.2 The transferee(s) or such other individual(s) as will be the Operating Principal will have successfully completed and passed the training course then in effect for franchisees or will have otherwise demonstrated to Franchisor's satisfaction, sufficient ability to operate the Franchised Business being transferred;

18.4.3.3 Franchisor has the right to require that the transferee(s), including all shareholders, officers, directors, members, beneficiaries, trustee, managers, governors and partners of the transferee(s), jointly and severally execute any or all of the following:

18.4.3.3.1 This Agreement or a new franchise agreement for the term established in the form of the standard form Franchise Agreement then being offered to new System franchisees and other standard ancillary agreements with Franchisor on the current standard forms being used by Franchisor, such as a non-compete agreement and a guaranty and assumption of obligations, except that an additional Franchise Fee will not be charged; and/or

18.4.3.3.2 A written agreement and conditional consent to transfer agreement or assignment from Franchisee in a form satisfactory to Franchisor, wherein transferee will assume all of Franchisee's obligations hereunder;

18.4.3.4 Approval by Franchisor of any transfer by Franchisee of the Franchised Business or any of Franchisee's rights under this Agreement will in no way be deemed a release by Franchisor of Franchisee's obligations pursuant to this Agreement. Consent by Franchisor to a transfer of the Franchised Business will not constitute or be interpreted as consent for any future transfer of the franchise;

18.4.3.5 The term of said agreements required pursuant to Section 18.4.3.3 will be for the unexpired term of this Agreement and for any extensions or renewals as provided in this Agreement;

18.4.3.6 If transferee is a corporation or a limited liability company:

18.4.3.6.1 The Transferee Entity will be newly and duly organized, in good standing in its state of origin, and validly existing solely for the exclusive purpose of owning and operating a Franchised Business as licensed under this Agreement and will state that in its organizational documents; and each stock certificate or membership certificate of the Transferee Entity will have conspicuously endorsed upon it a statement that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon assignments by this Agreement;

18.4.3.6.2 The shareholders agreement or operating agreement of the Transferee Entity will be in writing and will conspicuously state that all interests are held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon assignments by this Agreement;

18.4.3.6.3 No shares of common or preferred stock or membership interests in the Transferee Entity will be issued or transferred, directly or indirectly, to any person, partnership, trust, foundation, limited liability company, corporation or other entity without obtaining Franchisor's prior written consent and then, only upon disclosure of the terms and conditions contained herein being made to the prospective new holders of the stock or membership interests; and

18.4.3.6.4 All shareholders or members of the Transferee Entity will enter into a written non-compete agreement, together with a written agreement, in a form satisfactory to Franchisor, guaranteeing the full payment and performance of the transferee of all obligations to Franchisor under this Agreement; and

18.4.3.6.5 The Transferee Entity will designate an Operating Principal in accordance with Section 3.4.

18.4.3.7 All accrued money obligations of Franchisee to Franchisee's suppliers, to Franchisor, any Related Entity(ies) or assignee(s) of Franchisor, will be satisfied prior to assignment or transfer, and Franchisee will not be in default under the terms of this Agreement;

18.4.3.8 Franchisee, Operating Principal and each of its shareholders or members, prior to the transfer, will execute a general release, in a form prescribed by Franchisor, of any and all existing claims against Franchisor and its respective officers, directors, agents and employees, except such claims as are not permitted to be waived under applicable law; and

18.4.3.9 Franchisee, transferee and Franchisor will enter into an agreement and conditional consent to transfer, which agreement will set forth all of the conditions precedent to the transfer and it will be provided by Franchisor;

18.5 Franchisee will have fully paid and satisfied all of Franchisee's obligations to Franchisor, including at or before the closing of the transfer, a transfer fee, for the training, supervision, administrative costs, overhead, counsel fees, accounting and other related Franchisor incurred expenses in connection with the transfer in the amount determined as follows:

18.5.1 if there is no Franchisee consultant or broker commission payable, fifty percent (50%) of the Franchise Fee then being charged by Franchisor for a new franchise; or

18.5.2 if there is a Franchisee consultant or broker commission payable one hundred percent (100%) of the Initial Franchise Fee then being charged by Franchisor for a new franchise, in which case Franchisor will pay the consultant or broker commission.

18.5.3 This transfer fee will not apply to an assignment of interest to a corporation or limited liability company under Section 18.4.1 of this Agreement or a transfer to a Permitted Transferee under Section 18.7 of this Agreement.

18.6 No sale, assignment, transfer, conveyance, encumbrance or gift of any interest in this Agreement or in the Franchise granted by this Agreement, will relieve Franchisee, the Operating Principal and the shareholders, members, beneficiaries or partners participating in any transfer of the obligations of the covenants contained in Section 15, except where Franchisor will expressly authorize in writing; and

18.7 Despite anything to the contrary contained in this Agreement, Franchisor will consent to any transfer referenced in Section 18.3 of this Agreement when requested when such proposed transferee is (i) a spouse or child of a Franchisee who is an individual; (ii) a Business Transferee Entity that is 100% owned by a spouse or a child of a Franchisee who is an individual, or (iii) an owner of more than fifty percent (50%) of a Business Transferee Entity, (collectively, "**Permitted Transferees**"); provided, however, that the conditions and requirements contained in Section 18.4.3 of this Agreement will first be met with regard to the Permitted Transferees to the full satisfaction of Franchisor.

18.8 Franchisee will promptly give Franchisor written notice whenever Franchisee has received an offer to buy the Franchised Business. Franchisee will also give Franchisor written notice simultaneously with any offer to sell the Franchised Business or any or all of the ownership entity of same made by, for or on behalf of Franchisee. Franchisee will indemnify and hold harmless Franchisor for Franchisee's failure to comply with this Section 18.8.

18.9 Franchisee will not, without prior written consent of Franchisor, place in, on or upon the location of the Franchised Business, or in any communication media, any form of advertising relating to the sale of the Franchised Business, any ownership therein, or the rights granted under this Agreement.

## **19. DEATH OR INCAPACITY OF FRANCHISEE**

19.1 In the event of the death or incapacity of the Operating Principal or any holder of a legal or beneficial interest of fifty percent (50%) or more in Franchisee, the heirs, beneficiaries, devisee, legal representatives of said individual, Settlor, partner, member or shareholder, as the case may be, will, within one hundred eighty (180) days after such event:

19.1.1 Apply to Franchisor for the right to continue to operate the franchise for the duration of the term of this Agreement and any renewals hereof, which right will be granted upon the fulfillment of all of the conditions set forth in Section 18.4.3 of this Agreement (except that no transfer fee will be required) and upon appointing a designated manager to operate the Franchised Business which manager must begin Franchisor's training program no later than six (6) months after the date of death or disability; or

19.1.2 Sell, assign, transfer or convey Franchisee's interest in compliance with the provisions of Sections 18.2 and 20 of this Agreement; provided, however, in the event a proper and timely application for the right to continue to operate has been made and rejected, the one hundred eighty (180) days to sell, assign, transfer or convey will be computed from the date of application. For purposes of this Section 19.1.2, Franchisor's silence on an application made pursuant to Section 18.4 through the one hundred eighty (180) days following the event of death or incapacity will be deemed a rejection made on the last day of such period.

19.2 In the event of the death or incapacity of an individual Franchisee, Settlor, or any partner, shareholder or member of a Franchisee which is a partnership, corporation or limited liability company, where the aforesaid provisions of Section 18 have not been fulfilled within the time provided, all rights licensed to Franchisee under this Agreement will, at the option of Franchisor, terminate forthwith and automatically revert to Franchisor.

19.3 For purposes of this Agreement, "incapacity" will be defined as the inability of Franchisee to operate or oversee the operation of the Franchised Business on a regular basis by reason of any continuing physical, mental or emotional incapacity, chemical dependency or other limitation. Any dispute as to the existence of an incapacity as used herein will be resolved by majority decision of three (3) licensed medical physicians practicing in the MSA in which the Franchised Business is located, with each party selecting one (1) medical physician, and the two (2) medical physicians so designated selecting the third medical physician. The determination of the majority of the three (3) medical physicians will be binding upon the parties and all costs of making said determination will be borne by the party against whom it is made.

## **20. RIGHT OF FIRST REFUSAL**

If Franchisee or its owners propose to sell the Franchised Business (or its assets) or part or all of the ownership of Franchisee, Franchisee and its owners will obtain and deliver to Franchisor a bona fide, executed written offer or proposal to purchase or proposal to merge same, and Franchisor will, for a period of thirty (30) days after the date of delivery of such offer or proposal, have the right, exercisable by written notice to Franchisee or its owners, to purchase the Franchised Business (or its assets) or such ownership for the price and on the terms and conditions contained in such offer or proposal delivered to Franchisor, provided that Franchisor may substitute cash for the fair market value of any form of payment proposed in such offer or proposal. If Franchisor does not exercise its right of first refusal, the offer or proposal may be accepted by Franchisee or its owners, subject to the prior written approval of Franchisor, as provided in Section 18, provided that if the sale fails to close within one hundred twenty (120) days after the date

thereof, Franchisor will again have the right of first refusal described in this Section. Should a transferee assume the rights and obligations under this Agreement, such transferee will likewise be subject to Franchisor's right of first refusal under terms and conditions as set forth herein. Despite the foregoing, the right of first refusal herein described will not apply to the sale or transfer of the Franchised Business (or its assets) or part or all of the ownership of Franchisee to a Permitted Transferee in accordance with Section 18.7 of this Agreement.

## **21. OPERATION IN THE EVENT OF ABSENCE, INCAPACITY OR DEATH**

21.1 In order to prevent any interruption of the Franchised Business which would cause harm to said business and thereby depreciate the value thereof, in the event that Franchisee or the Operating Principal is absent or incapacitated by reason of illness or death and is not, therefore, in the sole judgment of Franchisor, able to operate the Franchised Business, Franchisee authorizes Franchisor to operate said business without waiver of any other rights or remedies Franchisor may have under this Agreement; provided, however, that (i) Franchisor will not be obligated to so operate the Franchised Business, and if Franchisor does operate the business (ii) Franchisor will not operate or manage the daily operations of the business for a period of time in excess of ninety (90) days, which period of time may be renewed from time to time as necessary in increments of ninety (90) day for an aggregate period of time up to an additional two hundred and seventy (270) days, and (iii) the Franchisor will regularly and periodically discuss the status of the business operations with the Franchisee, its heirs or successors, as applicable.

21.2 Franchisor will act diligently, in good faith and honestly in Franchisor's actions hereunder. In furtherance of the foregoing, Franchisor may:

21.2.1 collect any and all revenues due and payable to the Franchised Business and endorse Franchisee's name on checks received;

21.2.2 pay any and all expenses incurred to operate the Franchised Business including, but not limited to, wages, salaries and other compensation to Franchisee's employees, to Franchisor and persons Franchisor employs on Franchisee's behalf to manage the Franchised Business and to others for professional services;

21.2.3 pay any amounts due to Franchisor or Franchisor's affiliates, including the continuing Royalty Fees, Brand Development fees, amounts due for purchases of product and supplies and amounts due under any financing agreements;

21.2.4 incur debts in the ordinary course of business for inventory, materials, supplies and other items needed for the operation of the Franchised Business;

21.2.5 execute documents or instruments on Franchisee's behalf;

21.2.6 receive a reasonable fee for Franchisor's services hereunder (as more fully set forth below);

21.2.7 institute legal or administrative proceedings on behalf of and defend actions brought against the Franchised Business; and

21.2.8 take any other action Franchisor deems necessary or appropriate in furtherance of this provision.

21.3 Franchisor will maintain separate books and records of Franchisor's actions hereunder in accordance with the format required by the System. The net proceeds, if any, from Franchisor's operation

of the Franchised Business will be deposited into a separate bank account or accounts under Franchisor's direction and control as trustee for Franchisee. Upon Franchisor's termination of the rights granted hereunder, such net proceeds, if any, will be distributed to Franchisee or as Franchisee directs. Franchisor will not be liable to Franchisee except for willful misconduct or gross negligence. Franchisee grants Franchisor the right to set off such charges to the account. Franchisee will indemnify and hold Franchisor harmless from and against any loss, claim, expense, damage, liability or other obligation of any nature, including legal fees and expenses arising from or in any manner connected with Franchisor's actions hereunder, excepting only those arising from or connected with Franchisor's willful misconduct or gross negligence. Franchisee acknowledges that Franchisor will have a duty to utilize only commercially reasonable efforts and will not be liable to Franchisee or its owner for any debts, losses, or obligations the business incurs, or to any of Franchisee's creditors for any supplies or services the business purchases.

21.4 All monies from the operation of the business during such period of operation by Franchisor will be kept in a separate account and the expenses of the business, including reasonable compensation of the then-current fees as specified in the Manuals, plus travel, room and board and expenses for Franchisor's representative, will be charged to said account.

21.5 In addition to any other fees due under this Agreement and reimbursement of Franchisor's out-of-pocket expenses to provide management services, including reasonable compensation of the then-current fees as specified in the Manuals, plus travel, room and board and expenses for Franchisor's representative, Franchisor is entitled to receive a fee for the management services provided by Franchisor equal to a management fee of 15% of the Net Billings of the Franchised Business ("**Management Fee**"). The Management Fee will be paid within ten (10) days after the end of each month, or part thereof, that management services are provided by Franchisor. Any portion of the Management Fee which is not paid when due shall bear interest at the rate set forth in Section 10.2 until such amount is paid in full.

21.6 In addition to the foregoing, Franchisee acknowledges that if Franchisor becomes aware, by any means, of any situation where any license required for the Franchised Business is or may be suspended, terminated or affected in any manner that could result in the closing of the Franchised Business for any period time, Franchisor may, but is not obligated to, notify any federal, state or local authority. If Franchisor takes such action, Franchisee agrees that Franchisor shall not be liable to Franchisee for any costs, expenses or damages resulting therefrom.

## **22. INDEPENDENT CONTRACTOR AND INDEMNIFICATION**

22.1 This Agreement does not create a fiduciary relationship between the Franchisor, Franchisee and Franchisee's owners, nor does it constitute Franchisee, Franchisee's owners or the Operating Principal as an agent, legal representative, joint venturer, joint employer, partner, employee or servant of Franchisor for any purpose whatsoever. It is understood between the parties that Franchisee, Franchisee's owners and the Operating Principal will be independent contractors and are in no way authorized to make any contract, agreement, warranty or representation on behalf of Franchisor to incur any debt, or to create any obligation, express or implied, on behalf of Franchisor. The occasional or sporadic act of control by Franchisor directing the detail of any work is not sufficient to destroy the agreement forming the basis of the parties' independent contractor relationship.

22.2 It is acknowledged that Franchisee is the sole and independent owner of the Franchised Business, will be in full control thereof; and, will conduct such Franchised Business in accordance with its own judgment, subject only to the provisions of the Agreement. Franchisee will conspicuously identify itself as the independent owner of the Franchised Business and as a Franchisee of Franchisor.

22.3 During the term of this Agreement and any renewal hereof, Franchisee will hold itself out to the public as an independent contractor operating the business pursuant to a franchise from Franchisor.

Franchisee will take such affirmative action as may be necessary to do so including, without limitation, exhibiting a notice of that fact in a conspicuous place on the Premises and on all forms, stationery or other written materials, the content of which Franchisor reserves the right to specify.

22.4 Franchisee will defend, at its own cost, and indemnify and hold harmless Franchisor, its shareholders, directors, officers, employees and agents, from and against any and all losses, costs, claims, expenses (including, without limitation, reasonable accountant, attorney and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses), damages and liabilities, however caused, resulting directly or indirectly, from or pertaining to (i) the use, condition or construction, equipping, decorating, maintenance or operation of the Franchised Business, including the sale of any service or product sold from the Franchised Business, except to the extent caused by Franchisor's gross negligence or willful misconduct with regard to the foregoing, or (ii) any breach of this Agreement by Franchisee. Such losses, claims, costs, expenses, damages and liabilities will include, without limitation, those arising from latent or other defects in the Franchised Business, its services or products, materials or equipment whether or not discoverable by Franchisor, and those arising from the death or injury to any person or arising from damage to the property of Franchisee or Franchisor, their agents or employees or any third person, firm or corporation, whether or not such losses, claims, costs, expenses, damages or liabilities were actually or allegedly caused wholly or in part through the active or passive negligence of Franchisor or any of its agents or employees or resulted from any strict liability imposed on Franchisor or any of its agents or employees. The indemnification and hold harmless will survive termination of this Agreement.

22.5 Franchisor will not, by virtue of any approvals, advice or services provided to Franchisee or the Operating Principal, assume responsibility or liability to Franchisee, the Operating Principal or any third parties to which Franchisor would otherwise be subject.

## **23. APPROVALS**

23.1 Whenever this Agreement requires the prior approval or consent of Franchisor, Operating Principal will make a timely written request to Franchisor therefor, and, except as otherwise provided herein, any approval or consent granted must be in writing to be binding upon Franchisor.

23.2 Franchisor makes no warranties or guarantees upon which Franchisee or the Operating Principal may rely and assumes no liability or obligation to Franchisee, the Operating Principal or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent or services to Franchisee or the Operating Principal in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor.

## **24. NON-WAIVER**

No failure of Franchisor to exercise any power reserved to it in this Agreement, or failure to insist upon strict compliance by Franchisee and the Operating Principal with any obligation or condition in this Agreement, and no custom or practice of the parties that varies from the terms in this Agreement, will constitute a waiver of Franchisor's right to demand exact compliance with the terms hereof. Waiver by Franchisor of any particular breach or default by Franchisee or the Operating Principal will not be binding unless in writing and executed by the Franchisor and will not affect or impair Franchisor's right with respect to any subsequent default of the same or of a different nature; nor will any delay, waiver, forbearance or omission of Franchisor to exercise any power or rights arising out of any breach or default by Franchisee of any of the terms, provisions or covenants hereof, affect or impair Franchisor's rights, nor will such constitute a waiver by Franchisor of any right hereunder or of the right to declare any subsequent breach or default. Subsequent acceptance by Franchisor of any payment(s) due to it hereunder will not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.



## **25. NOTICES**

Any and all notices required or permitted under this Agreement will be in writing and will be personally delivered, delivered by messenger or delivery service, delivered by overnight express delivery service, mailed by certified mail return receipt requested, or delivered by facsimile transmission, and will be effective when received by or confirmation of receipt is acknowledged to the respective parties at the addresses set forth in the introductory Section of this Agreement unless and until a different address has been designated by written notice to the other party. Any notice by certified mail will be deemed to have been given at the date and time of mailing. Franchisee will promptly notify Franchisor of any change in Franchisee's address.

## **26. ENTIRE AGREEMENT**

This Agreement, any exhibit attached hereto, and the documents referred to herein, will be construed together and constitute the entire, full and complete agreement between Franchisor and Franchisee concerning the subject matter hereof, and supersede all prior agreements. No other representation has induced Franchisee to execute this Agreement, and there are no representations, inducements, promises or agreements, oral or otherwise, between the parties not embodied in this Agreement, which are of any force or effect with reference to this Agreement or otherwise. No amendment, change or variance from this Agreement (other than amendments to the Manuals or other matters with respect to which Franchisor has reserved the unilateral right to amend) will be binding on either party unless executed in writing by both parties. Nothing in this Agreement or in any related agreement is intended to disclaim the representations made in the Franchisor's Franchise Disclosure Document that Franchisor has furnished to Franchisee.

## **27. SEVERABILITY AND CONSTRUCTION**

27.1 Each paragraph, part, term and/or provision of this Agreement will be considered severable, and if, for any reason, any paragraph, part, term and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation, such will not impair the operation of or affect the remaining portions, sections, parts, terms and/or provisions of this Agreement, and the latter will continue to be given full force and effect and bind the parties hereto; and said invalid sections, parts, terms and/or provisions will be deemed not part of this Agreement; provided, however, that if Franchisor determines that said finding of illegality adversely affects the basic consideration of this Agreement, Franchisor may, at its option, terminate this Agreement as provided in this Agreement.

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

27.3 Franchisee will be bound by any promise or covenant imposing the maximum duty permitted by law which is contained within the terms of any provision hereof, as though it were separately stated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order. By executing this Agreement, Franchisee acknowledges entering into this Agreement as a result of Franchisee's and Operating Principal's own independent investigation of Franchisor's franchised business and not as a result of any representations about Franchisor made by any of its shareholders, officers, directors, employees, agents, representatives, independent contractors, or

franchisees that are contrary to the terms set forth in this Agreement, or in the Franchisor's Franchise Disclosure Document given to Franchisee pursuant to applicable law.

27.4 All captions herein are intended solely for the convenience of the parties, and none will be deemed to affect the meaning or construction of any provision hereof. The singular usage includes the plural and the masculine and neuter usages include the other and the feminine.

27.5 The recitals set forth in this Agreement are specifically incorporated into the terms of this Agreement and hereby constitute a part thereof.

## **28. APPLICABLE LAW AND CHOICE OF FORUM**

28.1 This Agreement will be governed by and construed according to the laws of the State of Nebraska, excluding any conflict of laws provisions which would result in the application of the laws of another jurisdiction, EXCEPT TO THE EXTENT GOVERNED BY FEDERAL LAW INCLUDING, WITHOUT LIMITATION, THE UNITED STATES TRADEMARK ACT OF 1946, AS AMENDED (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.). Franchisor and Franchisee irrevocably agree that the United States District Court of the District of Nebraska and the Courts of Nebraska sitting in Douglas County, Nebraska will have exclusive jurisdiction to hear and determine any action on a controversy on or under this Agreement, including any action for injunctive relief and for specific performance and other equitable relief, irrevocably submit to the jurisdiction of such Courts and irrevocably waive any objection which either of them might have to such Courts being nominated as the forum to hear and determine any such action on a controversy relating to this Agreement and agree not to claim that any such Court is not a convenient or appropriate forum. Not only must any such action be brought in such Courts but any such action must also be continually maintained in such Courts. The parties agree that such Courts have power under the law of Nebraska to entertain any such action, that Nebraska is a reasonably convenient place for the trial of any such action, and that this agreement, applicable law, and choice of forum were not obtained by misrepresentation, duress, the abuse of economic power or other unconscionable means.

28.2 FRANCHISEE ACKNOWLEDGES THAT THIS AGREEMENT IS ENTERED INTO IN DOUGLAS COUNTY, NEBRASKA.

28.3 NO RIGHT OR REMEDY CONFERRED UPON OR RESERVED TO FRANCHISOR OR FRANCHISEE BY THIS AGREEMENT IS INTENDED TO BE, NOR WILL BE DEEMED, EXCLUSIVE OF ANY OTHER RIGHT OR REMEDY IN THIS AGREEMENT OR BY LAW OR EQUITY PROVIDED OR PERMITTED, BUT EACH WILL BE CUMULATIVE OF EVERY OTHER RIGHT OR REMEDY.

28.4 NOTHING IN THIS AGREEMENT WILL BAR FRANCHISOR'S RIGHT TO OBTAIN INJUNCTIVE RELIEF AGAINST THREATENED CONDUCT UNDER GENERAL PRINCIPLES OF EQUITY, INCLUDING THE APPLICABLE PRINCIPLES FOR OBTAINING RESTRAINING ORDERS, PERMANENT AND PRELIMINARY INJUNCTIONS.

## **29. DISPUTE RESOLUTION**

29.1 Except as provided in Section 29.3, if any dispute, controversy or claim between Franchisor Franchisee and the Operating Principal, and any of Franchisor's or Franchisee's affiliates, officers, directors, shareholders, members, guarantors, employees or owners, arising under, out of, in connection with or in relation to this Agreement, any loan or other finance arrangement between Franchisor or its affiliates and Franchisee, the parties' relationship, the Franchised Business, or any System Standard; or the scope of validity of the arbitration obligation under this Section (a "**Dispute**"), the Dispute will be settled as follows.

29.1.1 The parties will first attempt to resolve the Dispute through good faith negotiation in accordance with Sections 29.1.2 and 29.1.3 below. Failure of a party to adhere to Sections 29.1.2 and 29.1.3 will constitute a waiver by such party of any right, remedy or relief claimed by the other party or provided by this Agreement or by law to otherwise accrues as a result of such Dispute.

29.1.2 If a party claims that a Dispute exists, such party will notify the other party in writing that a Dispute exists, specifying the nature and extent of the Dispute (the “**Dispute Notice**”). The parties will meet within thirty (30) days after the date of delivery of such Dispute Notice in Omaha, Nebraska at the Hilton Omaha Hotel downtown at 1001 Cass Street, or at such other location as directed by Franchisor for such attempted resolution.

29.1.3 Persons representing Franchisor and Franchisee who are authorized to settle the Dispute must attend the meeting required by Section 29.1.2. The parties may be represented by counsel at such meeting. The parties will then make a good faith attempt to resolve the Dispute. If the Dispute is not resolved at such meeting or a party fails to appear at a scheduled meeting, the parties are free to pursue arbitration. Each party will bear its own costs in connection with such meeting. The meeting and any negotiations and results thereof will be treated as a compromise settlement negotiation and the entire process is confidential.

29.2 Except as provided in Section 29.3, Franchisor and Franchisee agree that any Dispute not resolved pursuant to Section 29.1 must be submitted to binding arbitration in accordance with the Federal Arbitration Act in accordance with the following procedures:

29.2.1 The American Arbitration Association (“**AAA**”) will administer the arbitration pursuant to its then-current Commercial Arbitration Rules by one arbitrator.

29.2.2 Franchisor and Franchisee will submit or file any claim which would constitute a compulsory counterclaim (as defined by the then-current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding will be barred.

29.2.3 Any arbitration must be on an individual basis and the parties and the arbitrator will have no authority or power to proceed with any claim as a class action or otherwise to join or consolidate any claim with any claim or any other proceeding involving third parties. If a court or arbitrator determines that this limitation on joinder of or class action certification of claims is unenforceable, then the agreement to arbitrate the Dispute will be null and void and the parties must submit all claims to the jurisdiction of the courts, in accordance with Section 29.8.

29.2.4 The arbitration must take place in the city where our headquarters is located at the time of the Dispute.

29.2.5 The arbitrator must follow the law and not disregard the terms of this Agreement. The arbitrator must have at least 5 years of significant experience in franchise law. The arbitrator may not consider any settlement discussions or offers that might have been made by either Franchisor or Franchisee. The arbitrator will also have the right to make a determination as to any procedural matters as would a court of competent jurisdiction be permitted to make in the state in which the main office of Franchisor is located. The arbitrator will also decide any factual, procedural, or legal questions relating in any way to the Dispute between the parties, including, but not limited to: any decision as to whether forum and venues provision is applicable and enforceable as against the parties, subject matter, timeliness, scope, remedies, unconscionability, and any alleged fraud in the inducement. The arbitrator may issue summary orders disposing of all or part of a claim and provide for temporary restraining orders, preliminary injunctions, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships, and

other equitable and/or interim/final relief. Each party consents to the enforcement of such orders, injunctions, etc., by any court having jurisdiction. The arbitrator will have subpoena powers limited only by the laws of the state in which the main office of Franchisor is located.

29.2.6 The parties to the Dispute will have the same discovery rights as are available in civil actions under the laws of the state in which the main office of Franchisor is then located. All other procedural matters will be determined by applying the statutory, common laws, and rules of procedure that control a court of competent jurisdiction in which the main office of Franchisor is then located.

29.2.7 Other than as may be required by law, the entire arbitration proceedings (including, but not limited to, any rulings, decisions or orders of the arbitrator), will remain confidential and will not be disclosed to anyone other than the parties to this Agreement.

29.2.8 The judgment of the arbitrator on any preliminary or final arbitration award will be final and binding and may be entered in any court having jurisdiction.

29.2.9 Franchisor reserves the right, but has no obligation, to advance Franchisee's share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so will not be deemed to have waived or relinquished our right to seek recovery of those costs in accordance with Section 29.4.

29.3 Notwithstanding Sections 29.1 and 29.2, the parties agree that the following claims will not be subject to arbitration or mediation:

29.3.1 any action for equitable relief, including, without limitation, seeking preliminary or permanent injunctive relief, specific performance, other relief in the nature of equity to enjoin any harm or threat of harm to such party's tangible or intangible property, brought at any time, including without limitation, prior to or during the pendency of any arbitration proceedings initiated hereunder; or

29.3.2 any action in ejectment or for possession of any interest in real or personal property.

29.4 The prevailing party in any action or proceeding arising under, out of, in connection with, or in relation to this Agreement will be entitled to recover its reasonable costs and expenses (including attorneys' fees, arbitrators' fees and expert witness fees, costs of investigation and proof of facts, court costs, and other arbitration or litigation expenses) incurred in connection with the claims on which it prevailed. For the purposes of this Agreement in general and this Section specifically, the "**Prevailing Party**" will be deemed to be that party which has obtained the greatest net judgment in terms of money or money equivalent. If money or money equivalent has not been awarded, then the Prevailing Party will be that party which has prevailed on a majority of the material issues decided. The "**net judgment**" is determined by subtracting the smallest award of money or money equivalent from the largest award. If there is a mixed decision involving an award of money or money equivalent and equitable relief, the arbitrator will award the above fees to the party that it deems has prevailed over the other party using reasonable business and arbitrator's judgment.

29.5 The provisions of this Section are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. All applicable statutes of limitation and defenses based on the passage of time are tolled while the Dispute resolution procedures in this Section are pending. The parties will take such action, if any, required to effectuate such tolling. Each party must continue to perform its obligations under this Agreement pending final resolution of any Dispute pursuant to this Section, unless to do so would be impossible or impracticable under the circumstances.

29.6 If the Franchisee is owned by either (i) an entity owned by more than one person, or (ii) more than one person ((i) and (ii), an “**Owner**” or “**Owners**”), then Franchisor has the right to determine that any disagreement (“**Franchisee Quarrel**”) among any Owners (“**Quarreling Owners**”) in respect to the Franchised Business has resulted in, or may result in, a negative and adverse effect upon Franchisor or its System, Franchisor may, by notice in writing, order Franchisee and its Owners to promptly initiate/submit to (as the case may be) a binding arbitration proceeding with the Quarreling Owners (the “**Notice to Arbitrate**”). The arbitration proceeding will be conducted pursuant to and in accordance with the then-current Commercial Arbitration Rules of the AAA by one arbitrator selected by mutual agreement of the Quarreling Owners within 15 days after the Notice to Arbitrate is given, or, if the single arbitrator is not so mutually agreed upon, then, within 15 days after such failure to agree, in accordance with the rules of the AAA. Each Owner hereby agrees that the determination of the arbitrator as to the Franchisee Quarrel and the allocation of the costs of the proceeding will be final and binding upon such Owners, who will comply in all material respects with such determination. Each Owner further agrees that the prevailing Owner will have the right to bring an action in any court of competent jurisdiction within the State wherein the Franchisee is authorized to do business to enforce the arbitrator’s award, and for that purpose each Owner hereby accepts generally and unconditionally the non-exclusive jurisdiction and venue of such courts and waives any defense related thereto including any defense of an inconvenient forum.

29.7 Notwithstanding any choice of law provision of this Agreement, all issues relating to arbitration or the enforcement of the agreement to arbitrate contained in this Agreement are governed by the U.S. Federal Arbitration Act (9 U.S.C. § 1 et seq.) and the U.S. federal common law of arbitration. This federal act preempts any state rules on arbitration, including those relating to the site of arbitration. Judgment on an arbitration award, or on any award for interim relief, may be entered in any court having jurisdiction, and will be binding.

29.8 Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, this Agreement shall be interpreted under the laws of the State of Nebraska and any Dispute between the parties shall be governed by and determined in accordance with the substantive laws of the State of Nebraska, which laws shall prevail in the event of any conflict of law. Franchisee and Franchisor have negotiated regarding a forum in which to resolve any Disputes that may arise between them and have agreed to select a forum in order to promote stability in their relationship. Therefore, if a claim is asserted in any legal proceeding involving Franchisee, its officers, directors, managers, partners or Guarantors (collectively, “**Franchisee Affiliates**”), and Franchisor, its parent, subsidiaries or affiliates and their respective officers, directors and sales employees (collectively, “**Franchisor Affiliates**”), the parties agree that the exclusive venue for Disputes between them shall be in the state and federal courts of Nebraska or the Omaha office of the AAA and each party waives any objection it may have to the personal jurisdiction of or venue in the state and federal courts of Nebraska or the Omaha, Nebraska office of the AAA. Franchisor, Franchisor Affiliates, Franchisee and Franchisee Affiliates each waive their rights to a trial by jury.

29.9 Except for payments owed by one party to the other, and unless prohibited by applicable law, any legal action or arbitration proceeding brought or instituted with respect to any Dispute arising from or related to this Agreement or with respect to any breach of the terms of this Agreement must be brought or instituted within a period of two (2) years from the date of discovery of the conduct or event that forms the basis of the legal action or proceeding.

29.10 The provisions of this Section 29 will not bar, override, delay or in any way restrict the right of Franchisor to terminate this Agreement pursuant to Sections 16.2 or 16.3, or to obtain any legal relief for a breach of this Agreement by Franchisee including by way of temporary or permanent injunction.

### **30. “FRANCHISEE” DEFINED AND GUARANTY**

30.1 As used in this Agreement, the term “**Franchisee**” will include all persons who succeed to the interest of the original Franchisee by transfer or operation of law and will be deemed to include not only the individual or entity defined as “Franchisee” in the introductory paragraph of this Agreement, but will also include all owners of a legal or beneficial interest in the Franchised Business and/or Franchisee entity. Franchisee, if more than one individual, agrees that all liability pursuant to this Agreement will be joint and several. Franchisee, if it is an entity, represents and warrants to Franchisor that the persons executing the Guaranty and Assumption of Obligations, and the persons executing the Confidentiality and Non-Compete Agreement, constitute all owners of any legal or beneficial interest in Franchisee. By their signatures placed on this Agreement, each individual signatory acknowledges and accepts the duties and obligations imposed upon the Franchisee and each of the signatories by the terms of this Agreement. The singular usage includes the plural and the masculine and neuter usages include the other and the feminine.

30.2 Franchisee, if an individual, agrees that his/her spouse, as now or hereafter may exist, will benefit from and be exposed to valuable knowledge and information regarding the Franchised Business and thus his/her spouse will execute both a Guaranty and Assumption of Obligations and a Confidentiality and Non-Compete Agreement in the form respectively of Exhibits B and C to this Agreement. Franchisee, if an entity, agrees that the owners thereof and the spouse of each owner, as now or hereafter may exist, will benefit from and be exposed to valuable knowledge and information regarding the Franchised Business and thus such spouse(s) will execute both a Guaranty And Assumption of Obligations and a Confidentiality and Non-Compete Agreement in the form respectively of Exhibits B and C to this Agreement.

### **31. FORCE MAJEURE**

Whenever a period of time is provided in this Agreement for either party to do or perform any act or thing, except the payment of monies, neither party will be liable nor responsible for any delays in performance due to strikes, lockouts, casualties, acts of God, war, governmental regulation or control or other interference through legal proceedings, all beyond the reasonable control of the parties and, in any event, said time period for the performance of an obligation hereunder will be extended for the amount of time of the delay; provided, the party delayed will give the other party written notice and full particulars of the force majeure promptly after the event occurs. This clause will not, however, result in an extension of the term of this Agreement.

### **32. CAVEAT**

The success of the business venture contemplated to be undertaken by Franchisee by virtue of this Agreement is speculative and depends, to a large extent, upon the ability of Franchisee, as an independent businessperson, and its active participation in the daily affairs of the business as well as other factors. Franchisor does not, in this Agreement or otherwise, make any representation or warranty, express or implied, as to the potential success of the business venture.

### **33. ACKNOWLEDGMENTS**

33.1 Franchisee and the Operating Principal represent and acknowledge that they have received, read and understood this Agreement and Franchisor’s Franchise Disclosure Document and that Franchisor has accorded Franchisee and the Operating Principal ample time and opportunity to consult with advisors of their own choosing about the potential benefits and risks of entering into this Agreement. Even though this Agreement has been prepared by one of the parties, each of the parties confirms that each of them and their respective counsel have reviewed, negotiated and adopted this Agreement as the joint agreement and understanding of the parties. Thus, this Agreement is to be construed as a whole and any presumption that ambiguities are to be resolved against the primary drafting party will not apply. References to any document

or other instruments include all amendments and replacements to such amendments and supplements to such amendments.

33.2 Franchisee and the Operating Principal acknowledge that Franchisee and the Operating Principal received the Franchise Disclosure Document, as required by the Federal Trade Commission Franchise Rule, at least fourteen (14) calendar days before the date on which this Agreement and the attachments to this Agreement were signed or consideration (anything of value) was paid. Franchisee and the Operating Principal acknowledge that, as a prospective franchisee, it had at least a full fourteen (14) days in which to review the disclosures. Franchisee and the Operating Principal further acknowledge that they received an additional copy of this completed Agreement and the attachments to this Agreement for signature, at least seven (7) calendar days before the date on which this Agreement and the attachments to this Agreement were signed and the Franchise Fee paid.

33.3 Franchisee and the Operating Principal have been advised to consult with an attorney, accountant, and other own advisors with respect to the legal, financial and other aspects of this Agreement, the business franchised hereby, and the prospects for that business. Franchisee and the Operating Principal have either consulted with such advisors or have deliberately declined to do so. Despite the fact that this Agreement has been prepared by the Franchisor, Franchisee and the Operating Principal confirm that they and their respective counsel have reviewed, negotiated and adopted this Agreement, in its entirety, as the joint agreement and understanding of the parties.

33.4 Franchisee and the Operating Principal acknowledge that the covenants not to compete set forth in this Agreement are fair, reasonable and will not impose any undue hardship on Franchisee or the Operating Principal, since Franchisee and the Operating Principal have other considerable skills, experience and education which afford Franchisee and the Operating Principal the opportunity to derive income from other endeavors.

33.5 Franchisee and the Operating Principal declare under penalty of perjury, according to the laws of the State of Nebraska that all information set forth in any and all applications, financial statements and submissions to Franchisor are true, complete and accurate in all respects, with Franchisee and the Operating Principal expressly acknowledging that Franchisor is relying upon the truthfulness, completeness and accuracy of such information.

33.6 Franchisee and the Operating Principal have conducted an independent investigation of the business contemplated by this Agreement and recognize that, like any other business, an investment in a Right at Home Franchised Business involves business risks and that the success of the venture is primarily dependent upon the business abilities and efforts of Franchisee and the Operating Principal.

33.7 Franchisee and the Operating Principal have by entering into this Agreement, irrevocably waived trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either Franchisor or Franchisee

33.8 Franchisee understands that the audited financial statements ("Financial Statements") of Franchisor attached to the Franchise Disclosure Document as Exhibit D have been prepared by a licensed certified public accountant in accordance with Generally Accepted Accounting Principles ("GAAP") in the United States governing the preparation of Financial Statements as of the effective date of the Franchise Disclosure Document. Franchisee further acknowledges that GAAP accounting rules and standards may change over time, and that Financial Statements prepared under different new GAAP accounting rules or standards could result in Financial Statements that report results that appear different in the future or change the Financial Statements previously used in a Franchise Disclosure Document. Franchisee represents and warrants to Franchisor that Franchisee reviewed the Financial Statements of Franchisor attached the Franchise Disclosure Document and that to the extent that Franchisee is relying on the Financial Statements as they are

currently prepared as the basis for making Franchisee's decision to purchase the Franchised Business, future changes in those Financial Statements due to changes in GAAP will not affect the Franchisee's decision.

### 34. LIMITATION ON DAMAGES

34.1 IN NO EVENT, WHETHER AS A RESULT OF BREACH OF CONTRACT, WARRANTY, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY, INDEMNITY, OR OTHERWISE, WILL FRANCHISOR BE LIABLE TO FRANCHISEE FOR ANY SPECIAL, CONSEQUENTIAL, INCIDENTAL, INDIRECT, PUNITIVE OR EXEMPLARY DAMAGES, INCLUDING, WITHOUT LIMITATION, DAMAGES FOR LOSS OF REVENUE OR LOSS OF PROFIT.

34.2 The total liability of Franchisor to Franchisee arising out of or in connection with this Agreement, from any and all causes, will not exceed one hundred percent (100%) of the compensation actually received by Franchisor from Franchisee during the most recent 12 months preceding the claim.

IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HAVE CAUSED THIS AGREEMENT TO BE EXECUTED BY THEIR AUTHORIZED REPRESENTATIVES TO BE EFFECTIVE AS OF THE DATE FRANCHISOR EXECUTES THIS AGREEMENT.

FRANCHISOR:

Right at Home, LLC

\_\_\_\_\_  
Brian Petranick

President and CEO

Effective Date:\_\_\_\_\_

FRANCHISEE:

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

Printed Name: \_\_\_\_\_

Title if an entity:\_\_\_\_\_

Date Signed: \_\_\_\_\_

\* The Operating Principal



**EXHIBIT A TO THE FRANCHISE AGREEMENT  
FRANCHISE FEE, DESIGNATED AREA AND OWNERS**

1. The Franchise Fee or Renewal Fee pursuant to Section 1.5 is (check one):

- ☐ \$\_\_\_\_\_ for one Franchised Business
- ☐ \$\_\_\_\_\_ for an additional Franchised Business
- ☐ \$\_\_\_\_\_ for the Renewal Fee

2. The Designated Area pursuant to Section 1.2 includes the following zip codes as of the date set forth below Franchisor's signature:

[INSERT LIST OF ZIP CODES]

3. If Franchisee is an entity, list the full name and mailing address of each person or other entity who is an Owner of Franchisee, and describe the nature of the interests owned.

[OWNER'S NAME AND ADDRESS]

Nature of Ownership Interest:

Number of Shares or Ownership Units Owned: \_\_\_\_\_

% of Total Shares or Ownership Units Owned: \_\_\_\_%

[OWNER'S NAME AND ADDRESS]

Nature of Ownership Interest:

Number of Shares or Ownership Units Owned: \_\_\_\_\_

% of Total Shares or Ownership Units Owned: \_\_\_\_%

4. The Operating Principal is: \_\_\_\_\_

FRANCHISOR:

FRANCHISEE:

Right at Home, LLC

\_\_\_\_\_

\_\_\_\_\_  
Brian Petranick

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

President and CEO

Printed Name: \_\_\_\_\_

Effective Date: \_\_\_\_\_

Title if an entity: \_\_\_\_\_

Date Signed: \_\_\_\_\_

\* The Operating Principal

## EXHIBIT B TO THE FRANCHISE AGREEMENT

### GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS (“**Guaranty**”) is given on the date last below written next to the signature(s) of the undersigned.

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement made \_\_\_\_\_ (the “**Agreement**”) by Right at Home, LLC (“**Franchisor**”), each of the undersigned hereby irrevocably personally and unconditionally guarantees to Franchisor, and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement and until such time as all indebtedness and performances created in connection with the Agreement are paid and fulfilled, that \_\_\_\_\_ (“**Franchisee**”) and each of the undersigned:

(1) will punctually pay, perform and abide by each and every monetary and other obligation, undertaking, agreement and covenant set forth in the Agreement; (2) will take or refrain from taking the specific actions described and referenced in Sections 15.3 and 15.4 of the Agreement; and (3) will comply with each provision of the Agreement and be bound thereby in the same manner as the Franchisee is so bound. Each of the undersigned has fully read the Agreement, knows the contents of it, and understands its meaning. Each of the undersigned waives: any and all defenses of Franchisee, including waiver and release; acceptance and notice of acceptance by Franchisor of the foregoing undertakings; notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; protest and notice of default with respect to the indebtedness or non-performance of any obligations hereby guaranteed; any right the undersigned may have to require that an action be brought against Franchisee or any other person as a condition of liability; and any and all other notices and legal or equitable defenses to which the undersigned may be entitled. This Guaranty is continuing, absolute, unconditional, and irrevocable.

Each of the undersigned also consents and agrees that: (1) their direct and immediate liability under this Guaranty will be joint and several; (2) they will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) their liability will not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; (4) their liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty; (5) this Guaranty will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee, transferee, or successor franchisee and by any abandonment of the Franchise Agreement by a Trustee of Franchisee; (6) Franchisor may amend, extend or terminate the Agreement or release Franchisee or any other person from its obligations under the Agreement, without notice to the undersigned, and such act or actions will not affect the liability of the undersigned; and (7) the percentage of ownership interest in the Franchisee indicated under their respective signature is for informational purposes only and does not in any way limit the obligations of the undersigned.

If Franchisor presently holds one or more guaranties from any one or more of the undersigned as a guarantor, or hereafter receives one or more additional guaranties from any one or more of the undersigned as a guarantor, Franchisor’s rights under all such guaranties will be cumulative and in the aggregate under the terms of this Guaranty and any such other guaranties. This Guaranty will not (unless specifically provided below to the contrary) affect, lessen the obligation in, narrow the scope of or invalidate any such other guaranties. To the extent of any conflict between this Guaranty and any prior guaranties concerning the subject matter of this Guaranty, the terms of this Guaranty will prevail.

Each of the undersigned irrevocably waives trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either the Franchisor or any one or more of the undersigned.

This Guaranty will be governed by and construed according to the laws of the State of Nebraska, excluding any conflict of laws provisions that would result in the application of the laws of another jurisdiction, except to the extent governed by federal law. Each of the undersigned irrevocably agrees that the United States District Court of the District of Nebraska and the Courts of Nebraska sitting in Douglas County, Nebraska will have exclusive jurisdiction to hear and determine any action on a controversy on or under this Guaranty, including any action for injunctive relief and for specific performance and other equitable relief, irrevocably submits to the jurisdiction of such Courts and irrevocably waives any objection which any of them might have to such Courts being nominated as the forum to hear and determine any such action on a controversy relating to this Guaranty and agree not to claim that any such Court is not a convenient or appropriate forum. Not only must any such action be brought in such Courts but any such action must also be continually maintained in such Courts. Each of the undersigned agrees that such Courts have power under the law of Nebraska to entertain any such action, that Nebraska is a reasonably convenient place for the trial of any such action, and that this choice of forum agreement was not obtained by misrepresentation, duress, the abuse of economic power, or other unconscionable means.

Except as provided in Section 29.3 of the Franchise Agreement, any Dispute (as defined in the Franchise Agreement) not resolved pursuant to Section 29.1 of the Franchise Agreement must be submitted to binding arbitration in accordance with Section 29.2 of the Franchise Agreement:

The prevailing party in any action or proceeding arising under, out of, in connection with, or in relation to this Guaranty will be entitled to recover its reasonable costs and expenses (including attorneys' fees, arbitrators' fees and expert witness fees, costs of investigation and proof of facts, court costs, and other arbitration or litigation expenses) incurred in connection with the claims on which it prevailed. For the purposes of this Agreement in general and this Section specifically, the **"Prevailing Party"** will be deemed to be that party which has obtained the greatest net judgment in terms of money or money equivalent. If money or money equivalent has not been awarded, then the Prevailing Party will be that party which has prevailed on a majority of the material issues decided. The **"net judgment"** is determined by subtracting the smallest award of money or money equivalent from the largest award. If there is a mixed decision involving an award of money or money equivalent and equitable relief, the arbitrator will award the above fees to the party that it deems has prevailed over the other party using reasonable business and arbitrator's judgment.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his/her signature on

\_\_\_\_\_.

**GUARANTOR(S)**

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

\*The Operating Principal

## EXHIBIT C TO THE FRANCHISE AGREEMENT

### CONFIDENTIALITY AND NON-COMPETE AGREEMENT

THIS AGREEMENT ("Agreement"), made and entered into as of \_\_\_\_\_, by and between Right at Home, LLC, a Delaware limited liability company ("**Franchisor**"), and [Insert Name of Franchisee and Owner(s), as applicable] (collectively the "**Restricted Party**"). Except as specifically defined in this Agreement all words beginning with a capital letter will have the meaning ascribed to them in the Franchise Agreement.

WITNESSETH:

WHEREAS, Franchisor and \_\_\_\_\_, a \_\_\_\_\_ ("**Franchisee**"), entered into a Franchise Agreement dated \_\_\_\_\_ (the "**Franchise Agreement**") for Franchisee to conduct a Franchised Business in accordance with Franchisor's System (the "**Franchised Business**"); and

WHEREAS, throughout the term of the Franchise Agreement Restricted Party will be exposed to valuable knowledge and information at the highest level regarding the Franchised Business, the System, and Confidential Information of Franchisor and Franchisee; and

WHEREAS, Restricted Party, as an owner of Franchisee, will benefit from the operation of the Franchised Business; and

WHEREAS, Franchisor would not enter into the Franchise Agreement with Franchisee unless Franchisor's goodwill and Confidential Information were protected against unfair competition.

NOW THEREFORE, in consideration of the recitals, and of the mutual covenants hereafter set forth, and of other good and valuable consideration, the receipt and sufficiency of which are mutually acknowledged, it is agreed between Franchisor and Restricted Party, as follows:

#### 1. Confidentiality.

(a) Franchisor owns and possesses (and may continue to develop and acquire) certain confidential information consisting of and relating to the methods, techniques, formats, specifications, procedures, equipment, information, software, systems, sales and marketing techniques and programs, and knowledge of and experience in the development, operation and franchising of Franchises; advertising, marketing and promotional programs for Franchises; knowledge of, specifications for and suppliers of certain products, materials, equipment and supplies used to operate a Franchise; knowledge of the operating results and financial performance of Franchises other than the Franchised Business; the Manuals; passwords, codes and user names to access the Manuals in electronic format; and, contracts for clients served by Franchisee, the client lists and details of service (collectively, the "**Confidential Information**"). The term "Confidential Information" also includes all written or electronic information, computer files, documents, records and data that the Franchisor or any of its representatives furnishes or otherwise discloses to Franchisee or any of its representatives, together with all analyses, compilations, studies, memoranda, translations, notes or other documents, records or data (in whatever form maintained, whether documentary, computer or other electronic storage or otherwise) prepared by Franchisee, Restricted Party or any of Franchisee's representatives which contain or otherwise reflect or are generated from such information and documents. Franchisor will retain all ownership of, property in, and title to its Confidential Information; and Franchisee and Restricted Party will have no claim to it or right in it except as expressly authorized under the provisions of the Franchise Agreement. Franchisor will disclose certain Confidential Information to Franchisee and Restricted Party in the training program, the Manuals, and in guidance furnished to Franchisee and Restricted Party during the

term of the Franchise Agreement. Restricted Party acknowledges that the Confidential Information is proprietary and involves trade secrets of Franchisor, and that Restricted Party will not acquire any interest in the Confidential Information, other than the right to utilize the Confidential Information in the operation of the Franchised Business in compliance with the Franchise Agreement during the term of the Franchise Agreement. Restricted Party further acknowledges and agrees that the Confidential Information is disclosed to Franchisee and Restricted Party only on the condition precedent that Franchisee and Restricted Party agree and Restricted Party hereby does agree to: (1) use the Confidential Information only in operating the Franchised Business and not in any other business or capacity; (2) keep all Confidential Information absolutely confidential during and after the term of this Agreement; (3) make no unauthorized copies of any Confidential Information disclosed via electronic medium, in writing or other tangible form; and (4) adopt and implement all reasonable procedures periodically prescribed by Franchisor to prevent unauthorized use or disclosure of Confidential Information including restrictions on disclosures to Franchisee's principals and employees. Restricted Party will divulge Confidential Information only to Franchisee's employees who must have access to it in order to operate the Franchised Business. Restricted Party does, by entering into this Agreement, acknowledge that all Confidential Information is owned by Franchisor alone and during the term of this Agreement and at the end of the Franchise Agreement all Confidential Information will be returned to Franchisor.

(b) Restricted Party acknowledges and agrees that the Franchised Business' clients, client lists, details of service, and contracts are also trade secrets and are derived and result from the operation of the Franchised Business in accordance with the Franchise Agreement and Franchisor's System standards, specifications and operating procedures. Restricted Party acknowledges and agrees that such clients, client lists, details of service to clients, and contracts are deemed Confidential Information (as defined above) owned by Franchisor and are subject to the restrictions set forth above, including, without limitation, restrictions on the use, sale or transfer of such client lists and contracts to a third party.

(c) All ideas, concepts, techniques or other materials relating to the Franchised Business, whether or not protectable intellectual property and whether created by or for Franchisee or its employees, must be promptly disclosed to Franchisor and will be deemed to be Franchisor's sole and exclusive property, part of its franchise System and works made-for-hire. To the extent that any item does not qualify as a work made-for-hire, Restricted Party hereby assigns ownership of that item, and all related rights to that item, to Franchisor and agrees to sign any assignments or other documents as Franchisor reasonably requests to evidence its ownership of or to otherwise assist Franchisor in obtaining intellectual property rights in the item.

(d) Confidential Information does not include any information, knowledge or know-how which Franchisee or Restricted Party obtained prior to its being provided to Franchisee or Restricted Party directly or indirectly by Franchisor or any of its current, former or future affiliates (including, without limitation, pursuant to any license agreement or similar agreement between Franchisee and any such party). Franchisee and Restricted Party have the burden of proving that the elements of this Section apply to any information, knowledge or know-how.

## **2. Non-Competition.**

(a) Restricted Party, including successors and assigns of Franchisee, will not, for a period of one and one-half (1½) years after the first to occur of the termination or expiration or transfer of the Franchise Agreement, regardless of the cause of termination, whether as an agent, consultant, independent contractor, owner, stockholder, partner, director, officer, manager or otherwise, engage or become interested in, own, organize, finance, lease, operate, or invest in any business which engages in the services and business of the Franchise or the Franchised Business anywhere within a radius of ten (10) miles from the outer boundaries of Franchisee's Designated Area.

(b) Restricted Party will not, for a period of one and one-half (1½) years after the first to occur of the termination or expiration or transfer of the Franchise Agreement, regardless of the cause of termination, become an employee of any business which engages in the services and business of the Franchise or the Franchised Business anywhere within a radius of ten (10) miles from the outer boundaries of Franchisee's Designated Area.

(c) For a period of one and one-half (1½) years after the first to occur of the termination or expiration of the Franchise Agreement, Restricted Party will not, directly or indirectly, solicit, call on or attempt to solicit or call on any of the then current or past customers, accounts or clients served by the Franchised Business, or other franchisee's franchised business, for the purpose of inducing such customers, accounts or clients to become a customer, client or account of any party in competition with the business of the Franchisor, Franchise or the Franchised Business.

(d) For a period of one and one-half (1½) years after the first to occur of the termination or expiration of the Franchise Agreement, Restricted Party will not, directly or indirectly, solicit, call on or attempt to solicit or call on any of the then current or past referral sources and contacts utilized by the Franchised Business during the Restricted Party's affiliation with the Franchised Business, for the purpose of obtaining referral of customers or business from such referral sources and contacts in competition with the business of the Franchisor, Franchise or the Franchised Business.

(e) For a period of one and one-half (1 ½) years after the first to occur of the termination or expiration of the Franchise Agreement, Restricted Party will not, directly or indirectly provide services or products, materials or equipment that are the same as, or similar to a component to the operation of the Franchised Business or System to any party, including but not limited to other franchisees and competitors.

### **3. Enforcement of Franchisee and Restrictions.**

Restricted Party has, with the assistance of legal counsel, carefully read and considered the provisions of this Agreement and, having done so, agrees that the applicable restrictions set forth in this Agreement in Section 1 (including, but not limited to, the period of restriction and the geographic area of the restriction set forth) are fair and reasonable and are necessarily required for the protection of the interests of Franchisor. Restricted Party further acknowledges that due to the nature of the business, a more limited geographical restriction would not be reasonable or appropriate. Restricted Party covenants and agrees with the Franchisor that if Restricted Party will violate any of the covenants or agreements contained in this Agreement, then Franchisor will be entitled to injunctive relief; such remedy to be in addition to and not in limitation of any other rights or remedies to which Franchisor is or may be entitled to at law or in equity. In the event that despite the foregoing, any part of the covenants set forth in this Agreement will be held to be invalid or unenforceable, the remaining parts thereof will nevertheless continue to be valid and enforceable as though the invalid and unenforceable part had not been included herein. In the event that any provisions of this Agreement relating to the time period and/or area of restriction will be declared by a court of competent jurisdiction to exceed the maximum time periods or areas which such court deems reasonable and enforceable, such time period and/or area of restriction will be deemed to become and thereafter be the maximum time period and/or area which such court deems reasonable and enforceable.

### **4. Notices.**

All notices required or permitted hereunder will be in writing and will be delivered personally or sent by United States registered or certified mail postage prepaid or sent by priority overnight mail, addressed to Restricted Party at:

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Attention: \_\_\_\_\_

or addressed to Franchisor at:

Right at Home, LLC  
6464 Center Street, Suite 150  
Omaha, Nebraska 68106  
Attention: CEO

or at such changed addresses as the parties may designate in writing. Franchisee must notify Franchisor of address change. Any such notice will be deemed given and effective when mailed.

## **5. Miscellaneous.**

(a) Headings. Headings, titles and captions contained in this Agreement are inserted only as a matter of convenience and reference and in no way define, limit, extend, or describe the scope of this Agreement or the intent of any provision hereof.

(b) Entire Agreement. This writing, together with the Franchise Agreement, constitutes the entire agreement between the parties hereto and supersedes any prior understanding or agreements among them respecting the subject matter. There are no extraneous representations, arrangements, understandings, or agreements, oral or written, among the parties hereto, except those fully expressed herein.

(c) Amendments. No amendments, changes, alterations, modifications, additions or qualifications to the terms of this Agreement will be made or binding unless made in writing and signed by all the parties hereto.

(d) Waiver. The failure of either party to enforce at any time any of the provisions of this Agreement will not be construed as a waiver of such provisions or of the right of such party thereafter to enforce any such provisions.

(e) Invalidity. The invalidity or unenforceability of any particular provision of this Agreement will not affect the other provisions hereof, and this Agreement will be construed in all respects as if such invalid or unenforceable provisions were omitted.

(f) Governing Law. This Agreement will be construed and governed in accordance with the laws of the State of **[Insert State of Franchise]**.

(i) EXCEPT TO THE EXTENT GOVERNED BY FEDERAL LAW INCLUDING, WITHOUT LIMITATION, THE UNITED STATES TRADEMARK ACT OF 1946, AS AMENDED (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.). Franchisor and Restricted Party irrevocably agree that the United States District Court of the District of Nebraska and the Courts of Nebraska sitting in Douglas County, Nebraska will have exclusive jurisdiction to hear and determine any action on a controversy on or under this Agreement, including any action for injunctive relief and for specific performance and other equitable relief, irrevocably submit to the jurisdiction of such Courts and irrevocably waive any objection which either of them might have to such Courts being nominated as the forum to hear and determine any such action on a controversy relating to this Agreement and agree not to claim that any such Court is not a convenient or appropriate forum. Not only must any such action be brought in such Courts but any such action must also be continually maintained in such Courts. The parties agree that such Courts have power under the law of Nebraska to entertain any such action, that Nebraska is a reasonably convenient place for the trial of any such

action, and that this choice of forum agreement was not obtained by misrepresentation, duress, the abuse of economic power or other unconscionable means.

(ii) RESTRICTED PARTY ACKNOWLEDGES THAT THIS AGREEMENT IS ENTERED INTO IN DOUGLAS COUNTY, NEBRASKA.

(iii) NO RIGHT OR REMEDY CONFERRED UPON OR RESERVED TO FRANCHISOR OR RESTRICTED PARTY BY THIS AGREEMENT IS INTENDED TO BE, NOR WILL BE DEEMED, EXCLUSIVE OF ANY OTHER RIGHT OR REMEDY HEREIN OR BY LAW OR EQUITY PROVIDED OR PERMITTED, BUT EACH WILL BE CUMULATIVE OF EVERY OTHER RIGHT OR REMEDY.

(iv) NOTHING HEREIN CONTAINED WILL BAR FRANCHISOR'S RIGHT TO OBTAIN INJUNCTIVE RELIEF AGAINST THREATENED CONDUCT UNDER GENERAL PRINCIPLES OF EQUITY, INCLUDING THE APPLICABLE PRINCIPLES FOR OBTAINING RESTRAINING ORDERS, PERMANENT AND PRELIMINARY INJUNCTIONS.

(g) Binding Agreement. This Agreement will be binding upon and inure to the benefit of the parties, their heirs, successors and assigns.

(h) Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original but all of which together will constitute one and the same instrument.

(i) Miscellaneous. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing, and is signed by Franchisee and Related Persons and by an executive officer of the Franchisor. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by any party that is not set forth expressly in this Agreement.

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

FRANCHISOR:

Right at Home, LLC

\_\_\_\_\_  
Brian Petranick

President and CEO

Effective Date: \_\_\_\_\_

RESTRICTED PARTY:

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

Printed Name: \_\_\_\_\_

Title if an entity: \_\_\_\_\_

Date Signed: \_\_\_\_\_

\* The Operating Principal



## EXHIBIT D TO THE FRANCHISE AGREEMENT RENEWAL ADDENDUM

This Addendum, to the Franchise Agreement, is made by and between Right at Home, LLC, a limited liability company formed under the laws of the State of Delaware and having its principal place of business at 6464 Center Street, Suite 150, Omaha, Nebraska 68106 (“**Franchisor**”), and \_\_\_\_\_ whose principal address is \_\_\_\_\_, an individual/partnership/corporation/limited liability company resident/established in the State of \_\_\_\_\_ (“**Franchisee**”).

### RECITALS

A. On or about \_\_\_\_\_, Franchisee entered into a Franchise Agreement (the “**Original Franchise Agreement**”) with Franchisor pursuant to which Franchisee has operated a Right at Home<sup>®</sup> Business in the Designated Area described in the Original Franchise Agreement.

B. Franchisee has notified Franchisor of its desire to obtain an additional term granted pursuant to the Original Franchise Agreement to continue to use the System and Marks in the operation of a Franchised Business.

C. Pursuant to the rights granted in the Original Franchise Agreement, Franchisee is willing to enter into a new franchise agreement with Franchisor on the terms and conditions of Franchisor’s current form of franchise agreement, as modified by this Addendum (the “**Renewal Franchise Agreement**”).

D. Franchisee has had a full and adequate opportunity to be advised thoroughly of the terms and conditions of the Renewal Franchise Agreement, including this Addendum, by legal counsel or other advisors, and has had sufficient opportunity to evaluate and investigate the System, the financial investment requirements and the business risks associated with owning and operating a Right at Home Business.

In consideration of the foregoing and the covenants and consideration below, Franchisee and Franchisor agree to amend the Renewal Franchise Agreement as follows:

**1. Renewal Fee.** Section 1.5 of the Renewal Franchise Agreement is deleted and replaced with the following:

1.5 In consideration of the Franchise granted in this Agreement, Franchisee will pay to Franchisor, upon execution of this Agreement, a renewal fee (“**Renewal Fee**”) in the amount set forth on Exhibit A. When paid, the Renewal Fee is fully earned and non-refundable as consideration for expenses incurred by Franchisor, including marketing, researching, awarding, furnishing assistance and services to Franchisee and for Franchisor’s lost or deferred opportunity to franchise others. Whenever the term “Franchise Fee” is used in the Renewal Franchise Agreement, it will be “Renewal Fee”.

**2. Term.** Section 2.1 of the Renewal Franchise Agreement is deleted and replaced with the following:

2.1 This Agreement will be effective and binding from the date of its acceptance by Franchisor (as indicated on the signature page) and expires on the fifth (5<sup>th</sup>) anniversary of the date of acceptance by Franchisor (unless sooner terminated in accordance with the terms of this Agreement), with three (3) separate options intended to renew this Agreement for the period of five (5) years each, as provided in Section 2.2.

**3. Renewal Terms.** The first sentence of **Section 2.2** of the Renewal Franchise Agreement is deleted and replaced with the following:

Subject to the notice provisions in Section 2.3, at the expiration of the term set forth in Section 2.1 (as amended), if this Agreement will then be in full force and effect, and the Franchisee will have duly performed all of its terms and conditions, Franchisee will have three (3) separate options to renew this Agreement, subject to the terms and conditions of the then current form of Franchise Agreement, for the period of five (5) years each.

**4. Business Location.** **Section 3.2** of the Renewal Franchise Agreement is deleted and replaced with the following:

3.2. Franchisee will be solely responsible for purchasing or leasing a suitable site and office for any replacement Premises and for maintaining in the condition and appearance of the Premises consistent with Franchisor's standards. While Franchisor utilized its general experience in providing guidelines and criteria for selection of a Premises location, nothing contained herein will be interpreted as a guarantee of success for said location. Any replacement for the Premises is subject to Franchisor's approval, which Franchisor has the right to grant or deny. Franchisee acknowledges that Franchisor's approval of the Premises or any replacement Premises indicates only that Franchisor believes that the office falls within the acceptable criteria established by Franchisor as of the approval date.

**5. Training.** **Sections 4.1 and 4.2** of the Renewal Franchise Agreement are deleted and replaced with the following:

4.1 If Franchisor determines it is necessary, Franchisee and two (2) additional persons, who must be Franchisee's office manager and the Operating Principal, may be required to successfully re-complete Phase-one of the training program. Phase-one training will begin on the date designated by Franchisor within approximately ninety (90) days after the Effective Date. The Phase-one training program will include classroom training at Franchisor's headquarters or another location designated by Franchisor. The Phase-one training program will be approximately ten (10) days in duration and will cover administrative, operational, sales and marketing matters. All expenses incurred by Franchisee and its Operating Principal and other representatives in attending such training, including, without limitation, travel costs, room and board expenses, and employees' salaries, will be the sole responsibility of Franchisee.

4.2 If Franchisor determines it is necessary, Franchisee must participate in the Right Start Program, which will begin on a date designated by Franchisor within six (6) months after the Effective Date. Franchisor will furnish to Franchisee, at the Premises, one (1) of Franchisor's representatives for approximately two (2) days or such longer period of time as Franchisor determines is necessary for the purpose of facilitating the Franchised Business. During this period, such representative will assist Franchisee and Operating Principal in establishing and standardizing current procedures and techniques essential to the operation of the Franchised Business and will assist in training personnel. The first two days of Right Start Program training will be at Franchisor's expense. Should Franchisee request additional assistance from Franchisor to facilitate the Franchised Business, or should Franchisor determine that Franchisee or the Operating Principal needs additional training, Franchisee will reimburse Franchisor for the expense Franchisor incurs in providing such additional assistance at its then-current rate as published in the Manuals (defined in Section 6), plus expenses.

**6. Minimums.** Section 12.13 of the Renewal Franchise Agreement is deleted and replaced with the following:

12.1.13 To maintain the exclusivity of Franchisee's Designated Area, throughout the Renewal Term, Franchisee must meet the following through the renewal term minimums:

12.13.1 For each consecutive 13-week period ("**Quarter**"), Franchisee is required to pay to Franchisor the greater of the (a) Royalty Fee; or (b) the minimum royalty in the amount of \$10,563\* ("**Minimum Royalty**").

12.13.2 For each Quarter, Franchisee is required to contribute to Franchisor the greater of (a) the Brand Marketing and Promotion Fee; or (b) a minimum brand marketing and promotion fee in the amount of \$4,225\* ("**Minimum Brand Marketing and Promotion Fee**").

12.13.3 If at the end of each Quarter, the Royalty Fee and/or Brand Marketing and Promotion Fee Franchisee paid during the Quarter does not meet or exceed the Minimum Royalty and/or the Minimum Brand Marketing and Promotion Fee Franchisee (as the case may be) Franchisee will pay Franchisor or contribute to the Brand Marketing and Promotion Fund (as the case may be), the difference. The difference will be included with the last weekly invoice for such Quarter

12.13.4 If Franchisee owns Additional Franchised Businesses and a MSA Cap applies, Franchisee's Minimum Brand Marketing and Promotion Fee will be calculated based on the Minimum Quarterly Net Billings for all the Franchised Businesses owned and operated by Franchisee in the designated specified area so as not to exceed the MSA Cap. All other minimum requirements (including Minimum Royalty and Minimum Quarterly Net Billings) will be applicable to each individual Franchised Business.

12.13.5 Franchisee will be required to generate the minimum quarterly net billing throughout the Renewal Term in the amount of \$211,250\* ("**Minimum Quarterly Net Billings**"). The Minimum Royalty and the Minimum Brand Marketing and Promotion Fee are based on each Minimum Quarterly Net Billings. Any Royalty Fee and Brand Marketing and Promotion Fees paid in any Quarter in excess of the Minimum Royalty or Minimum Brand Marketing and Promotion Fee, as applicable, will not apply toward any such minimums for any future Quarter.

12.13.6 Franchisor can increase the above stated Minimum Royalty and Minimum Quarterly Net Billings requirements by up to 5% per year upon notice to Franchisee.

12.13.7 If (a) Franchisee's Royalty Fee and/or Brand Marketing and Promotion Fee payments do not meet or exceed the Minimum Royalty and Minimum Brand Marketing and Promotion Fee (even if Franchisee pays the difference) for four consecutive Quarters; (b) Franchisee Royalty Fee and/or Brand Marketing and Promotion Fee payments do not meet or exceed the Minimum Royalty and Minimum Brand Marketing and Promotion Fee more than four Quarters in any consecutive 24 month period; Franchisor has the right, in addition to other remedies in the Franchise Agreement and by law to: (i) decrease/reduce or otherwise change the size of the Designated Area; (ii) establish other franchises within the Designated Area; (iii) permit other franchisees to provide services to clients located within the

Designated Area; and/or (iv) terminate the Franchise Agreement as provided in the Franchise Agreement.

12.13.8 If Franchisee fails to meet the Quarterly Net Billings in any Quarter, Franchisor has the right, in addition to other remedies in the Franchise Agreement and by law to require Franchisee to participate in a Performance Improvement Plan, which will include attending the HIAC. A performance improvement plan will include Franchisee's submission of a detailed business plan that describes how Franchisee will meet the Minimum Quarterly Net Billings within a reasonable time frame, not to exceed 6 months ("**Performance Improvement Plan**"). Franchisee will submit the Performance Improvement Plan in the form and substance acceptable to us within 30 calendar days of Franchisor's request. Franchisor will approve or disapprove Franchisee's Performance Improvement Plan within 14 calendar days of Franchisor's receipt. If Franchisor, in its sole judgment, believes that the Performance Improvement Plan is reasonably achievable within the time period set out in the Performance Improvement Plan (but in no event longer than 6 months), Franchisor will grant Franchisee additional time to meet the Minimum Quarterly Net Billing requirements, as applicable, in accordance with the Performance Improvement Plan. If Franchisee fails or refuses to provide the Performance Improvement Plan within the time prescribed, Franchisor does not approve the Performance Improvement Plan, Franchisee fails to execute the Performance Improvement Plan, or Franchisee fails to meet the Minimum Quarterly Net Billings requirements as applicable within the time period set out in the Performance Improvement Plan, Franchisor may exercise the remedies described in Section 12.13.7 above. Details as to the form and content required for the Performance Improvement Plan and the process described above may be more specifically explained and modified in the Manuals.

\* NOTE: If Franchisor has increased the Minimum Royalty and/or Minimum Quarterly Net, then the minimum requirements described in this Section 12.13 will be adjusted to reflect such increase.

**7. Release of Claims.** Franchisee, its heirs, successors and assigns, affiliates, directors, officers and shareholders, and any other party claiming an interest through them (collectively and individually referred to as the "**Franchisee Parties**"), hereby releases and forever discharges Franchisor, for itself, its predecessors, successors, assigns, affiliates, directors, officers, shareholders, and employees (collectively and individually referred to as the "**Franchisor Parties**") from any and all claims, debts, liabilities, demands, obligations, costs, expenses, actions and causes of action, whether known or unknown, vested or contingent, which Franchisee may now or in the future own or hold, that in any way relate to the Original Franchise Agreement (collectively, "**Claims**"), including but not limited to, any alleged violations of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules or regulations, and any alleged violations of the Original Franchise Agreement or any other related agreement between Franchisee Parties and Franchisor Parties.

**8. Warranties and Representations of Franchisee.** Franchisee warrants and represents as follows:

(a) Franchisee has, during the entire initial term of the Original Franchise Agreement, duly performed all provisions of the Original Franchise Agreement;

(b) Franchisee maintains legal and physical possession of the Premises and has presented evidence reasonably satisfactory to Franchisor that Franchisee has the right to remain in

possession of the Premises for the duration of the Renewal Term; or, in the event Franchisee is unable to legally retain possession of the Premises, or, in the judgment of Franchisor, the Franchised Business should be relocated, Franchisee has secured substitute premises approved by Franchisor;

(c) The Franchised Business is in full compliance with the specifications and standards then applicable for a new or renewing Franchise;

(d) Franchisee has given notice of renewal to Franchisor least eight (8) months, but not more than twelve (12) months, prior to the expiration of the term of the Original Franchise Agreement;

(e) Franchisee has satisfied all monetary obligations owed by Franchisee to Franchisor and its Related Entities, including the renewal fee, and has timely met these obligations throughout the term of this Agreement;

(f) Franchisee has paid to Franchisor the renewal fee in the amount of \$ \_\_\_\_\_;

(g) Franchisee has executed the Renewal Franchise Agreement, with this Addendum attached and incorporated therein by this reference;

(h) Franchisee has complied with Franchisor's then-current qualifications and training requirements; and

(i) Franchisee and its owners have executed a general release, in a form attached to this Addendum as Attachment A, of any and all existing claims against Franchisor and its respective officers, directors, agents and employees, except such claims as are not permitted to be waived under applicable law.

**9. Capitalized Terms.** Capitalized terms not otherwise defined in this Renewal Addendum shall have the same meaning as in the Renewal Franchise Agreement.

**10. Addendum Binding.** This Renewal Addendum will be binding upon and inure to the benefit of each party and to each party's respective successors and assigns.

**11. No Further Changes.** Except as specifically provided in this Addendum, all of the terms, conditions and provisions of the Renewal Franchise Agreement will remain in full force and effect as originally written and signed.

IN WITNESS WHEREOF, the parties have executed this Renewal Franchise Agreement as of the Effective Date.

FRANCHISOR:

Right at Home, LLC

\_\_\_\_\_  
Brian Petranick

President and CEO

Effective Date:\_\_\_\_\_

FRANCHISEE:

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

Printed Name: \_\_\_\_\_

Title if an entity:\_\_\_\_\_

Date Signed: \_\_\_\_\_

\* The Operating Principal

If Franchisee is an Entity:

**GUARANTOR(S)**

Signature:\_\_\_\_\_

Printed Name:\_\_\_\_\_\*

Signature:\_\_\_\_\_

Printed Name:\_\_\_\_\_

Signature:\_\_\_\_\_

Printed Name:\_\_\_\_\_

## **EXHIBIT E TO THE FRANCHISE AGREEMENT FORM OF BUSINESS ASSOCIATE AGREEMENT**

This Business Associate Agreement (this "**Agreement**") is entered into by and between [Insert Name of Franchisee and Owner(s), as applicable] ("**Covered Entity**") and Right at Home, LLC ("**Right at Home**" or "**Business Associate**") in order to comply with privacy and security provisions of the Health Insurance Portability and Accountability Act of 1996 and its implementing regulations, as amended from time to time (statute and regulations collectively referred to as "**HIPAA**").

### **RECITALS**

Right at Home provides services ("**Services**") to Covered Entity that involve the creation, use, or disclosure of protected health information ("**PHI**") under one or more agreements (each an "**Underlying Agreement**") and that are defined under HIPAA as business associate services.

Covered Entity and Right at Home are required by HIPAA to enter into a Business Associate Agreement with respect to the Services.

### **STATEMENT OF AGREEMENT**

1. **Definitions.** Terms used, but not otherwise defined, in this Agreement will have the same meaning as those terms in HIPAA; provided that PHI refers only to protected health information of the Covered Entity unless otherwise stated.

2. **Compliance and Agents.** Right at Home agrees that when using or disclosing PHI, Right at Home will comply with the requirements of this Agreement with respect to such PHI. Right at Home will ensure that every agent, including a subcontractor, to whom Right at Home provides PHI received from, or created or received by Covered Entity will enter into a written business associate agreement with Right at Home that includes the same restrictions and conditions as set forth in this Agreement. If Right at Home is required to carry out an obligation of Covered Entity under HIPAA, Right at Home will comply with applicable requirements of HIPAA that apply to Covered Entity in the performance of that obligation.

3. **Use and Disclosure; Rights.** Right at Home agrees that it shall not use or disclose PHI except as permitted under this Agreement or as required by law. Right at Home's use and disclosure of PHI shall comply with the provisions of HIPAA applicable to business associates. Right at Home may use or disclose the PHI received or created by it (a) to perform its obligations under this Agreement, (b) to provide Services for, or on behalf of, Covered Entity as specified in the Underlying Agreement, and (c) to provide data aggregation functions to or for the benefit of Covered Entity. Right at Home may use the PHI received by it, if necessary, to manage and administer its business or to carry out its legal responsibilities. Right at Home may disclose the PHI received by it to manage and administer its business or to carry out its legal responsibilities if: (a) the disclosure is required by law, or (b) Right at Home obtains reasonable assurances from the person to whom the information is disclosed that it will be held confidentially and used or further disclosed only as required by law or for the purpose for which it is disclosed to the person, and the person agrees to notify Right at Home of any instances of which the person is aware that the confidentiality of the PHI has been breached. Covered Entity shall not ask Right at Home to use or disclose PHI in any manner that would not be permissible under HIPAA if done by Covered Entity.

4. **Safeguards.** Right at Home agrees to implement appropriate physical, administrative, and technical safeguards as required by 45 CFR §§164.308-164.316, to prevent any use or disclosure of electronic PHI other than as permitted or required by this Agreement.

5. **Minimum Necessary.** To the extent required by HIPAA, Right at Home will limit any use, disclosure, or request for use or disclosure of PHI to the minimum necessary to accomplish the intended purpose of the use, disclosure, or request.

6. Report of Improper Use or Disclosure. Right at Home will report to Covered Entity any information of which it becomes aware concerning any use or disclosure of PHI that is not permitted by this Agreement and any security incident of which it becomes aware.

7. Individual Access. In accordance with an individual's right to access to his or her own PHI in a designated record set under 45 CFR §164.524 and the individual's right to copy or amend such records under 45 CFR §164.524 and §164.526, Right at Home will make available all PHI in a designated record set to Covered Entity to enable the Covered Entity to provide access to the individual to whom that information pertains or such individual's representative.

8. Amendment of PHI. Right at Home will make available for amendment PHI in a designated record set and will incorporate any amendments to PHI in a designated record set in accordance with 45 CFR §164.526 and in accordance with any process mutually agreed to by the parties.

9. Accounting. Right at Home agrees to document such disclosures of PHI and information related to such disclosures as would be required for Covered Entity to respond to an individual's request for an accounting of disclosures of their PHI in accordance with 45 CFR §164.528. Right at Home agrees to make available to Covered Entity the information needed to enable Covered Entity to provide the individual with an accounting of disclosures as set forth in 45 CFR §164.528.

10. DHHS Access to Books, Records, and Other Information. Right at Home will make available to the U.S. Department of Health and Human Services ("DHHS") its internal practices, books, and records relating to the use and disclosure of PHI received from, or created or received by Right at Home on behalf of, Covered Entity for purposes of determining the Covered Entity's compliance with HIPAA.

11. Individual Authorizations; Restrictions. Covered Entity will notify Right at Home of any limitation in Covered Entity's notice of privacy practices, any restriction on the use or disclosure of PHI that Covered Entity has agreed to with an individual, and any changes to or revocation of an authorization or other permission by an individual, to the extent that such limitation, restriction, change, or revocation may affect Right at Home's use or disclosure of PHI.

12. Security Breach Notification. Right at Home will, following the discovery of a breach of unsecured protected health information, as defined in 45 CFR §164.402, notify Covered Entity of such breach within 15 business days. The notice will include the identification of each individual whose unsecured protected health information has been, or is reasonably believed by Right at Home to have been, accessed, acquired, or disclosed during such breach and other information required by HIPAA.

13. Term. This Agreement takes effect on the effective date of the Underlying Agreement, and continues in effect unless and until either party terminates the Underlying Agreement.

14. Breach; Termination; Mitigation. If Covered Entity knows of a pattern of activity or practice of Right at Home that constitutes a material breach or violation of Right at Home's obligations under this Agreement, Right at Home and Covered Entity will take any steps reasonably necessary to cure such breach and make Right at Home comply, and, if such steps are unsuccessful, Covered Entity may terminate this Agreement. Right at Home will take reasonable actions available to it to mitigate any detrimental effects of such violation or failure to comply.

15. Return of PHI. Right at Home agrees that upon termination of this Agreement, and if feasible, Right at Home will (a) return or destroy all PHI received from Covered Entity, or created or received by Right at Home on behalf of Covered Entity, that Right at Home or any subcontractor maintains in any form or manner and retain no copies of such information or, (b) if such return or destruction is not feasible, immediately notify Covered Entity of the reasons return or destruction are not feasible, and extend indefinitely the protection of this Agreement to such PHI and limit further uses and disclosures to those purposes that make the return or destruction of the PHI not feasible.



16. Conflicts. The terms and conditions of this Agreement will override and control any conflicting term or condition of the Underlying Agreement. All non-conflicting terms and conditions of the Underlying Agreement will remain in full force and effect. Any ambiguity in this Agreement with respect to the Underlying Agreement will be resolved in a manner that will permit Covered Entity to comply with HIPAA.

**IN WITNESS WHEREOF**, Covered Entity and Right at Home execute this Agreement as of the Effective Date stated below.

FRANCHISOR:

Right at Home, LLC

\_\_\_\_\_  
Brian Petranick

President and CEO

Effective Date:\_\_\_\_\_

COVERED ENTITY:

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

Printed Name: \_\_\_\_\_

Title if an entity:\_\_\_\_\_

Date Signed:\_\_\_\_\_

## EXHIBIT F TO THE FRANCHISE AGREEMENT MULTIPLE UNIT AMENDMENT

**THIS MULTIPLE UNIT AMENDMENT** to the Franchise Agreement (“**Agreement**”) between **Right at Home, LLC**, (“**Franchisor**”) and \_\_\_\_\_, (“**Franchisee**”), is executed on the same date as the Agreement and is effective as of the Effective Date of the Agreement. Franchisor and Franchisee may sometimes be referred to in the singular as a “Party” or jointly as the “Parties.”

### BACKGROUND

A. Franchisor and Franchisee entered into the Agreement contemporaneously with the execution of this Amendment on \_\_\_\_\_, 20\_\_\_\_, pursuant to which Franchisee acquired the exclusive right to open and operate a Franchised Business within the Designated Area defined in the Agreement.

B. Simultaneously with the execution of this Agreement, Franchisee also entered into one or more other Franchise Agreements (each an “**Additional Franchise Agreement**”), pursuant to which Franchisee acquired the exclusive right to open and operate a Franchised Business within the Designated Area defined in each Additional Franchise Agreement, which Designated Area is contiguous to the Designated Area in this Agreement.

C. Franchisee desires to acquire and operate the Franchised Business pursuant to this Agreement and any the Additional Franchise Agreement(s) from the same Premises; and, therefore, Franchisee desires to be relieved of the obligation to open additional Premises for the operation of the Franchised Businesses represented by each Additional Franchise Agreement.

D. Franchisor is willing to grant such right, subject to the terms of this Amendment.

### AGREEMENT

So long as Franchisee otherwise satisfies all of its obligations in the Agreement, the Additional Franchise Agreements and any other agreement entered into with Franchisor or its affiliates, including specifically the minimum requirements set forth in Section 12.12 of the Agreement and each Additional Franchise Agreement; then, the Agreement is amended as follows:

**1. Term and Renewal.** Section 2.2.2 is deleted and replaced with the following:

Franchisee maintains legal and physical possession of the Premises and the Franchised Business is in full compliance with the specifications and standards then applicable for a new or renewing Franchise. Franchisee will also present evidence reasonably satisfactory to Franchisor that Franchisee has the right to remain in possession of the Premises for the duration of any renewal term; or, in the event Franchisee is unable to legally retain possession of the Premises, or, in the judgment of Franchisor, the Franchised Business should be relocated, Franchisee secures substitute premises approved by Franchisor.

**2. Business Location.** Section 3.1 is deleted and replaced with the following:

Franchisee must operate the Franchised Business only from Premises within the Designated Area of the Agreement or an Additional Franchise Agreement. Franchisee’s open office location for the Franchised Business will be at an open office location separate from any personal residence and the open office will exist and be used solely and

exclusively for the operation of the Franchised Business under this Agreement and the Additional Franchise Agreements (“**Premises**”). As used in this Agreement, open office has the meaning set forth in Section 12.2.

**3. Standards of Quality and Performance.** The first sentence of Section 12.2 is deleted and replaced with the following:

Franchisee, the Operating Principal and Franchisee’s office manager, must successfully complete Phase-one training prior to opening the office at the Premises and Franchisee must commence operations of the Franchised Business not later than the earlier of six (6) months after execution of this Agreement or thirty (30) days after completion of Phase-one training, unless otherwise agreed upon in writing by Franchisor.

**4. Minimums. [DELETE IF NOT OPERATING ADDITIONAL FRANCHISE FROM EXISTING OFFICE]** Section 12.13 is deleted in its entirety and replaced with the following:

12.13 To maintain the exclusivity of Franchisee’s Designated Area, beginning on the 4<sup>th</sup> month of operation of the Franchised Business, Franchisee must meet the following minimums:

12.13.1 For each consecutive 13-week period (“**Quarter**”), Franchisee is required to pay to Franchisor the greater of (a) the Royalty Fee; or (b) a minimum royalty (“**Minimum Royalty**”) according to the following schedule:

<b>Months After Franchisee Has Opened Office</b>	<b>Minimum Royalty Requirement Per Quarter</b>	<b>Minimum Quarterly Net Billings<sup>1</sup></b>
4-15	\$2,275	\$45,500
16-27	\$3,738	\$74,750
28-39	\$5,200	\$104,000
40-51	\$7,475	\$149,500
52-63	\$8,938	\$178,750
64 and thereafter, including Renewal Term, if any	\$10,563	\$211,250

12.13.2 For each Quarter, Franchisee is required to contribute to the Brand Marketing and Promotion Fund the greater of (a) the Brand Marketing and Promotion Fee; and (b) a minimum brand marketing and promotion fee (“**Minimum Brand Marketing and Promotion Fee**”) according to the following schedule:

<b>Months After Franchisee Has Opened Office</b>	<b>Minimum Brand Marketing and Promotion Fee Requirement Per Quarter</b>
4-15	\$910
16-27	\$1,495
28-39	\$2,080
40-51	\$2,990
52-63	\$3,575
64 and thereafter, including Renewal Term, if any	\$4,225

12.13.3 If at the end of each Quarter, the Royalty Fee and/or Brand Marketing and Promotion Fee Franchisee paid during the Quarter does not meet or exceed the Minimum Royalty and/or the Minimum Brand Marketing and Promotion Fee (as the case may be), Franchisee will pay

Franchisor, or contribute to the Brand Marketing and Promotion Fund (as the case may be), the difference. The difference will be included with the last weekly invoice for such Quarter.

12.13.4 If Franchisee owns Additional Franchised Businesses and an MSA Cap applies, Franchisee's Minimum Brand Marketing and Promotion Fee will be calculated based on the Minimum Quarterly Net Billings for all the Franchised Businesses owned and operated by Franchisee in the designated specified area so as not to exceed the MSA Cap. All other minimum requirements (including Minimum Royalty and Minimum Quarterly Net Billings) will be applicable to each individual Franchised Business.

12.13.5 The Minimum Royalty and the Minimum Brand Marketing and Promotion Fee are based on each Quarter's Minimum Net Billing Requirements. Any Royalty Fee and Brand Marketing and Promotion Fees paid in any Quarter in excess of the Minimum Royalty or Minimum Brand Marketing and Promotion Fee, as applicable, will not apply toward any such minimums for any future Quarter.

12.13.6 Franchisor can increase the above stated Minimum Royalty and Minimum Quarterly Net Billings by up to 5% per year upon notice to Franchisee.

12.13.7 If (a) Franchisee's Royalty Fee and/or Brand Marketing and Promotion Fee payments do not meet or exceed the Minimum Royalty and Minimum Brand Marketing and Promotion Fee (even if Franchisee pays the difference) for four consecutive Quarters; (b) Franchisee Royalty Fee and/or Brand Marketing and Promotion Fee payments do not meet or exceed the Minimum Royalty and Minimum Brand Marketing and Promotion Fee more than four Quarters in any consecutive 24 month period; Franchisor has the right, in addition to other remedies in the Franchise Agreement and by law to: (i) decrease/reduce or otherwise change the size of the Designated Area; (ii) establish other franchises within the Designated Area; (iii) permit other franchisees to provide services to clients located within the Designated Area; and/or (iv) terminate the Franchise Agreement as provided in the Franchise Agreement.

12.13.8 If Franchisee fails to meet the Quarterly Net Billings in any Quarter, Franchisor has the right, in addition to other remedies in the Franchise Agreement and by law to require Franchisee to participate in a Performance Improvement Plan, which will include attending the HIAC. A performance improvement plan will include Franchisee's submission of a detailed business plan that describes how Franchisee will meet the Minimum Quarterly Net Billings within a reasonable time frame, not to exceed 6 months ("**Performance Improvement Plan**"). Franchisee will submit the Performance Improvement Plan in the form and substance acceptable to us within 30 calendar days of Franchisor's request. Franchisor will approve or disapprove Franchisee's Performance Improvement Plan within 14 calendar days of Franchisor's receipt. If Franchisor, in its sole judgment, believes that the Performance Improvement Plan is reasonably achievable within the time period set out in the Performance Improvement Plan (but in no event longer than 6 months), Franchisor will grant Franchisee additional time to meet the Minimum Quarterly Net Billing requirements, as applicable, in accordance with the Performance Improvement Plan. If Franchisee fails or refuses to provide the Performance Improvement Plan within the time prescribed, Franchisor does not approve the Performance Improvement Plan, Franchisee fails to execute the Performance Improvement Plan, or Franchisee fails to meet the Minimum Quarterly Net Billings requirements as applicable within the time period set out in the Performance Improvement Plan, Franchisor may exercise the remedies described in Section 12.13.7 above. Details as to the form and content required for the Performance Improvement Plan and the process described above may be more specifically explained and modified in the Manuals.

5. **Capitalized Terms.** All capitalized terms not defined in this Amendment will have the same meaning as in the Agreement.

6. **Amendment Binding.** This Amendment will be binding upon and inure to the benefit of each party and to each party's respective successors and assigns.

7. **No Further Changes.** Except as specifically provided in this Amendment, all of the terms, conditions and provisions of the Agreement will remain in full force and effect as originally written and signed.

**IN WITNESS WHEREOF**, the parties hereto have executed, sealed and delivered this Amendment in 2 or more counterparts as of the Effective Date.

FRANCHISOR:

Right at Home, LLC

\_\_\_\_\_  
Brian Petranick

President and CEO

Effective Date:\_\_\_\_\_

FRANCHISEE:

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

Printed Name: \_\_\_\_\_

Title if an entity:\_\_\_\_\_

Date Signed: \_\_\_\_\_

\* The Operating Principal

**EXHIBIT G TO THE FRANCHISE AGREEMENT  
SKILLED CARE SERVICES AMENDMENT**

**THIS SKILLED CARE AMENDMENT** to the Franchise Agreement (“**Agreement**”) is entered into on \_\_\_\_\_ (“**Amendment Effective Date**”) by and between **Right at Home, LLC**, (“**Franchisor**”) and \_\_\_\_\_, (“**Franchisee**”). Franchisor and Franchisee may sometimes be referred to in the singular as a “Party” or jointly as the “Parties.”

**BACKGROUND**

A. Franchisor and Franchisee entered into the Agreement on \_\_\_\_\_, pursuant to which Franchisee acquired the exclusive right to open and operate a Franchised Business within the Designated Area defined in the Agreement.

B. Franchisee desires to offer to its clients Ancillary Services relating to skilled care services, as defined below (“**Skilled Care**”) in addition to Core Services in connection with the operation of the Franchised Business.

C. Franchisee acknowledges that performing Skilled Care requires special skills, training and accreditation by the Joint Commission or other agency, recognized in the state where the Franchise Business is located, that provides accreditation for health care facilities and services (the “**Accrediting Agency**”).

D. Franchisor is willing to grant such right, subject to the terms of this Amendment.

**AGREEMENT**

So long as Franchisee otherwise satisfies all of its obligations in the Agreement and any Additional Franchise Agreement or other agreement entered into with Franchisor or its affiliates, including specifically the average Net Billings requirements set forth in Section 12.12 of each Additional Franchise Agreement; then, the Agreement is amended as follows:

**1. Skilled Care Defined.** For purposes of this Amendment and the Agreement, “**Skilled Care**” means a comprehensive clinical-based model of care for clients, ordered by a physician and provided by licensed professional care staff. Examples of skilled care in the home include, but are not limited to, case management, vital signs monitoring, medication management, wound care, enteral nutrition, continence care, lab draws, geriatric assessments, hospice support, infusion therapy, chemotherapy and ventilator support.

**2. Franchisor Approval.** Upon satisfaction of the requirements in Section 4, Franchisor hereby grants Franchisee the right to offer Skilled Care in connection with the operation of the Franchised Business, subject to the terms and conditions herein. Franchisee acknowledges and understands that Franchisor reserves the right to revoke such approval for any reason at any time during the term of this Agreement by providing Franchisee with thirty (30) days’ written notice.

**3. Franchisee Representations.** Franchisee represents that, as of the Amendment Effective Date, Franchisee or its Owners:

- (a) Has completed the Right Start Program;
- (b) Does not have any uncured defaults under this Agreement; and

(c) Is in full compliance with all federal, state, and local laws and regulations and has obtained all applicable licenses and permits, including all requirements under the applicable Nurse Practitioners Act.

**4. Requirements to Begin Providing Skilled Care.** To have the right to begin to offer Skilled Care subject to this Amendment and the Agreement, Franchisee must provide Franchisor with written proof of all of the following:

(a) Franchisee or an Owner of Franchisee and another qualified person designated by Franchisee has successfully completed Franchisor's training program relating to Skilled Care;

(b) Franchisee is in full compliance with the Agreement;

(c) Franchisee has obtained all applicable licenses and permits and is in full compliance with all federal, state, and local laws and regulations, including as required by the applicable Nurse Practitioners Act;

(d) Franchisee has obtained and continues to maintain in full force and effect all insurance policies required by the Agreement and the Right at Home Private Duty Policy and Procedure Manual to provide Skilled Care; and

(e) Within six (6) months after the Amendment Effective Date, the Franchised Business must have completed all requirements of the Accrediting Agency for accreditation of its skilled care services and Franchisee must continue to maintain such accreditation during the term of this Agreement.

If Franchisee, at any time, fails to continue to satisfy the requirements of this Section, Franchisor will have the right to terminate the approval granted to Franchisee to provide Skilled Care, as provided in Section 1 of this Amendment.

**5. Requirements Applicable to Resales.** If the Franchised Business operated pursuant to the Agreement was acquired from an existing franchisee who was already approved to provide Skilled Care (formerly referred to as "Skilled Nursing Care"); then, the requirements in Sections 3 and 4 are revised as follows to have the right to continue to provide Skilled Care if, within six (6) months after acquiring the Franchised Business:

(a) Franchisee or an Owner of Franchisee and another completes the Skilled Care Training Program; and

(b) The Franchised Business must have completed all requirements of the Accrediting Agency for accreditation of its skilled care services as of the date that Franchisee acquired the Franchised Business and Franchisee must continue to maintain such accreditation during the term of this Agreement.

If Franchisee fails to comply with the foregoing requirements, upon delivery of written notice to Franchisee, Franchisor has the right to revoke its approval of the right to provide Skilled Care.

**6. Ancillary Services; Continuation of Franchised Business.** Franchisee acknowledges and agrees that the provision of Skilled Care constitutes Ancillary Services, and that the provision of Core Services will remain the primary focus of the Franchised Business during the term of this Agreement. As such, in the event the Franchised Business's ability to offer Skilled Care is in any way suspended, revoked, or terminated by any federal, state, or local governmental agency or Franchisor, the Franchised Business

will continue to provide Core Services throughout the remainder of the term of this Agreement; further, pursuant to Section 3.5.2 of this Agreement, Operating Principal will continue to exert its best efforts to the supervision and conduct of the Franchised Business.

7. **Net Billings.** Franchisee acknowledges and agrees that any revenues generated by the Franchised Business involving the provision of Skilled Care are included in the term “**Net Billings**,” as defined in Section 10.1 of this Agreement and used throughout this Agreement; and, will be reported to Franchisor separately from Net Revenues from other services, in the manner and at the time specified in the Manuals, or as Franchisor will otherwise require in writing from time to time.

8. **Compliance with System.** Franchisee agrees to purchase a copy of the Right at Home Private Duty Policy and Procedure Manual from a supplier approved by Franchisor and to satisfy any other requirements established from time to time by Franchisor that Franchisor believes are necessary for a Franchised Business to continue offering Skilled Care, including but not limited to attending additional training related to Skilled Care as directed by Franchisor and acquiring Cyber Liability insurance described in Section 14.2.10.

9. **Capitalized Terms.** All capitalized terms not defined in this Amendment have the same meaning as in the Agreement.

10. **Not Transferrable by Franchisee.** The terms of this Amendment are personal to Franchisee and are not transferrable by Franchisee.

11. **No Further Changes.** Except as specifically provided in this Amendment, all of the terms, conditions and provisions of the Agreement will remain in full force and effect as originally written and signed.

**FRANCHISOR:**

Right at Home, LLC

\_\_\_\_\_  
Brian Petranick  
President and CEO

Effective Date: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

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

Printed Name: \_\_\_\_\_

Title if an entity: \_\_\_\_\_

Date Signed: \_\_\_\_\_

\* The Operating Principal



**EXHIBIT C TO THE FRANCHISE DISCLOSURE DOCUMENT**

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**EXHIBIT D TO THE FRANCHISE DISCLOSURE DOCUMENT**  
**FINANCIAL STATEMENTS AND GUARANTY OF PERFORMANCE**

# **RiseMark Holdings, LLC and Subsidiaries**

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## **Consolidated Financial Statements**

**As of December 31, 2017 and 2016 and  
for the year ended December 31, 2017 and  
for the period from August 15, 2016 to December 31, 2016**

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## **Independent Auditors' Report**

Board of Directors and Members  
RiseMark Holdings, LLC and Subsidiaries  
Omaha, Nebraska

We have audited the accompanying consolidated financial statements of RiseMark Holdings, LLC and Subsidiaries, which comprise the consolidated balance sheets as of December 31, 2017 and 2016, and the related consolidated statements of income, members' equity, and cash flows for the year ended December 31, 2017 and for the period from August 15, 2016 through December 31, 2016, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Consolidated Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the RiseMark Holdings, LLC and Subsidiaries as of December 31, 2017 and 2016, and the results of their operations and their cash flows for the year ended December 31, 2017 and for the period from August 15, 2016 through December 31, 2016 in accordance with accounting principles generally accepted in the United States of America.

*Dixon Hughes Goodman LLP*

**Raleigh, North Carolina  
March 6, 2018**

**RiseMark Holdings, LLC and Subsidiaries**  
**Consolidated Balance Sheets**  
**December 31, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 5,801,284	\$ 2,824,916
Trade accounts receivable, less allowance for doubtful accounts accounts of \$78,000 and \$103,000, respectively	1,228,258	1,150,204
Prepaid expenses	960,366	944,113
Current portion of notes receivable	16,824	58,298
Restricted cash (Note 11)	721,840	599,672
Total current assets	<u>8,728,572</u>	<u>5,577,203</u>
Property and equipment, net	<u>532,284</u>	<u>361,129</u>
Other assets:		
Notes receivable, net of current portion	191,025	150,000
Goodwill	17,043,476	17,043,476
Intangible assets, net	76,670,960	78,769,627
Other assets	36,947	53,292
	<u>93,942,408</u>	<u>96,016,395</u>
Total assets	<u><u>\$ 103,203,264</u></u>	<u><u>\$ 101,954,727</u></u>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 205,199	\$ 232,412
Accrued compensation and taxes withheld	1,124,898	966,095
Deferred revenue	10,000	438,150
Other accrued liabilities	229,901	227,358
Current portion of long-term debt	1,271,765	350,000
Restricted liabilities (Note 11)	721,840	599,672
Total current liabilities	<u>3,563,603</u>	<u>2,813,687</u>
Long-term liabilities:		
Other liabilities	49,904	158,472
Long-term debt, net of current portion	32,598,360	33,723,125
Total long-term liabilities	<u>32,648,264</u>	<u>33,881,597</u>
Total liabilities	<u>36,211,867</u>	<u>36,695,284</u>
Members' equity:		
Members' equity	66,991,397	65,259,443
Total members' equity	<u>66,991,397</u>	<u>65,259,443</u>
Total liabilities and members' equity	<u><u>\$ 103,203,264</u></u>	<u><u>\$ 101,954,727</u></u>

See accompanying notes.

**RiseMark Holdings, LLC and Subsidiaries**  
**Consolidated Statements of Income**  
**Year Ended December 31, 2017 and the**  
**Period from August 15, 2016 to December 31, 2016**

	<u>2017</u>	<u>2016</u>
Revenue:		
Franchise royalties	\$ 22,482,086	\$ 7,924,056
Franchise sales	2,043,412	1,331,904
Other	9,685	2,055
Total revenue	<u>24,535,183</u>	<u>9,258,015</u>
Operating expenses:		
Employee compensation	7,860,061	2,893,622
Occupancy	907,743	337,945
Marketing	1,695,833	903,667
General and administrative	4,752,851	1,444,884
Depreciation and amortization	2,277,619	833,771
Total operating expenses	<u>17,494,107</u>	<u>6,413,889</u>
Income from operations	7,041,076	2,844,126
Other income (expense):		
Interest income	8,122	2,301
Interest expense	(2,365,781)	(902,147)
Miscellaneous income	98,864	8,269
Total other expense, net	<u>(2,258,795)</u>	<u>(891,577)</u>
Net income	<u>\$ 4,782,281</u>	<u>\$ 1,952,549</u>

**RiseMark Holdings, LLC and Subsidiaries**  
**Consolidated Statements of Members' Equity**  
**Year Ended December 31, 2017 and the**  
**Period from August 15, 2016 to December 31, 2016**

	<b>Members' Equity</b>		
	<b>Class A</b>	<b>Class B</b>	<b>Total</b>
Balance August 15, 2016	\$ -	\$ -	\$ -
Capital contributions	42,106,327	21,211,457	63,317,784
Distributions	(7,242)	(3,648)	(10,890)
Net income	<u>1,298,445</u>	<u>654,104</u>	<u>1,952,549</u>
Balance December 31, 2016	43,397,530	21,861,913	65,259,443
Distributions	(2,028,467)	(1,021,860)	(3,050,327)
Net income	<u>3,180,217</u>	<u>1,602,064</u>	<u>4,782,281</u>
Balance December 31, 2017	<u>\$ 44,549,280</u>	<u>\$ 22,442,117</u>	<u>\$ 66,991,397</u>

See accompanying notes.



**RiseMark Holdings, LLC and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**Year Ended December 31, 2017 and the**  
**Period from August 15, 2016 to December 31, 2016**

	<b>2017</b>	<b>2016</b>
Cash flows from operating activities:		
Net income	\$ 4,782,281	\$ 1,952,549
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation and amortization	2,277,619	833,771
Amortization of deferred financing costs	147,000	55,125
Loss on disposal of property and equipment	28,172	-
Loss on disposal of other intangible assets	-	823
Increase (decrease) in cash arising from changes in assets and liabilities:		
Trade accounts receivable	(183,083)	17,090
Prepaid expenses	(16,253)	(66,970)
Other assets	16,345	-
Accounts payable	(27,213)	74,879
Accrued compensation and taxes withheld	158,803	940,694
Deferred revenue	(428,150)	(104,642)
Other accrued liabilities and other liabilities	(106,025)	(627,203)
Net cash provided by operating activities	<u>6,649,496</u>	<u>3,076,116</u>
Cash flows from investing activities:		
Purchase of property and equipment	(310,755)	(10,888)
Proceeds from disposal of property and equipment	700	
Payments received on notes receivable	105,478	52,499
Acquisition of subsidiaries, net of cash acquired	-	(97,413,663)
Additions to other intangible assets	(68,224)	(204,042)
Net cash used in investing activities	<u>(272,801)</u>	<u>(97,576,094)</u>
Cash flow from financing activities:		
Principal payments on long-term debt	(350,000)	(100,000)
Proceeds from long-term debt, net of issuance costs	-	34,118,000
Members' contributions	-	63,317,784
Distributions	(3,050,327)	(10,890)
Net cash provided by (used in) financing activities	<u>(3,400,327)</u>	<u>97,324,894</u>
Net change in cash and cash equivalents	2,976,368	2,824,916
Cash and cash equivalents, beginning of period	<u>2,824,916</u>	<u>-</u>
Cash and cash equivalents, end of period	<u>\$ 5,801,284</u>	<u>\$ 2,824,916</u>
Supplemental disclosures:		
Cash paid for interest	<u>\$ 2,218,781</u>	<u>\$ 847,022</u>

See accompanying notes.

**RiseMark Holdings, LLC and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**Year Ended December 31, 2017 and the**  
**Period from August 15, 2016 to December 31, 2016**

**(Continued)**

	<u>2017</u>	<u>2016</u>
Supplemental disclosure of noncash investing and financing activities:		
Conversion of accounts receivable to notes receivable	<u>\$ 105,029</u>	<u>\$ 42,420</u>
Transfer of other intangible assets from property and equipment	<u>\$ -</u>	<u>\$ 144,796</u>

See accompanying notes.

## **Notes to Consolidated Financial Statements**

### **1. Nature of Activities**

RiseMark Holdings, LLC (RiseMark) was established in the state of Delaware on June 28, 2016. RiseMark had no financial activity from June 28, 2016 through August 14, 2016. On August 15, 2016, RiseMark acquired all of the outstanding membership interests in Right at Home, LLC (RAH), Right at Home International, LLC (RAH International) and IKOR International, LLC (IKOR), collectively the "Company". The principal business activities of RAH and RAH International are the sale of homecare and healthcare supplemental staffing franchises and master franchises throughout the world; and, the principal business activities of IKOR are the sale of professional advocacy and guardianship service franchises throughout the United States.

The Company accounts for acquired businesses using the acquisition method of accounting recording the assets acquired and liabilities assumed at their respective fair values at the date of acquisition. Any excess of the purchase price over the estimated fair values of the identifiable net assets is recorded as goodwill. Acquisition-related expenses are recognized separately from the business combination and are expensed as incurred.

### **2. Summary of Significant Accounting Policies**

A summary of the significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements is set forth below.

#### ***Basis of Accounting and Use of Estimates***

The consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### ***Principles of Consolidation***

The accompanying consolidated financial statements include the accounts of RiseMark and its wholly owned subsidiaries: RAH, RAH International, and IKOR. All significant intercompany balances and transactions have been eliminated in consolidation.

#### ***Cash and Cash Equivalents***

Cash and cash equivalents includes cash on deposit at financial institutions and all highly liquid temporary cash investments with maturities of three months or less.

#### ***Trade Accounts and Notes Receivable***

Trade accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a periodic basis. Management determines the allowance for doubtful accounts by regularly evaluating individual franchisee receivables and considering a franchisee's financial condition, credit history, and current economic conditions. Trade accounts receivable are written off when deemed uncollectible. Recoveries of trade accounts receivable previously written off are recorded when received.

Notes receivable are considered to be fully collectible. Accordingly, no allowance for doubtful accounts is recorded. If amounts become uncollectible, they are charged to operations when that determination is made.

***Property and Equipment***

Property and equipment are recorded at cost. Expenditures for additions and betterments are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Property and equipment are capitalized if their life is expected to be greater than one year and if their cost exceeds \$500. The costs of assets disposed of and related accumulated depreciation are eliminated from the accounts in the year of disposal. Gains or losses from property disposals are recognized in the year of disposal.

Depreciation is computed using the straight-line method over the following estimated lives:

	<u>Years</u>
Computers and equipment	3 - 5
Office furniture and fixtures	5 - 15
Leasehold improvements	4 - 10

Projects in progress are recorded at cost and depreciation is recorded once the assets are placed in service.

Leasehold improvements are amortized over the shorter of the expected lease term or the estimated useful life of the asset. The expected lease term is consistent with the lease term assumed in the accounting for the underlying leases and includes the initial term and any renewal options that are reasonably assured of being exercised.

The carrying values of long-lived assets, including property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the recorded value cannot be recovered from the estimated undiscounted future cash flows expected to result from its use and eventual disposition. When the book value of an asset exceeds the associated undiscounted expected future cash flows, it is considered to be impaired and is written down to fair value, which is determined based on either discounted future cash flows or appraised values. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property is used, and the effects of obsolescence, demand, competition, and other economic factors. Based on this assessment, there was no impairment for 2017 and 2016.

***Goodwill and Intangible Assets***

Goodwill represents the excess of the fair value of an acquired entity over the value assigned to the assets acquired less liabilities assumed. Goodwill in the amount of \$17,043,476 was recognized as a result of the acquisition completed on August 15, 2016. Goodwill is not amortized but is tested for impairment at least annually and whenever events or circumstances indicate that it is more likely than not that it may be impaired. The Company did not record any impairment loss related to goodwill for 2017 and 2016.

Other intangible assets primarily include tradename and franchise agreements, resulting from the business acquisition completed on August 15, 2016 and are recorded based on their estimated value at that date. The tradename is not amortized and is evaluated annually for impairment using discounted future cash flows. Franchise agreements are amortized using methods based on the projected future earnings expected from these intangibles using an estimated useful life of fifteen years.

Management periodically reviews the carrying value of intangible assets that are being amortized to determine whether impairment may exist. The Company considers relevant cash flow and profitability information, including estimated future operating results, trends and other available information, in assessing whether the carrying value of intangible assets being amortized can be recovered. If the Company determines that the carrying value of amortized intangible assets will not be recovered from the undiscounted future cash flows, the Company considers the carrying value of such intangible assets impaired and reduces them by a charge to operations in the amount of the impairment. An impairment charge is measured as the excess of the carrying value over the fair value of the intangible assets that are being amortized. The Company did not record any impairment loss related to intangibles in 2017 and 2016.

***Debt Issuance Costs***

Debt issuance costs related to the Company's long-term debt are recorded as a direct deduction from the carrying amount of the debt (see Note 7). Amortization of the debt issuance costs is recorded as interest expense.

***Revenue Recognition***

*Franchise Sales:* Initial and Master Area Franchise fees are recognized as revenue as the Company satisfies the significant conditions relating to the franchise or area sale. Under the terms of the franchise agreement, the Company is obligated to provide training, general assistance upon commencement of operation, a brand standards manual, and various forms and printed materials. Franchise fees paid in advance are accounted for as deferred revenue until such time as the significant conditions have been fulfilled by the Company.

*Franchise Royalties:* The Company accrues royalty income from franchisees based on a percentage of the franchisees' sales and when collectability is reasonably assured.

***Marketing***

The Company expenses marketing costs as incurred. Marketing expense totaled approximately \$1,695,833 and \$903,667 for the year ended December 31, 2017 and the period from August 15, 2016 to December 31, 2016, respectively.

***Income Taxes***

RiseMark Holdings, LLC and its subsidiaries have elected to be taxed as partnerships as defined under the Internal Revenue Code. Earnings and losses are included in the personal income tax returns of the individual members and taxed depending on their individual tax positions. Accordingly, no provision for income taxes has been recorded for the Company.

The Company recognizes the effect of uncertain income tax positions only if those positions are more likely than not of being sustained. Management believes there are no uncertain income tax positions taken which would require the Company to reflect a liability for unrecognized tax benefits on the accompanying consolidated balance sheet.

***Concentrations of Credit Risk***

The Company has several types of financial instruments subject to credit risk. The Company maintains bank accounts in which the balances sometimes exceed federally insured limits. The Company's receivables and notes receivable also subject the Company to credit risk.

***Recent Accounting Pronouncements***

In May 2014, the FASB issued an update to the existing guidance under the Revenue Recognition topic of the Codification which is a comprehensive new revenue recognition model requiring a company to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Subsequent to issuance of the original update the FASB issued several updates amending this new guidance. In April 2016, the FASB issued an update clarifying issues related to identifying performance obligations and licensing. In May 2016, the FASB issued an update regarding the assessment of collectability criteria, presentation of sales taxes, measurement of noncash consideration and transition guidance for completed contracts and contract modifications. The guidance allows for either the full retrospective or modified retrospective method of adoption. The Company is required to implement the new guidance effective with its fiscal year beginning January 1, 2019 with early adoption permitted. Management is currently evaluating the impact of this guidance on its consolidated financial statements.

In February 2016, the FASB issued an update to the existing guidance under Leases topic. Under the new guidance, lessees will be required to recognize the following for all leases, with the exception of short-term

**RiseMark Holdings, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**

leases, at the commencement date: (1) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (2) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. This update requires a modified retrospective transition as of the beginning of the earliest comparative period presented in the financial statements. The Company is required to implement the new standards effective with its fiscal year beginning January 1, 2020, with early adoption permitted. Management is currently evaluating the impact of this guidance on its consolidated financial statements.

### 3. Acquisition

On August 15, 2016, RiseMark acquired all the outstanding membership interests of RAH, RAH International, and IKOR.

The following table summarizes the opening balance sheets of the acquired businesses at the acquisition date:

Cash	\$ 22,121
Accounts receivable	1,099,544
Related party receivables	110,170
Prepaid and other assets	877,143
Property and equipment	537,400
Notes receivable	218,377
Deposits	53,292
Intangibles	239,020
Tradename	48,586,000
Franchise agreements	30,388,000
Goodwill	17,043,476
Accounts payable	(157,533)
Accrued expense	(1,038,434)
Deferred revenue	<u>(542,792)</u>
Net assets acquired	<u>\$ 97,435,784</u>

### 4. Property and Equipment

Property and equipment at December 31, consists of the following:

	<u>2017</u>	<u>2016</u>
Computers and equipment	\$ 138,698	\$ 91,882
Office furniture and fixtures	213,636	237,911
Leasehold improvements	<u>73,699</u>	<u>73,699</u>
	<u>426,033</u>	<u>403,492</u>
Construction in progress	253,895	-
Less: accumulated depreciation	<u>(147,644)</u>	<u>(42,363)</u>
	<u>\$ 532,284</u>	<u>\$ 361,129</u>

Depreciation expense for the year ended December 31, 2017 and for the period from August 15, 2016 to December 31, 2016 was \$110,728 and \$42,363, respectively.

**RiseMark Holdings, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**

**5. Notes Receivable**

Notes receivable consists of the following at December 31:

	<u>2017</u>	<u>2016</u>
Unsecured installment note receivable from a certain master licensee, due in monthly installments of \$6,514, including interest at 4%, through September 2019. In July 2017, the note receivable was amended to increase the principal balance, due in monthly installments of \$875 which will escalate every 12 months with a final balloon payment due at maturity in June 2022 and interest at 0%.	\$ 204,150	\$ 150,000
Non-interest bearing unsecured notes receivable from various franchisees. Repayments ranging from \$231 to \$800 are made weekly through March 2018.	<u>3,699</u>	<u>58,298</u>
	<b>207,849</b>	<b>208,298</b>
Less: current portion	<u>(16,824)</u>	<u>(58,298)</u>
Notes receivable, net of current portion	<u><b>\$ 191,025</b></u>	<u><b>\$ 150,000</b></u>

The aggregate maturities of notes receivable for the years ending after December 31, 2017 are as follows:

**Year Ending December 31,**

2018	\$ 16,824
2019	18,375
2020	23,625
2021	28,875
2022	<u>120,150</u>
	<u><b>\$ 207,849</b></u>

**6. Intangible Assets**

Intangible assets at December 31, 2017 and 2016 consist of the following:

	<u>2017</u>		
	<u>Gross carrying amount</u>	<u>Accumulated amortization</u>	<u>Net carrying amount</u>
Franchise agreements	\$ 30,388,000	\$ (2,795,253)	\$ 27,592,747
Tradename	48,586,000	-	48,586,000
Other intangible assets	<u>654,982</u>	<u>(162,769)</u>	<u>492,213</u>
	<u><b>\$ 79,628,982</b></u>	<u><b>\$ (2,958,022)</b></u>	<u><b>\$ 76,670,960</b></u>

**RiseMark Holdings, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**

	2016		
	<u>Gross carrying amount</u>	<u>Accumulated amortization</u>	<u>Net carrying amount</u>
Franchise agreements	\$ 30,388,000	\$ (769,387)	\$ 29,618,613
Tradename	48,586,000	-	48,586,000
Other intangible assets	<u>586,758</u>	<u>(21,744)</u>	<u>565,014</u>
	<u>\$ 79,560,758</u>	<u>\$ (791,131)</u>	<u>\$ 78,769,627</u>

Included in other intangible assets are amounts related to licenses, software, and website development.

Amortization expense for the year ended December 31, 2017 and for the period from August 15, 2016 to December 31, 2016 was \$2,166,891 and \$791,408, respectively.

Estimated amortization expense for each of the next five years and thereafter is as follows:

**Year Ending December 31,**

2018	\$ 2,178,460
2019	2,169,108
2020	2,070,660
2021	2,047,955
2022	2,042,367
Thereafter	<u>17,576,410</u>
Total	<u>\$ 28,084,960</u>

## **7. Line of Credit and Long-Term Debt**

In conjunction with the acquisition on August 15, 2016, the Company entered into a credit agreement with a lender. The credit agreement includes a \$3,000,000 revolving line of credit and a \$35,000,000 term loan. The interest rate on the borrowings under both facilities is 4.75% plus the greater of the three-month LIBOR (1.695% at December 31, 2017) or 1%. The line of credit matures on August 15, 2021 and requires a commitment fee equal to 0.5% per annum on any unused balance of the line. There was no balance outstanding on the line of credit as of December 31, 2017 and 2016. The term loan requires quarterly principal payments of \$87,500 through June 30, 2022 with a balloon payment for the balance due on August 15, 2022. In addition to quarterly principal installments for the term loan, the Company is required to make an annual principal payment beginning in April of 2018 based on adjusted cash flows (as defined in the credit agreement) commencing with the fiscal year ending December 31, 2017. The line of credit and term loan are collateralized by substantially all assets. The credit agreement contains various restrictive covenants for which the Company is in compliance at December 31, 2017 and 2016.

There were \$882,000 of debt issuance costs at the time the line of credit and term loan were entered into. The outstanding balance of the term loan is reported on the consolidated balance sheet net of debt issuance costs of \$679,875 and \$826,875 at December 31, 2017 and 2016, respectively. These costs are being amortized to interest expense over the life of the term loan.



**RiseMark Holdings, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**

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Principal maturities of the term debt are as follows (exclusive of the annual principal payments due after 2018):

<u>Year Ending December 31,</u>	
2018	\$ 1,271,765
2019	350,000
2020	350,000
2021	350,000
2022	32,228,235
Less: unamortized deferred financing costs	<u>(679,875)</u>
Total	<u>\$ 33,870,125</u>

## **8. Member's Equity**

RiseMark is authorized to issue two classes of units, Class A and Class B. Each member shall be entitled to one vote for each unit; however, only Class A members are entitled to vote on certain matters. As of December 31, 2017 there were 665 Class A and 335 Class B units issued and outstanding. After giving consideration to any special allocations as defined in the operating agreement, income and loss is allocated to and among members pro rata in accordance with their number of units. Regular distributions, after being reduced by the Board of Managers for reserves and required tax distributions, are first made to members such that the aggregate distributions are in proportion to, but not in excess of, the aggregate amount of capital contributions until the aggregate distributions are equal to the aggregate amount of capital contributions. Any remaining amounts shall be distributed to and among the members pro rata in accordance with their respective number of units. After settling the accounts of creditors in the order of priority as provided by law, the balance of any assets in liquidation shall be distributed in the same manner and order as regular distributions disclosed above.

Under RiseMark's operating agreement, the members have agreed to valuation formulas, redemption opportunities, and repurchase rights covering all Class B units. The valuation formulas are based on net earnings and members' equity as reported in the Company's annual consolidated financial statements.

Members holding Class B units have no redemption rights until January 1, 2020. Beginning January 1, 2020 any Class B member has the right to sell units back to RiseMark. Additionally, beginning on January 1, 2023, RiseMark shall have the right to redeem all (but not less than all) of the then outstanding Class B units of any Class B member at a price determined as the greater of net asset value (assets, less non-financing liabilities) or a multiple of the Company's earnings, less impairments, plus any extraordinary or one-time expenditures, and before interest, taxes, depreciation and amortization ("EBITDA"). The multiple of EBITDA decreases from 8.0 at January 1, 2023 to 6.5 at January 2030 and thereafter.

All redemptions are subject to the Board's determination in its sole discretion and in good faith that the Company has sufficient cash and liquidity to support ongoing operations upon completion of the redemption or repurchase.

## **9. Commitments and Contingencies**

### ***Litigation***

The Company is occasionally subject to various proceedings and claims, either asserted or unasserted, which arise in the ordinary course of business. While the outcome of these claims cannot be predicted with certainty, management does not believe that the outcome of any of these matters will have a material adverse effect on the Company's financial position, results of operations or cash flows.

**RiseMark Holdings, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**

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***Lease Obligations***

The Company has various noncancelable operating leases for office space and office equipment used by the Company. Normal maintenance, insurance and other expenses incidental to the leased assets are the responsibility of the Company.

Lease expense for the year ended December 31, 2017 and the period from August 15, 2016 to December 31, 2016 totaled \$614,110 and \$220,813, respectively.

The future minimum lease payments under these noncancelable operating leases as of December 31, 2017 are as follows:

**Year Ending December 31,**

2018	\$ 417,701
2019	<u>414,988</u>
	<u>\$ 832,689</u>

**10. 401(k) Profit Sharing Plan**

The Company maintains a 401(k) profit sharing plan which covers substantially all employees upon completion of one year and 1,000 hours of service and attainment of 21 years of age. The Company makes contributions to the plan matching 100% of the amount contributed by participants up to a maximum of 4% of their eligible compensation. Additional contributions may also be made at the Company's discretion. Employer contributions totaled \$202,963 and \$86,344 for the year ended December 31, 2017 and for the period from August 15, 2016 to December 31, 2016, respectively.

**11. Restricted Cash and Liabilities**

RAH administers the Brand Marketing and Promotion Fund (Brand Fund) to market and promote the brand for the purposes stated in the franchise agreements. The Brand Fund is affiliated through common management.

Participating franchisees contribute to the Brand Fund based on a percentage of sales. The Brand Fund's assets, consisting of cash received from RAH and franchisees, can only be used to market and promote the brand and for the purposes stated in the franchise agreements. The Brand Fund's liabilities represent the corresponding obligation arising from the receipt of the contributions for approved marketing and promotion activities. Creditors of the Brand Fund do not have recourse to the general credit of RAH or the Company. Therefore, all assets and liabilities are reported as restricted cash and restricted liabilities in the consolidated balance sheet. As the contributions to the Brand Fund are designated and segregated for advertising, the Company acts as an agent for the franchisees with regard to these contributions. Thus, the contributions and expenses are not reflected in the consolidated statements of income and cash flows.

IKOR performs all client billing for the franchisees and collects payment directly from the clients. All client payments are deposited into a separate bank account that is held by IKOR until the funds clear and a disbursement can be made to the franchisee. Amounts disbursed are net of the royalty owed on that billing and any applicable invoicing fees owed to IKOR. The funds held in this cash account are not the property of IKOR and are considered restricted.

There was \$721,840 and \$599,672 of restricted cash related to the Brand Fund and IKOR client deposits at December 31, 2017 and 2016, respectively, which is offset by a corresponding liability.

## **12. Subsequent Events**

The Company evaluated the effect subsequent events would have on the consolidated financial statements through March 6, 2018, which is the date the consolidated financial statements were available to be issued.

# **RiseMark Brands, Inc. and Subsidiaries**

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## **Consolidated Financial Statements**

**As of August 14, 2016 and for the period  
from January 1, 2016 to August 14, 2016**

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## **Independent Auditors' Report**

Board of Directors and Stockholders  
RiseMark Brands, Inc. and Subsidiaries  
Omaha, Nebraska

### ***Report on the Consolidated Financial Statements***

We have audited the accompanying consolidated financial statements of RiseMark Brands, Inc. and Subsidiaries which comprise the consolidated balance sheet as of August 14, 2016, and the related consolidated statements of income, stockholders' equity, and cash flows for the period from January 1, 2016 through August 14, 2016 and the notes to the consolidated financial statements.

### ***Management's Responsibility for the Consolidated Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the RiseMark Brands, Inc. and Subsidiaries as of August 14, 2016, and the results of their operations and their cash flows for the period from January 1, 2016 through August 14, 2016 in accordance with accounting principles generally accepted in the United States of America.

*Dixon Hughes Goodman LLP*

**Raleigh, North Carolina  
March 6, 2017**

**RiseMark Brands Inc., and Subsidiaries**  
**Consolidated Balance Sheet**  
**August 14, 2016**

**ASSETS**

Current assets:

Cash and cash equivalents	\$ 1,392,302
Trade accounts receivable, less allowance for doubtful accounts accounts of \$102,000	1,099,544
Related party receivable	110,170
Prepaid expenses	877,143
Current portion of notes receivable	68,377
Restricted cash (Note 8)	1,256,694
Total current assets	<u>4,804,230</u>

Property and equipment, net	537,400
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Other assets:

Notes receivable, net of current portion	150,000
Goodwill, net of accumulated amortization of \$175,626	551,717
Intangible assets, net of accumulated amortization of \$130,611	408,591
Deposits	53,294
	<u>1,163,602</u>

Total assets	<u><u>\$ 6,505,232</u></u>
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**LIABILITIES AND STOCKHOLDERS' EQUITY**

Current liabilities:

Accounts payable	\$ 157,533
Accrued compensation and taxes withheld	748,868
Deferred revenue	542,792
Other accrued liabilities	120,264
Restricted liabilities (Note 8)	1,256,694
Total current liabilities	<u>2,826,151</u>

Long-term liabilities:

Other liabilities	<u>169,310</u>
Total long-term liabilities	<u>169,310</u>
Total liabilities	<u>2,995,461</u>

Stockholders' equity:

Common stock:	
\$1 par value, 100,000 shares authorized, 10,035 shares issued and outstanding	10,035
Paid in capital	2,475,176
Retained earnings	1,024,560
Total stockholders' equity	<u>3,509,771</u>
Total liabilities and stockholders' equity	<u><u>\$ 6,505,232</u></u>

**RiseMark Brands Inc., and Subsidiaries**  
**Consolidated Statement of Income**  
**Period from January 1, 2016 to August 14, 2016**

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Revenue:	
Franchise royalties	\$ 12,206,302
Franchise sales	1,967,303
Other	5,955
Total revenue	<u>14,179,560</u>
Operating expenses:	
Employee compensation	4,071,691
Occupancy	525,648
Marketing	1,222,832
General and administrative	3,467,952
Depreciation and amortization	173,659
Total operating expenses	<u>9,461,782</u>
Income from operations	4,717,778
Other income (expense):	
Interest income	6,198
Interest expense	(10,319)
Miscellaneous expense	(59,787)
Total other expense, net	<u>(63,908)</u>
Net income	<u>\$ 4,653,870</u>



**RiseMark Brands Inc., and Subsidiaries**  
**Consolidated Statement of Stockholders' Equity**  
**Period from January 1, 2016 to August 14, 2016**

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	<u>Common Stock</u>	<u>Paid in Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance December 31, 2015	\$ 10,035	\$ 2,475,176	\$ 1,142,009	\$ 3,627,220
Distributions to stockholders	-	-	(4,771,319)	(4,771,319)
Net income	<u>-</u>	<u>-</u>	<u>4,653,870</u>	<u>4,653,870</u>
Balance August 14, 2016	<u>\$ 10,035</u>	<u>\$ 2,475,176</u>	<u>\$ 1,024,560</u>	<u>\$ 3,509,771</u>

See accompanying notes to the consolidated financial statements.

**RiseMark Brands Inc., and Subsidiaries**  
**Consolidated Statement of Cash Flows**  
**Period from January 1, 2016 to August 14, 2016**

Cash flows from operating activities:	
Net income	\$ 4,653,870
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	173,659
Deferred compensation	(827,627)
Increase (decrease) in cash arising from changes in assets and liabilities:	
Trade accounts receivable	(33,151)
Prepaid expenses	(12,699)
Deposits	9,998
Accounts payable	(50,434)
Accrued compensation and taxes withheld	229,673
Deferred revenue	(268,030)
Other accrued liabilities	(10,588)
Other liabilities	18,643
Net cash provided by operating activities	<u>3,883,314</u>
Cash flows from investing activities:	
Payments received on notes receivable	35,974
Repayment of advance to Brand Fund	329,734
Purchase of property and equipment	(15,707)
Purchase of intangible assets	<u>(127,643)</u>
Net cash provided by investing activities	<u>222,358</u>
Cash flow from financing activities:	
Principal payments on line of credit	(550,000)
Distributions	<u>(4,771,319)</u>
Net cash used by financing activities	<u>(5,321,319)</u>
Net change in cash and cash equivalents	(1,215,647)
Cash and cash equivalents, beginning of period	<u>2,607,949</u>
Cash and cash equivalents, end of period	<u><u>\$ 1,392,302</u></u>
Supplemental disclosures:	
Cash paid for interest	<u><u>\$ 10,319</u></u>

## **Notes to Consolidated Financial Statements**

### **1. Nature of Activities**

RiseMark Brands, Inc. (Risemark) was incorporated in the state of Nebraska on January 3, 2014, as Caring Brands, Inc. RiseMark is the sole stockholder of Right at Home, Inc. (RAH), Right at Home International, Inc. (RAH International) and IKOR International, Inc. (IKOR), collectively the "Company". On March 6, 2015, the board of directors of Caring Brands, Inc. voted to change the corporate name to RiseMark Brands, Inc. The articles of amendment of Articles of incorporation have been filed with the Nebraska secretary of state.

RAH was incorporated in the state of Nebraska on July 10, 1999. RAH sells homecare and healthcare supplemental staffing franchises throughout the United States of America.

RAH International was incorporated in the state of Nebraska on March 31, 2009. RAH International sells master franchises throughout the world. These master licensees grant the franchisees the right to sell homecare and healthcare supplemental staffing franchises throughout their territories.

IKOR was incorporated in the state of Nebraska on February 10, 2014. IKOR sells franchises for professional advocacy and guardianship services, for seniors, children and the disabled throughout the United States of America where it is registered to offer franchises.

### **2. Summary of Significant Accounting Policies**

A summary of the significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements is set forth below.

#### ***Basis of Accounting and Use of Estimates***

The consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### ***Principles of Consolidation***

The accompanying consolidated financial statements include the accounts of RiseMark and its wholly owned subsidiaries: RAH, RAH International and IKOR. All significant intercompany accounts and transactions have been eliminated in consolidation.

#### ***Cash and Cash Equivalents***

Cash equivalents consist of temporary cash investments with maturities of three months or less.

**RiseMark Brands, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**

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***Trade Accounts and Notes Receivable***

Trade accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a periodic basis. Management determines the allowance for doubtful accounts by regularly evaluating individual franchisee receivables and considering a franchisee's financial condition, credit history, and current economic conditions. Trade accounts receivable are written off when deemed uncollectible. Recoveries of trade accounts receivable previously written off are recorded when received.

Notes receivable are considered to be fully collectible. Accordingly, no allowance for doubtful accounts is recorded. If amounts become uncollectible, they are charged to operations when that determination is made.

***Property and Equipment***

Property and equipment are recorded at cost. Expenditures for additions and betterments are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Property and equipment are capitalized if their life is expected to be greater than one year and if their cost exceeds \$500. The costs of assets disposed of and related accumulated depreciation are eliminated from the accounts in the year of disposal. Gains or losses from property disposals are recognized in the year of disposal.

Depreciation is computed using the straight-line method over the following estimated lives:

	<u>Years</u>
Computers and equipment	3 - 5
Office furniture and fixtures	5 - 15
Leasehold improvements	4 - 10

Projects in progress are recorded at cost and depreciation is recorded once the assets are placed in service.

Leasehold improvements are amortized over the shorter of the expected lease term or the estimated useful life of the asset. The expected lease term is consistent with the lease term assumed in the accounting for the underlying leases and includes the initial term and any renewal options that are reasonably assured of being exercised.

The carrying values of long-lived assets, including property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the recorded value cannot be recovered from the estimated undiscounted future cash flows expected to result from its use and eventual disposition. When the book value of an asset exceeds the associated undiscounted expected future cash flows, it is considered to be impaired and is written down to fair value, which is determined based on either discounted future cash flows or appraised values. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property is used, and the effects of obsolescence, demand, competition, and other economic factors. Based on this assessment, there was no impairment at August 14, 2016.

***Goodwill and Intangible Assets***

Goodwill represents the carrying amount of the cost in excess of the fair value of an acquired entity over the value assigned to the assets less liabilities assumed. The Company follows Financial Accounting Standards Board (FASB) Accounting Standards Updated 2014-02, Intangibles – Goodwill and Other (Topic 350): Accounting for Goodwill, which allows the Company to amortize goodwill prospectively on a straight-line basis up to 10 years. Amortization expense of \$45,310 was recorded for the period from January 1 through August 14, 2016. The Company will continue to review goodwill for possible impairment when a triggering event has occurred. Amortization expense over the next five years is anticipated to be approximately \$73,000 annually.

The Company's intangible assets consist principally of licenses, software, website development, and other intangibles which are being amortized on a straight-line basis over their finite useful lives ranging from 3 to 15 years. Amortization expense of \$60,841 was recorded for the period January 1 to August 14, 2016. Amortization expense over the next five years is anticipated to be approximately \$61,000 annually.

Management periodically reviews the carrying value of intangible assets that are being amortized to determine whether impairment may exist. The Company considers relevant cash flow and profitability information, including estimated future operating results, trends and other available information, in assessing whether the carrying value of intangible assets being amortized can be recovered. If the Company determines that the carrying value of intangible assets will not be recovered from the undiscounted future cash flows, the Company considers the carrying value of such intangible assets impaired and reduces them by a charge to operations in the amount of the impairment. An impairment charge is measured as the excess of the carrying value over the fair value of the intangible assets that are being amortized. The Company did not record any impairment loss related to intangibles from January 1 to August 14, 2016.

***Revenue Recognition***

*Franchise Sales:* Initial and Master Area Franchise fees are recognized as income as the Company satisfies the significant conditions relating to the franchise or area sale. Under the terms of the franchise agreement, the Company is obligated to provide training, general assistance upon commencement of operation, a brand standards manual, and various forms and printed materials. Franchise sales paid in advance are separately accounted for as deferred revenue until such time as the significant conditions have been fulfilled by the Company.

*Franchise Royalties:* The Company accrues royalty income from franchisees based on a percentage of the franchisees' sales and when collectability is reasonably assured.

***Marketing***

The Company expenses marketing costs as incurred. Marketing expense totaled \$1,222,832 in the period from January 1 to August 14, 2016.

**RiseMark Brands, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**

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***Income Taxes***

RiseMark and its Subsidiaries, with the consent of its stockholders, elected under the Internal Revenue Code to be taxed as an S corporation. Accordingly, taxable income, deductions and credits flow through to the stockholders each year as earned and are reported on their personal income tax returns. Therefore, no provision or liability for income taxes has been included in the consolidated financial statements of the Company.

The Company recognizes the effect of uncertain income tax positions only if those positions are more likely than not of being sustained. Management believes there are no uncertain income tax positions taken which would require the Company to reflect a liability for unrecognized tax benefits on the accompanying consolidated balance sheet.

***Concentration of Credit Risk***

The Company has several types of financial instruments subject to credit risk. The Company maintains bank accounts in which the balances sometimes exceed federally insured limits. The Company's receivables and notes receivable also subject the Company to credit risk.

**3. Property and Equipment**

Property and equipment at August 14, 2016 consists of the following:

Computers and equipment	\$ 332,324
Office furniture and fixtures	434,617
Leasehold improvements	121,679
Projects in progress	<u>144,796</u>
	1,033,416
Less: Accumulated depreciation	<u>(496,016)</u>
	<u>\$ 537,400</u>

Depreciation expense for the period from January 1 to August 14, 2016 was \$67,508.

**4. Notes Receivable**

Notes receivable consists of the following at August 14, 2016:

Unsecured installment note receivable from a certain master licensee, due in monthly installments of \$6,514, including interest at 4%, through September 2019.	\$ 150,000
Non-interest bearing unsecured note receivables from various franchisees. Repayments ranging from \$231 to \$800 are made weekly through various dates in 2017.	<u>68,377</u>
Total notes receivable	218,377
Less current portion	<u>(68,377)</u>
Notes receivable, less current portion	<u>\$ 150,000</u>

**RiseMark Brands, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**

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The aggregate maturities of notes receivable subsequent to August 14, 2016 are as follows:

August 15, 2016 through December 31, 2016	\$	10,079
December 31, 2017		58,298
December 31, 2018		78,168
December 31, 2019		<u>71,832</u>
	\$	<u>218,377</u>

## **5. Deferred Compensation**

The Company has non-qualified phantom stock plans for certain key employees to provide propriety interest in the success of the Company. These plans provide for the calculation of the phantom stock plan based on the number of units held by the participants. A cash payment event occurs upon participant's disability, death, separation of service or a change in control in the Company. Participants of the plans are also entitled to certain bonuses, paid quarterly, in an amount as determined by the plan. The phantom stock plans carry no ownership or voting power in the Company. The liability under these plans was settled in full in response to the change in control of the Company on August 15, 2016 as disclosed in Note 9.

## **6. Commitments**

### ***Lease Obligations***

The Company has entered into various operating leases for certain office space and office equipment used by the Company. Normal maintenance, insurance and other expenses incidental to the leased assets are the responsibility of the Company.

Lease expense in the period of January 1 to August 14, 2016 was approximately \$318,400.

The future minimum lease payments under these noncancelable operating leases as of August 14, 2016 are as follows:

August 15, 2016 to December 31, 2016	\$	220,813
December 31, 2017		667,621
December 31, 2018		417,701
December 31, 2019		<u>414,988</u>
	\$	<u>1,721,123</u>

### ***Stockholder Agreement***

RiseMark and all stockholders have entered into a stock restriction agreement. The agreement restricts the stockholders from selling their shares to any entity other than remaining shareholders, family members or RiseMark, unless approved by RiseMark and its stockholders. Upon death, termination or request to transfer stock, RiseMark is required to purchase those shares at a purchase price as defined in the agreement.

## **7. 401(k) Profit Sharing Plan**

The Company maintains a 401(k) profit sharing plan which covers substantially all employees upon completion of one year and 1,000 hours of service and attainment of 21 years of age. The Company makes contributions to the plan matching 100% of the amount contributed by participants up to a maximum of 4% of their eligible

compensation. Additional contributions may also be made at the Company's discretion. Employer contributions in the period of January 1 to August 14, 2016 totaled approximately \$113,800.

## **8. Restricted Cash and Liabilities**

RAH administers the Brand Marketing and Promotion Fund (Brand Fund) to market and promote the brand for the purposes stated in the franchise agreements. The Brand Fund is affiliated through common management.

Participating franchisees contribute to the Brand Fund based on a percentage of sales. The Brand Fund's assets, consisting of primarily accounts receivable and cash received from RAH and franchisees, can only be used to market and promote the brand and for the purposes stated in the franchise agreements. The Brand Fund's liabilities represent the corresponding obligation arising from the receipt of the contributions for approved marketing and promotion activities. Creditors of the Brand Fund do not have recourse to the general credit of RAH or the Company. Therefore, all assets and liabilities are reported as restricted cash and restricted liabilities in the consolidated balance sheet. As the contributions to the Brand Fund are designated and segregated for advertising, the Company acts as an agent for the franchisees with regard to these contributions. Thus, the contributions and expenses are not reflected in the consolidated statements of income and cash flows.

IKOR performs all client billing for the franchisees and collects payment directly from the clients. All client payments are deposited into a separate bank account that is held by IKOR until the funds clear and a disbursement can be made to the franchisee. Amounts disbursed are net of the royalty owed on that billing and any applicable invoicing fees owed to IKOR. The funds held in this cash account are not the property of IKOR and are considered restricted.

There was \$1,256,694 of restricted cash related to the Brand Fund and IKOR client deposits at August 14, 2016, which is offset by a corresponding liability.

## **9. Subsequent Events**

On August 15, 2016 RiseMark completed the sale of all its ownership interests in RAH, RAH International, and IKOR to a third party.

The Company evaluated subsequent events through March 6, 2017, which is the date the consolidated financial statements were available to be issued. No other events or transactions have occurred that would have a material effect on the consolidated financial statements.



# **RiseMark Brands, Inc. and Subsidiaries**

**Consolidated Financial Statements and  
Independent Auditors' Report**

**December 31, 2015**

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# RiseMark Brands, Inc. and Subsidiaries

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## INDEPENDENT AUDITORS' REPORT

Board of Directors and Stockholders  
RiseMark Brands, Inc. and Subsidiaries  
Omaha, Nebraska

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of RiseMark Brands, Inc. and Subsidiaries, which comprise the consolidated balance sheet as of December 31, 2015, and the related consolidated statements of income, stockholders' equity and cash flows for the year ended December 31, 2015, and the related notes to the consolidated financial statements.

### Management's Responsibility for the Consolidated Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of RiseMark Brands, Inc. and Subsidiaries as of December 31, 2015, and the consolidated results of their operations and their cash flows for the year ended December 31, 2015 in accordance with accounting principles generally accepted in the United States of America.

### Emphasis of Matter

As discussed in Note 8 to the consolidated financial statements, the 2014 consolidated statement of stockholders' equity has been restated to correct an error. Our opinion is not modified with respect to this matter.

*Lutz & Company, P.C.*

March 9, 2016

# RiseMark Brands, Inc. and Subsidiaries

## Consolidated Balance Sheet

December 31, 2015

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<b>ASSETS</b> (Note 4)	
<b>CURRENT ASSETS</b>	
Cash and Cash Equivalents	\$ 2,607,949
Receivables	
Trade Accounts, Less Allowance for Doubtful	1,176,563
Accounts of \$73,500	
Brand Fund (Note 2)	329,734
Prepaid Expenses	864,444
Current Portion of Notes Receivable (Note 3)	122,883
Brand Fund Assets, Restricted	886,592
Total Current Assets	5,988,165
<b>PROPERTY AND EQUIPMENT</b>	
Computer Software and Equipment	335,598
Office Furniture and Equipment	415,636
Leashold Improvements	121,679
Projects in Progress	251,195
Total Cost	1,124,108
Less Accumulated Depreciation	428,508
Net Book Value	695,600
<b>OTHER ASSETS</b>	
Notes Receivable (Note 3)	131,468
Goodwill, Net of Accumulated Amortization of \$130,316	597,027
Intangible Assets, Net of Accumulated Amortization of \$69,770	235,390
Deposits	63,292
Total Other Assets	1,027,177
<b>TOTAL ASSETS</b>	<b>\$ 7,710,942</b>

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See Notes to Consolidated Financial Statements.

# RiseMark Brands, Inc. and Subsidiaries

## Consolidated Balance Sheet

December 31, 2015

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LIABILITIES	
<b>CURRENT LIABILITIES</b>	
Revolving Bank Line of Credit (Note 4)	\$ 550,000
Accounts Payable	207,967
Accrued Compensation and Taxes Withheld	519,195
Deferred Revenue	810,822
Other Accrued Liabilities	130,852
Brand Fund Liabilities, Restricted	886,592
Total Current Liabilities	3,105,428
<b>LONG-TERM LIABILITIES</b>	
Other Liabilities	150,667
Deferred Compensation (Notes 5 and 8)	827,627
Total Long-Term Liabilities	978,294
Total Liabilities	4,083,722
<b>COMMITMENTS AND CONTINGENCIES</b> (Note 6)	
<b>STOCKHOLDERS' EQUITY</b>	
<b>COMMON STOCK</b>	
\$1 Par Value, Authorized, 100,000 Shares	
Issued and Outstanding, 10,035 Shares	10,035
<b>PAID IN CAPITAL</b>	2,475,176
<b>RETAINED EARNINGS</b>	1,142,009
Total Stockholders' Equity	3,627,220
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 7,710,942</b>

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See Notes to Consolidated Financial Statements.

# RiseMark Brands, Inc. and Subsidiaries

## Consolidated Statement of Income

Year Ended December 31, 2015

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### REVENUES

Royalties	\$ 17,881,298
Franchise Fees	3,238,362
Other	16,910
Total Revenues	21,136,570

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<b>OPERATING EXPENSES</b>	14,820,642
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Income from Operations	6,315,928
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### OTHER INCOME AND EXPENSE

Interest Income	13,938
Interest Expense	(23,497)
Other, Net	59,399
Total Other Income and Expense	49,840

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<b>NET INCOME</b>	<b>\$ 6,365,768</b>
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See Notes to Consolidated Financial Statements.

# RiseMark Brands, Inc. and Subsidiaries

## Consolidated Statement of Stockholders' Equity

Year Ended December 31, 2015

	<u>Common Stock</u>	<u>Paid In Capital</u>	<u>Retained Earnings</u>	<u>Total Stockholders' Equity</u>
<b>BALANCES, December 31, 2014 as Previously Reported</b>	\$ 10,035	\$ 3,166,583	\$ 435,196	\$ 3,611,814
Correction of an Error (Notes 5 and 8)	-	(691,407)	(52,218)	(743,625)
<b>BALANCES, December 31, 2014 as Restated</b>	10,035	2,475,176	382,978	2,868,189
Net Income	-	-	6,365,768	6,365,768
Distributions to Stockholders	-	-	(5,606,737)	(5,606,737)
<b>BALANCES, December 31, 2015</b>	<b>\$ 10,035</b>	<b>\$ 2,475,176</b>	<b>\$ 1,142,009</b>	<b>\$ 3,627,220</b>

See Notes to Consolidated Financial Statements.

# RiseMark Brands, Inc. and Subsidiaries

## Consolidated Statement of Cash Flows

Year Ended December 31, 2015

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### CASH FLOWS FROM OPERATING ACTIVITIES

Net Income	\$ 6,365,768
Adjustments to Reconcile Net Income to	
Net Cash Provided by Operating Activities	
Depreciation and Amortization	199,954
Forgiveness of Note Receivable	121,115
Deferred Compensation	84,002
Changes in Current Assets and Current Liabilities	
Increase in Trade Accounts Receivable	(64,556)
Decrease in Brand Fund Receivables	350,000
Decrease in Prepaid Expenses	179,190
Increase in Brand Fund Assets, Restricted	(427,453)
Decrease in Accounts Payable	(78,074)
Increase in Accrued Compensation and Taxes Withheld	327,514
Decrease in Deferred Revenue	(677,470)
Decrease in Other Accrued Liabilities	(13,519)
Increase in Brand Fund Liabilities, Restricted	427,453
Increase in Other Liabilities	23,123
Net Cash Provided by Operating Activities	6,817,047

### CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Property and Equipment	(459,126)
Issuance of Notes Receivable	(150,000)
Payments Received on Notes Receivable	30,965
Purchase of Intangible Assets	(8,239)
Increase in Deposits	(16,869)
Net Cash Used in Investing Activities	(603,269)

### CASH FLOWS FROM FINANCING ACTIVITIES

Net Repayments of Revolving Bank Line of Credit	(700,000)
Distributions to Stockholders	(5,606,737)
Net Cash Used in Financing Activities	(6,306,737)

Net Decrease in Cash and Cash Equivalents	(92,959)
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Cash and Cash Equivalents, Beginning of Year	2,700,908
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<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 2,607,949</b>
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### SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Interest Paid	\$ 23,497
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See Notes to Consolidated Financial Statements.



# RiseMark Brands, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

December 31, 2015

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### 1. Summary of Significant Accounting Policies

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A summary of the significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements is set forth below.

#### ***Principles of Consolidation and Nature of Business***

The consolidated financial statements include the accounts of RiseMark Brands, Inc., (RiseMark) and its wholly owned subsidiaries, Right at Home, Inc. (RAH), Right at Home International, Inc. (RAH International) and IKOR International, Inc. (IKOR), collectively the "Company". All significant intercompany accounts and transactions have been eliminated in consolidation.

RiseMark was incorporated in the state of Nebraska on January 3, 2014, as Caring Brands, Inc. RiseMark is the sole stockholder of RAH, RAH International and IKOR. On March 6, 2015, the board of directors of Caring Brands, Inc. voted to change the corporate name to RiseMark Brands, Inc. The articles of amendment of Articles of incorporation have been filed with the Nebraska secretary of state.

RAH was incorporated in the state of Nebraska on July 10, 1999. RAH sells home care and healthcare supplemental staffing franchises throughout the United States of America.

RAH International was incorporated in the state of Nebraska on March 31, 2009. RAH International sells master franchises throughout the world. These master licensees grant the franchisees the right to sell home care and healthcare supplemental staffing franchises throughout their territories.

IKOR was incorporated in the state of Nebraska on February 10, 2014. IKOR sells franchises for professional advocacy and guardianship services, for seniors, children and the disabled throughout the United States of America where it is registered to offer franchises.

RAH established an advertising program in 2014 called the Brand Marketing and Promotion Fund (Brand Fund). RAH administers the Brand Fund. Participating franchisees contribute to the Brand Fund based on a percentage of sales. The Brand Fund's assets, consisting of primarily accounts receivable and cash received from RAH and franchisees, can only be used to market and promote the brand and for the purposes stated in the franchise agreements. The Brand Fund's liabilities represent the corresponding obligation arising from the receipt of the contributions for approved marketing and promotion activities. Creditors of the Brand Fund do not have recourse to the general credit of RAH or the Company. Therefore, all assets and liabilities of the cooperative are consolidated as Brand Fund assets, restricted and Brand Fund liabilities, restricted in the consolidated balance sheet. As the contributions to the Brand Fund are designated and segregated for advertising, the Company acts as an agent for the franchisees with regard to these contributions. Thus, the contributions and expenses are not reflected in the consolidated statements of income and cash flows.

# RiseMark Brands, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

December 31, 2015

The following is a summary of stores operated by the Company and its franchisees at December 31, 2015:

	<u>RAH</u>	<u>IKOR</u>	<u>RAH INTERNATIONAL</u>
Open, December 31, 2014	378	14	8
Openings	59	-	-
Closing	-	-	-
Reacquired	(1)	-	-
Other	(4)	(2)	-
Open, December 31, 2015	432	12	8
Franchise/Master Franchise Agreements Signed but Outlets Not Opened at December 31, 2015	16	19	-
Total Number of Franchise/Master Franchise Agreements	448	31	8

### ***Use of Estimates***

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### ***Cash and Cash Equivalents***

The Company's policy is to invest excess cash in income-producing investments. Cash equivalents consist of temporary cash investments with maturities of three months or less. For purposes of the statements of cash flows, the Company includes these amounts in cash and cash equivalents.

### ***Receivables***

Trade accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a periodic basis. Management determines the allowance for doubtful accounts by regularly evaluating individual franchisee receivables and considering a franchisee's financial condition, credit history, and current economic conditions. Trade accounts receivable are written off when deemed uncollectible. Recoveries of trade accounts receivable previously written off are recorded when received.

# RiseMark Brands, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

December 31, 2015

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The Brand Fund receivable and notes receivable are considered to be fully collectible. Accordingly, no allowance for doubtful accounts is recorded. If amounts become uncollectible, they are charged to operations when that determination is made.

### ***Concentration of Credit Risk***

The Company has several types of financial instruments subject to credit risk. The Company maintains bank accounts in which the balances sometimes exceed federally insured limits. The Company's receivables and notes receivable also subject the Company to credit risk.

### ***Property and Equipment***

Property and equipment are recorded at cost. Expenditures for additions and betterments are capitalized; expenditures for maintenance and repairs are charged to expense as incurred. The costs of assets disposed of and related accumulated depreciation are eliminated from the accounts in the year of disposal. Gains or losses from property disposals are recognized in the year of disposal.

Costs incurred on computer software having the characteristics of internal-use software are classified as preliminary project stage, application development stage or the post-implementation/operation stage costs. Expenditures for the application stage are capitalized; expenditures for preliminary project and post implementation/operation stages are charged to operations as incurred.

Depreciation is computed using the straight-line method over the following estimated lives:

	<u>Years</u>
Computer Software and Equipment	3 - 5
Office Furniture and Equipment	5 - 15
Leashold Improvements	4 - 10

Projects in progress are recorded at cost and depreciation is recorded once the assets are placed in service.

### ***Goodwill and Intangible Assets***

Goodwill represents the carrying amount of the cost in excess of net assets acquired in a business combination. The Company follows FASB Accounting Standards Updated 2014-02, Intangibles – Goodwill and Other (Topic 350): Accounting for Goodwill, which allows the Company to amortize goodwill prospectively on a straight-line basis up to 10 years. Amortization expense of \$91,928 was recorded for the year ended December 31, 2015. The Company will continue to review goodwill for possible impairment when a triggering event has occurred. Amortization expense over the next five years is anticipated to be approximately \$73,000 annually.

The Company's intangible assets consist principally of licensing agreements related to purchased franchise advisory programs, trademarks, and other intangibles which are being amortized on a straight-line basis over their finite useful lives ranging from 3 to 15 years. Amortization expense of \$27,341 was recorded for the year ended December 31, 2015. Amortization expense over the next five years is anticipated to be approximately \$25,000 annually.

# **RiseMark Brands, Inc. and Subsidiaries**

## **Notes to Consolidated Financial Statements**

**December 31, 2015**

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### ***Franchise Operations***

Initial and Master Area Franchise fees are recognized as income as the Company satisfies the significant conditions relating to the franchise sale. Under the terms of the franchise agreement, the Company is obligated to provide training, general assistance upon commencement of operation, an operations manual, and various forms and printed materials. Franchise sales paid in advance are separately accounted for as deferred revenue.

RAH Royalties are based upon 5% of each franchisee's gross sales and are recognized as revenue on an accrual basis.

RAH International Royalties, under Master Area Franchise agreements, are based upon 2% of each franchisee's gross sales and are recognized as revenue on an accrual basis.

IKOR Royalties are based upon 8% of each franchisee's gross sales and are recognized as revenue on an accrual basis.

### ***Advertising***

The Company expenses advertising costs as incurred. Advertising expense totaled approximately \$1,083,000 for the year ended December 31, 2015.

### ***Foreign Currency Exchange***

RAH International sells to various foreign companies and, accordingly, is subject to the inherent risks associated with foreign exchange rate movements. All transactions are recorded using the U.S. dollar as the measurement currency.

### ***Income Taxes***

The Company and its Subsidiaries, with the consent of its stockholders, elected under the Internal Revenue Code to be taxed as an S corporation. Accordingly, taxable income, deductions and credits flow through to the stockholders each year as earned and are reported on their personal income tax returns. Therefore, no provision or liability for income taxes has been included in the consolidated financial statements of the Company.

The Company follows the provisions of FASB Codification Topic 740-10 related to uncertain income tax positions. Management believes there are no uncertain income tax positions taken which would require the Company to reflect a liability for unrecognized tax benefits on the accompanying consolidated balance sheet.

The Company generally makes tax related cash distributions to its stockholders in amounts sufficient to cover any income taxes they are required to pay on the Company's taxable income.

# RiseMark Brands, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

December 31, 2015

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The Company reports certain expenses differently for financial statement purposes than for income tax return purposes. At December 31, 2015, there were (net) accumulated temporary differences, relating principally to depreciation, of approximately \$181,000 which will increase income for tax return purposes in the future as they reverse.

The tax returns of the Company are subject to examination by the federal and state taxing authorities for a period of three years. The 2010 State of Nebraska tax return examination period for RAH was extended until 2016.

### ***Subsequent Events***

Subsequent events are events or transactions that occur after the consolidated balance sheet date but before the consolidated financial statements are available to be issued and may require potential recognition or disclosure in the consolidated financial statements. Management has considered such events or transactions through March 9, 2016, noting no items requiring disclosure.

## **2. Related Party Transactions**

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### **Teryl Corp, Inc.**

During the year ended December 31, 2015, RAH made cash payments totaling \$23,781 on behalf of Teryl Corp, Inc. (Teryl Corp). Teryl Corp is affiliated by common ownership and management and the Company is expected to be reimbursed by Teryl Corp. At December 31, 2015, the total amount due to RAH was \$40,134 and is included in trade accounts receivable in the accompanying consolidated balance sheet.

### **Brand Fund**

RAH administers the Brand Fund, an advertising program to market and promote the brand for the purposes stated in franchise agreements. The Brand Fund is affiliated through common management. During 2014, an advance of \$700,000 was made to the Brand Fund for initial implementation. Repayments to RAH are made in equal installments of \$29,167 through December 2016. There was \$329,734 due to RAH at December 31, 2015 and is included in the Brand Fund receivables in the accompanying consolidated balance sheet.

# RiseMark Brands, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

December 31, 2015

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### 3. Notes Receivable

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Notes Receivable consists of the following at December 31, 2015:

Unsecured installment note receivable from a certain master licensee, due in monthly installments of \$6,514, including interest at 4%, through September 2018.	\$ 150,000
Non-interest bearing unsecured note receivables from various franchisees. Repayments ranging from \$124 to \$995 are made weekly through various dates in 2016.	104,351
Total Notes Receivable	254,351
Less Current Portion	122,883
Notes Receivable, Less Current Portion	<u>\$ 131,468</u>

The aggregate maturities of notes receivable for the years ending after December 31, 2015 are as follows:

<u>Year Ending December 31,</u>	
2016	\$ 122,883
2017	74,258
2018	57,210
	<u>\$ 254,351</u>

### 4. Financing Arrangement

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The Company's financing arrangement consists of a \$2,500,000 revolving bank line of credit, with interest at 2.25% over the *One-Month LIBOR Rate* (*One-Month LIBOR Rate* was .243% at December 31, 2015). This line of credit is collateralized by substantially all assets of the Company. There was \$550,000 outstanding against this line of credit at December 31, 2015. This line of credit also contains various restrictive covenants for which the Company was in compliance at December 31, 2015.

### 5. Deferred Compensation

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The Company has non-qualified phantom stock plans for certain key employees to provide propriety interest in the success of the Company. These plans provide for the calculation of the phantom stock plan based on the number of units held by the participants. A cash payment event occurs upon participant's disability, death, separation of service or a change in control in the Company. Participants of the plans are also entitled to certain bonuses, paid quarterly, in an amount as determined by the plan. The phantom stock plans carry no ownership or voting power in the Company. These plans are scheduled to expire on various dates through January 2019. Non-cash compensation expense of \$84,002 was recognized under the terms of the plans for the year ended December 31, 2015 (see Note 8). The total value of the vested benefits related to the phantom stock plans was \$827,627 at December 31, 2015 and is recorded in long-term liabilities in the accompanying consolidated balance sheet.

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# RiseMark Brands, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

December 31, 2015

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### 6. Commitments

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#### Lease Obligations

The Company has entered into various operating leases for certain office space, office equipment and vehicles used by the Company. Normal maintenance, insurance and other expenses incidental to the premises are the responsibility of the Company for certain leases. Lease expense under these operating leases was approximately \$643,000 for the year ended December 31, 2015.

The future minimum lease payments under these noncancelable operating leases as of December 31, 2015 are as follows:

<u>Year Ending December 31,</u>	
2016	\$ 560,407
2017	621,285
2018	627,618
2019	628,937
2020	120,653
	<u>\$ 2,558,900</u>

IKOR sublets certain office space mentioned above to a certain franchisee. The terms of the sub-lease agreement with the franchisee effectively reduce IKOR's total cost of monthly payments. This cost reduction is not reflected in the future minimum lease payments above.

#### Stockholder Agreement

The Company and all stockholders have entered into a stock restriction agreement. The agreement restricts the stockholders from selling their shares to any entity other than remaining shareholders, family members or the Company, unless approved by the Company and its stockholders. Upon death, termination or request to transfer stock, the Company is required to purchase those shares at a purchase price as defined in the agreement.

### 7. 401(k) Profit Sharing Plan

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The Company maintains a 401(k) profit sharing plan which covers substantially all employees upon completion of one year and 1,000 hours of service and attainment of 21 years of age. The Company makes contributions to the plan matching 100% of the amount contributed by participants up to a maximum of 4% of their eligible annual wages. Additional contributions may also be made at the Company's discretion. The Company's 401(k) profit sharing costs was approximately \$150,000 for the year ended December 31, 2015.

### 8. Prior Period Adjustment

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The Company's consolidated financial statements prior to January 1, 2015 contained an error for understatement of the Company's deferred compensation liability by \$743,625 at December 31, 2014 (see Note 5). Accordingly, the consolidated statement of stockholders' equity at December 31, 2014 has been restated to correct the effect of this error.

## GUARANTY OF PERFORMANCE

For value received, RiseMark Holdings, LLC, a Delaware limited liability company (the "**Guarantor**"), located at 2111 S. 67<sup>th</sup> Street, Suite 410, Omaha, NE 68106, absolutely and unconditionally guarantees to assume the duties and obligations of Right at Home, LLC, located at 6464 Center Street, Suite 150, Omaha, NE 68106 (the "**Franchisor**"), under its franchise registrations and under its Franchise Agreement identified in its 2018 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisee's and amended, modified or extended from time to time. This guaranty continues until all such obligations of the Franchisor under its franchise registration and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever occurs first. The Guarantors not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guaranty is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Omaha, Nebraska on the 22<sup>nd</sup> day of March, 2018.

ATTEST:

By: 

Jeffrey Vavricek,  
Chief Financial Officer

**GUARANTOR:**

RiseMark Holdings, LLC

By: 

Brian Petranick,  
President and CEO



## GUARANTY OF PERFORMANCE

For value received, RiseMark Holdings, LLC, a Delaware limited liability company (the "**Guarantor**"), located 2111 S. 67<sup>th</sup> Street, Suite 410, Omaha, NE 68106, absolutely and unconditionally guarantees to assume the duties and obligations of IKOR International, LLC, located at 2111 S. 67<sup>th</sup> Street, Suite 410, Omaha, NE 68106 (the "**Franchisor**"), under its franchise registrations and under its Franchise Agreement identified in its 2018 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisee's and amended, modified or extended from time to time. This guaranty continues until all such obligations of the Franchisor under its franchise registration and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever occurs first. The Guarantors not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guaranty is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Omaha, Nebraska on the 22<sup>nd</sup> day of March, 2018.

### GUARANTOR:

ATTEST:

By: 

Jeffrey Vavricek,  
Chief Financial Officer

RiseMark Holdings, LLC

By: 

Brian Petranick  
President and CEO

**EXHIBIT E TO FRANCHISE DISCLOSURE DOCUMENT**

**FRANCHISEE DISCLOSURE QUESTIONNAIRE**

## FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you know, Right at Home, LLC and you are preparing to enter into a Franchise Agreement for the operation of a Right at Home Franchised Business. In this Franchisee Disclosure Questionnaire, Right at Home, LLC will be referred to as “we” or “us.” The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we did not authorize and that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question.

1. Have you received and personally reviewed the Right at Home, LLC Franchise Agreement and each exhibit and addendum schedule attached to it?

Yes \_\_\_\_\_ No \_\_\_\_\_

2. Do you understand all of the information contained in the Franchise Agreement and each exhibit and schedule attached to it?

Yes \_\_\_\_\_ No \_\_\_\_\_

If “No”, what parts of the Franchise Agreement do you not understand? (Attach additional pages, if necessary.)

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3. Have you received and personally reviewed our Franchise Disclosure Document dated March 28, 2018 that we provided to you?

Yes \_\_\_\_\_ No \_\_\_\_\_

4. Do you understand all of the information contained in the Franchise Disclosure Document?

Yes \_\_\_\_\_ No \_\_\_\_\_

If “No”, what parts of the Franchise Disclosure Document do you not understand? (Attach additional pages, if necessary.)

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5. a. Have you discussed the benefits and risks of operating a Right at Home Franchised Business with an attorney, accountant or other professional advisor?

Yes \_\_\_\_\_ No \_\_\_\_\_

- b. Do you understand those risks?  
Yes \_\_\_\_\_ No \_\_\_\_\_
6. Do you understand that the success or failure of your business will depend in large part upon your personal skills and abilities, your use of those abilities, your chosen market, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?  
Yes \_\_\_\_\_ No \_\_\_\_\_
7. Has any employee or other person speaking on our behalf made, orally or in writing, any statement or promise concerning the revenues or profits of a Right at Home Franchised Business that we, our affiliates, or our franchisees operate that is different from the information in the Franchise Disclosure Document?  
Yes \_\_\_\_\_ No \_\_\_\_\_
8. Has any employee or other person speaking on our behalf made, orally or in writing, any statement or promise concerning a Right at Home Franchised Business that is contrary to, or inconsistent with, the information contained in the Franchise Disclosure Document?  
Yes \_\_\_\_\_ No \_\_\_\_\_
9. Has any employee or other person speaking on our behalf made, orally or in writing, any statement or promise regarding the amount of money you may earn in operating a Right at Home Franchised Business?  
Yes \_\_\_\_\_ No \_\_\_\_\_
10. Has any employee or other person speaking on our behalf made, orally or in writing, any statement or promise concerning the total amount of revenue a Right at Home Franchised Business will generate that is contrary to, or inconsistent with, the information contained in the Franchise Disclosure Document?  
Yes \_\_\_\_\_ No \_\_\_\_\_
11. Has any employee or other person speaking on our behalf made, orally or in writing, any statement or promise regarding the costs you may incur in operating a Right at Home Franchised Business that is contrary to, or inconsistent with, the information contained in the Franchise Disclosure Document?  
Yes \_\_\_\_\_ No \_\_\_\_\_
12. Has any employee or other person speaking on our behalf made, orally or in writing, any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Right at Home Franchised Business?  
Yes \_\_\_\_\_ No \_\_\_\_\_
13. Has any employee or other person speaking on our behalf made, orally or in writing, any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that we will furnish to you that is contrary to, or inconsistent with, the information contained in the Franchise Disclosure Document?  
Yes \_\_\_\_\_ No \_\_\_\_\_

14. If you have answered “Yes” to any of questions seven (7) through thirteen (13), please provide in writing and in detail the identity of the employee or other person speaking on our behalf and to the extent you can remember set forth exactly what was stated or promised, and also give us a further explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered “No” to each of such questions, please leave the following lines blank.

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15. Do you understand that in all dealings with you, our officers, directors, employees and agents act only in a representative capacity and not in an individual capacity and such dealings are solely between you and us?

Yes \_\_\_\_\_ No \_\_\_\_\_

You understand that your answers are important to us and that we will rely on them.

*(Remainder of page intentionally left blank)*

By signing this Franchisee Disclosure Questionnaire, you are representing that you have responded truthfully to the above questions.

PROSPECTIVE FRANCHISEE:

If a business entity:

If an Individual:

\_\_\_\_\_  
(Name of Business Entity)

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

\_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name:\_\_\_\_\_

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

DATE: \_\_\_\_\_

**Each person who signs or guarantees the Franchise Agreement must sign and date a copy of this Franchisee Disclosure Questionnaire and return it to Right at Home, LLC, 6464 Center Street, Suite 150, Omaha, Nebraska 68106 prior to signing the Franchise Agreement.**

**EXHIBIT F TO THE FRANCHISE DISCLOSURE DOCUMENT  
MULTI-STATE ADDENDUM  
TO THIS FRANCHISE DISCLOSURE DOCUMENT AND  
FRANCHISE AGREEMENT**

**MULTI-STATE ADDENDUM  
TO THIS FRANCHISE DISCLOSURE DOCUMENT AND  
FRANCHISE AGREEMENT**

**ADDITIONAL STATE DISCLOSURES**

If the franchise is located in or if franchisee is a resident of any of the following states, then the designated provision in the Franchise Disclosure Document (“FDD”)<sup>1</sup> will be amended as follows:

(remainder of page intentionally left blank)

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<sup>1</sup>Addenda provisions to the Franchise Disclosure Document (“FDD”) also are amendments to all Exhibits attached as listed in the FDD Table of Contents and Receipt Pages.



## **CALIFORNIA**

California Corporations Code, Section 31125 requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

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

Neither Right at Home, LLC nor any person identified in Item 2 of the Franchise Disclosure Document is subject to any currently effective order of any national securities association or nation securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at [www.DBO.ca.gov](http://www.DBO.ca.gov).

1. Item 6 is supplemented by the following language to the “Late Fee”: the highest interest rate allowed in California is 10% annually.

2. Item 6 is amended by the addition of the following language to the original language in note 6 (“Continuing Education”):

For franchisees with offices located in California, the State of California requires all management staff to complete every two years a harassment training course. To help franchisees keep the cost for the training down, Right at Home may purchase a set number of licenses at a discounted rate and make those licenses available to California franchisees to purchase a license for each user that is required by the state to take the training. Licenses may become available to franchisees in other states for additional types of training.

3. Item 17 is amended by the addition of the following language to the original language:

A. The following language is added as a 2nd Section before the chart/columns.

THE FRANCHISE AGREEMENT REQUIRES FRANCHISEE TO EXECUTE A GENERAL RELEASE OF CLAIMS UPON RENEWAL OR TRANSFER OF THE FRANCHISE AGREEMENT. CALIFORNIA CORPORATIONS CODE SECTION 31512 PROVIDES THAT ANY CONDITION, STIPULATION OR PROVISION PURPORTING TO BIND ANY PERSON ACQUIRING ANY FRANCHISE TO WAIVE COMPLIANCE WITH ANY PROVISION OF THAT LAW OR ANY RULE OR ORDER THEREUNDER IS VOID.

B. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning transfer, termination or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

C. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

D. The Franchise Agreement contains a covenant not to compete which extends beyond the transfer or termination of the franchise. This provision may not be enforceable under California law.

E. The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

F. The Franchise Agreement requires arbitration. Any proceedings will be conducted at the AAA's Omaha, Nebraska office with the costs being borne by each party. Prospective franchisees are encouraged to consult with private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

G. The Franchise Agreement requires application of the laws of Nebraska. This provision may not be enforceable under California law.

H. You must sign a general release if you renew or transfer your franchise. California Corporations Code § 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§ 31000 through 31516). Business and Professions Code §§ 20000 through 20043).

4. Item 19 is amended by the addition of the following language to the original language under the "CAUTION" section:

The financial performance claims figures (i.e., Net Billings) do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchise business. Franchisees or form franchisees, listed in the disclosure document, may be one source of this information.

5. The RECEIPT Pages ("LAST PAGE"), are amended to add the following language:

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF THE DEPARTMENT OF BUSINESS OVERSIGHT NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

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

6. The Franchise Disclosure Document, Franchise Agreement is amended to add the following language: "Franchisee cannot provide skilled care or other in-home medical care in California."

7. Section 10.2 of the Franchise Agreement is amended to delete the second sentence of said section and replace it with the following: "All Royalty Fees, amounts due for purchases by Franchisee from Franchisor, and other amounts which Franchisee owes to Franchisor, will also bear interest after due and

payable date at the highest applicable legal rate for open account business credit, not to exceed ten percent (10%) annually.”

8. Exhibit G of the Franchise Agreement (Skilled Care Amendment to Franchise Agreement) is hereby deleted.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this California-specific Addendum, understands and consents to be bound by all of its terms, and agrees it becomes effective the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

FRANCHISOR:

Right at Home, LLC

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

Printed Name: \_\_\_\_\_

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

FRANCHISEE:

\_\_\_\_\_

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

Printed Name: \_\_\_\_\_

Title if an entity:\_\_\_\_\_

\* The Operating Principal

## **HAWAII**

The following is added to the Cover Page:

THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO YOU OR SUBFRANCHISOR AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH US AND YOU.

The following list reflects the status of the franchise registrations of the Franchisor in the states which require registration:

1. This proposed registration is effective in the following states:  
  
California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin
2. This proposed registration is or will shortly be on file in the following states:  
  
None
3. States which have refused, by order or otherwise, to register these franchises are:  
  
None
4. States which have revoked or suspended the right to offer the franchises are:  
  
None
5. States in which the proposed registration of these franchises has been withdrawn are:  
  
None

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Hawaii-specific Addendum, understands and consents to be bound by all of its terms, and agrees it becomes effective the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

FRANCHISOR:

Right at Home, LLC

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

Printed Name: \_\_\_\_\_

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

FRANCHISEE:

\_\_\_\_\_

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

Printed Name: \_\_\_\_\_

Title if an entity: \_\_\_\_\_

\* The Operating Principal

## **ILLINOIS ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT**

The Franchise Disclosure Document is amended as follows:

Illinois law governs the agreements between the parties to this franchise

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a Franchise Agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

The Franchise Agreement is amended by an additional “Miscellaneous” Section to the end of the original language that appears therein:

1. The conditions under which a franchise can be terminated and your rights upon non-renewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.
2. Section 4 of the Illinois Franchise Disclosure Act dictates that any provision in a Franchise Agreement which designates jurisdiction or venue in a forum outside of this state is void with respect to any cause of action which otherwise is enforceable in this state.
3. Any governing law or choice of law clause granting authority to a state other than Illinois effectively negates the Illinois Franchise Disclosure Act. Therefore, the Franchise Agreement will be interpreted and construed under the Illinois Franchise Disclosure Act.
4. Section 41 of the Illinois Franchise Disclosure Act states that “any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act is void.

The Franchise Agreement is specifically amended as follows:

1. The eighth recital beginning “WHEREAS, Franchisor expressly disclaims....” is not applicable.
2. Section 28 (“Applicable Law and Choice of Forum”), is amended by the addition of the following language to the original language that appears therein:
  - A. Section 4 of the Illinois Franchise Disclosure Act dictates that any provision in a Franchise Agreement which designates jurisdiction or venue in a forum outside of this state is void with respect to any cause of action which otherwise is enforceable in this state.
  - B. Any governing law or choice of law clause granting authority to a state other than Illinois effectively negates the Illinois Franchise Disclosure Act. Therefore, the Franchise Agreement will be interpreted and construed under the Illinois Franchise Disclosure Act.

C. Section 41 of the Illinois Franchise Disclosure Act states that “any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act is void.

3. Section 32 (“Caveat”), is amended to delete the final sentence: “Franchisor does not, in this Agreement or otherwise, make any representation or warranty, express or implied, to the potential success of the business venture contemplated hereby”.

4. Section 33 (“Acknowledgements”) is not applicable.

The RECEIPT Pages (“LAST PAGE”), is amended as follows:

IF RIGHT AT HOME, LLC OFFERS YOU A FRANCHISE, RIGHT AT HOME, LLC MUST PROVIDE THIS FRANCHISE DISCLOSURE DOCUMENT TO YOU BY THE EARLIEST OF:

- (1) THE FIRST PERSONAL MEETING TO DISCUSS OUR FRANCHISE;
- OR
- (2) FOURTEEN CALENDAR DAYS BEFORE THE SIGNING OF A BINDING AGREEMENT; OR
- (3) FOURTEEN CALENDAR DAYS BEFORE A PAYMENT TO RIGHT AT HOME, LLC.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Illinois-specific Addendum, understands and consents to be bound by all of its terms, and agrees it becomes effective the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

FRANCHISOR:

Right at Home, LLC

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

Printed Name: \_\_\_\_\_

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

FRANCHISEE:

\_\_\_\_\_

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

Printed Name: \_\_\_\_\_

Title if an entity: \_\_\_\_\_

\* The Operating Principal

## INDIANA

1. The first sentence of the first Risk Factor is amended to read as follows: “INDIANA LAW IS CONTROLLING FOR INDIANA FRANCHISEES.”
2. Item 3 is amended by the addition of the following language to the original language that appears: “Company is not involved in any pending arbitration and has not, during the ten (10) year period before the date of this Franchise Disclosure Document, been a party to any arbitration proceeding.”
3. Item 5 is amended by the addition of the following language to the original language that appears: “Indiana law prohibits franchisors from requiring their franchisees to prospectively agree to a release, assignment, novation, waiver or estoppel that attempts to relieve any person from liability.”
4. Item 6 (“indemnification” reference) is amended by the addition of the following language to the original language as follows: “(Indiana Code 23-2-2.7-1[5] prohibits this provision)”
5. Item 8 is amended by the addition of the following language to the original language that appears: “Company retaining any rebates, commissions or other consideration paid by suppliers will not apply to any Indiana franchisee as stated in Indiana Code, Title 23, Article 2, Chapter 2.7-1(4).”
6. Item 14 is amended by the addition of the following language to the original language that appears: “If there is an alleged breach of Section 15, Company may be entitled to seek immediate equitable remedies, including, restraining orders and injunctive relief to safeguard the proprietary and confidential information.”
7. Item 17(c) is amended by the addition of the following language to the original language that appears: “(Indiana Code Title 23-2-2.7-(5) prohibits this provision)”
8. Item 17(m) is amended by the addition of the following language to the original language that appears: “(Indiana Code Title 23-2-2.7-(5) prohibits this provision)”
9. Item 17(t) is amended by the addition of the following language to the original language that appears: “(subject to Indiana law)”
10. Item 17(v) is amended by the addition of the following language to the original language that appears: “(Indiana Code Title 23-2-2.7-1(10) prohibits this provision)”
11. Item 17(w) is amended by the addition of the following language to the original language that appears: “(subject to Indiana law)”
12. Item 17 is further amended by the addition of the following language to the original language that appears:

Indiana law prohibits franchisors from requiring their franchisees to prospectively agree to a release, assignment, novation, waiver or estoppel that attempts to relieve any person from liability.

Company will not permit a franchise to sell or renew without good cause or in bad faith. However, Indiana law does not prohibit a Franchise Agreement from providing that the agreement is not renewable on expiration or that the agreement is renewable if you meet certain conditions specified in the agreement.



Unilateral termination of the franchise is not permitted under Indiana law if the termination is without good cause or in bad faith. Good cause within the meaning of Indiana law includes any material violation of the Franchise Agreement.

Franchisee will not be required to indemnify Franchisor for any liability imposed upon Franchisor as a result of Franchisee's reliance upon or use of procedures or products which were required by Franchisor, if such procedures or products were utilized by Franchisee in the manner required by Franchisor.

You are not responsible for tortious claims from Company's gross negligence or willful misconduct in the making of or causing of the changes necessary in Company's protection of its Marks.

Indiana prohibits covenants not to compete in an area greater than the Area of Primary Responsibility; therefore, you agree to abide by the covenants not to compete terms within the Designated Area as defined in this Franchise Agreement.

If there is an alleged breach of Sections 6 or 7 of the Franchise Agreement, Company may be entitled to seek immediate equitable remedies, including, restraining orders and injunctive relief to safeguard the proprietary and confidential information.

Indiana prohibits the limitation of litigation brought for breach of the Franchise Agreement in any matter. Any terms, which designate jurisdiction or venue or require you to agree to jurisdiction or venue in a forum outside of Indiana is void concerning any cause of action, which is otherwise enforceable in Indiana. The Franchise Agreement and all related agreements will be interpreted and construed under the Indiana Franchise Laws, except to the extent governed by the United States Trademark Act of 1946.

If there is an alleged breach of Section 15, Company may be entitled to seek immediate equitable remedies, including, restraining orders and injunctive relief to safeguard the proprietary and confidential information.

Despite anything to the contrary in this provision, the franchisee does not waive any right under the Indiana statutes with regard to prior representations made in the Indiana Uniform Franchise Offering Circular.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Indiana-specific Addendum, understands and consents to be bound by all of its terms, and agrees it becomes effective the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

FRANCHISOR:

Right at Home, LLC

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

Printed Name: \_\_\_\_\_

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

FRANCHISEE:

\_\_\_\_\_

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

Printed Name: \_\_\_\_\_

Title if an entity: \_\_\_\_\_

\* The Operating Principal

## **MICHIGAN**

The following disclosures are required by the State of Michigan:

1. “THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.”

Each of the following provisions is void and unenforceable if contained in any documents related to a franchise:

- A. A prohibition on the right of a franchisee to join an association of franchisees.
- B. A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives a franchisee of rights and protections provided in this act. This will not preclude a franchisee, after entering into a Franchise Agreement, from settling any and all claims.
- C. A provision that permits a franchisor to terminate a franchise prior to the expiration of this term except for good cause. Good cause includes the failure of the franchisee to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- D. A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee’s inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years, and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor’s intent not to renew the franchise.
- E. A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- F. A provision requiring that arbitration or litigation be conducted outside this state. This will not preclude the franchisee from entering into an agreement, at the time of arbitration or litigation, to conduct arbitration or litigation at a location outside this state.
- G. A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. The subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause includes, but is not limited to:
  - 1) The failure of the proposed transferee to meet the franchisor’s then-current reasonable qualifications or standards.
  - 2) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
  - 3) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

4) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

H. A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value and has failed to cure the breach in the manner provided in subdivision (C).

I. A provision which permits the franchisor to directly or indirectly convey, assign or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless a provision has been made for providing the required contractual services.

2. If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00 the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be directed to:

State of Michigan  
Consumer Protection Division  
Antitrust and Franchising Unit  
Michigan Department of Attorney General  
670 Law Building  
Lansing, MI 48913  
(517) 373-7117

*[Remainder of this page intentionally left blank]*

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Michigan-specific Addendum, understands and consents to be bound by all of its terms, and agrees it becomes effective the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

FRANCHISOR:

Right at Home, LLC

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

Printed Name: \_\_\_\_\_

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

FRANCHISEE:

\_\_\_\_\_

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

Printed Name: \_\_\_\_\_

Title if an entity: \_\_\_\_\_

\* The Operating Principal

## **MINNESOTA**

1. Risk Factors: The second Risk Factor is amended by the addition of the following language at the end thereof:

MINNESOTA STATUTE SECTION 80C.21 AND MINNESOTA RULE PART 2860.4400J PROHIBIT FRANCHISOR FROM REQUIRING LITIGATION TO BE CONDUCTED OUTSIDE MINNESOTA. IN ADDITION, NOTHING IN THE FRANCHISE DISCLOSURE DOCUMENT OR AGREEMENTS CAN ABROGATE OR REDUCE ANY OF YOUR RIGHTS AS PROVIDED FOR IN MINNESOTA STATUTES, CHAPTER 80C, OR YOUR RIGHTS TO ANY PROCEDURE, FORUM OR REMEDY PROVIDED FOR BY THE LAWS OF THE JURISDICTION.

2. The following Section is added to Item 11:

Company will provide you with password protected electronic access to the Brand Standards Manual consisting of 31 pages and the Best Practices Manual consisting of 468 pages, which contains mandatory and suggested specifications, standards and procedures. The Brand Standards Manual and the Best Practices Manual are confidential and remains the property of Company. Company may modify the Brand Standards Manual and the Best Practices Manual. The Table of Contents of the Brand Standards Manual and the Best Practices Manual, including pages devoted to each subject, are attached to this Franchise Disclosure Document as Exhibit C. (See Section 6)

3. The following Section is added at the end of Item 12:

“The minimum requirements are not a financial performance representation.”

4. The following Sections are added at the end of Item 13:

The Minnesota Department of Commerce requires that the Company indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that the franchisee’s use of the Company’s trademark infringes trademark rights of the third party. The Company does not indemnify against the consequences of the franchisee’s use of the Company’s trademark except in accordance with the requirements of the franchise, and, as a condition to indemnification, the franchisee must provide notice to the Company of any claim within ten (10) days and tender the defense of the claim to the Company. If the Company accepts the tender of defense, the Company has the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

By not having a Principal Register Federal Registration for either “Right at Home” or “RAH Staffing Services”, Company does not have certain presumptive legal rights granted by a registration.

5. The first sentence of the “Summary” section of Item 17(c) entitled Requirements for you to Renew or Extend is deleted in its entirety and the following is substituted in its place:

You must have complied, and continue to comply, with all provisions of all agreements and must execute our then-current form of Franchise Agreement and sign general releases of all claims against us, provided however, that such general releases will not apply to any claims arising under the Minnesota Franchise Law.

6. All franchise contracts or agreements, and any other device or practice of a Company other than those classifications of franchises specifically recognized by the Commissioner will conform to the following provisions. It is an unfair and inequitable practice for any Company to:

A. Terminate or cancel a franchise without first giving written notice setting forth all the reasons for the termination or cancellation to the franchisee at least ninety (90) days in advance of termination or cancellation, and the franchisee fails to correct the reasons stated for termination or cancellation in the notice within sixty (60) days of receipt of the notice. However, the notice will be effective immediately upon receipt where the alleged grounds for termination or cancellation are:

- (i) Voluntary abandonment of the franchise relationship by the franchisee;
- (ii) The conviction of the franchisee of an offense directly related to the business conducted pursuant to the franchise; or
- (iii) Failure to cure a default under the Franchise Agreement which materially impairs the goodwill associated with the Company's trade name, trademark, service mark, logotype or other commercial symbol after the franchisee has received written notice to cure at least twenty-four (24) hours in advance thereof;

B. Terminate or cancel a franchise except for good cause. "Good cause" means failure by the franchisee to substantially comply with the material and reasonable franchise requirements imposed upon him by the Company including, but not limited to:

- (i) The bankruptcy or insolvency of the franchisee;
- (ii) Assignment for the benefit of creditors or similar disposition of the assets of the franchised business;
- (iii) Voluntary abandonment of the franchised business;
- (iv) Conviction or a plea of guilty or no contest to a charge of violating any law relating to the franchised business; or
- (v) Any act by or conduct of the franchisee which materially impairs the goodwill associated with the Company's trademark, trade name, service mark, logotype or other commercial symbol; or

C. Except for failure to renew a franchise for good cause as defined in Section 2 above, and the franchisee has failed to correct reasons for termination as stated in Section 1 above, no person may fail to renew a franchise unless:

- (i) The franchisee has been given written notice of the intention not to renew at least one hundred eighty (180) days in advance of the expiration of the franchise; and
- (ii) The franchisee has been given an opportunity to operate the franchise over a sufficient period of time to enable the franchisee to recover the fair market value of the franchise as a growing concern, as determined and measured from the date of the failure to renew. No Company may refuse to renew a franchise if the refusal is for the purpose of converting the franchisee's business premises to an operation that will be owned by the Company for its own account.

D. Unreasonably withhold consent to an assignment, transfer, or sale of the franchise whenever the franchisee to be substituted meets the present qualifications and standards required of the franchisees of the particular Company.

7. Requirements for you to renew or extend: “Minnesota Rules, 1989, Department of Commerce, Chapter 2860, Section 4400D prohibits a Company from requiring a Franchisee to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statutes 1973 Supplement, section 80C.01 to 80C.22; provided, that this part will not bar the voluntary settlement of disputes.”

8. Minn. Rule 2860.4400J. states that it is unfair and inequitable for a franchisor to require a franchisee to waive his rights to any forum provided for by the laws of jurisdiction. Any language found in the Franchise Disclosure Document contrary to this rule is amended so that it does not apply to Minnesota franchisees.

9. Franchisee cannot consent to the Franchisor obtaining injunctive relief. Franchisor may seek injunctive relief.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Minnesota-specific Addendum, understands and consents to be bound by all of its terms, and agrees it becomes effective the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

FRANCHISOR:

Right at Home, LLC

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

Printed Name: \_\_\_\_\_

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

FRANCHISEE:

\_\_\_\_\_

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

Printed Name: \_\_\_\_\_

Title if an entity:\_\_\_\_\_

\* The Operating Principal

## **NEW YORK**

The Franchise Disclosure Document is amended as follows:

1. All references made herein to a Franchise Disclosure Document are amended to Offering Prospectus.

The Franchise Disclosure Document Cover Page is amended as follows:

**REGISTRATION OF THIS FRANCHISE WITH THE STATE DOES NOT MEAN THAT THE STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE NEW YORK STATE DEPARTMENT OF LAW, 120 BROADWAY, NEW YORK, NEW YORK, 10271-0332.**

**THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS PROSPECTUS.**

2. Item 3 is amended by the addition of the following language:

Neither Company, its predecessors, nor any person identified in Item 2 has any administrative, criminal or civil action pending against them alleging: a felony; a violation of franchise, antitrust or securities law; fraud, embezzlement, fraudulent conversion, misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations. In addition, neither Company, its predecessors, nor any person identified in Item 2 has any pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

Neither Company, its predecessors, nor any other person identified in Item 2 has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

Neither Company, its predecessors, nor any person identified in Item 2 is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department,



including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. Item 4 is amended to read as follows:

During the 10 year period immediately before the date of the Franchise Disclosure Document neither Company nor Affiliate, its predecessors or current officer or general partner of Company, has (a) filed as debtor (or had filed against it) a petition to start an action under the United States Bankruptcy Code; (b) obtained a discharge of its debts under the Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that ever filed as a debtor (or had filed against it) a petition to start an action under the United States Bankruptcy Code, or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of the franchisor held this position in the company or partnership.

4. Item 5 is amended by the addition of the following language at the end of the time:

The Franchise Fee will be used to compensate Company for its costs in providing training materials, evaluating the site, and other services Company provides to you prior to and as you begin operating your business.

5. Item 7 is amended by the addition of the following language: “There are no other direct or indirect payments to Company in conjunction with the purchase of the Franchise.”
6. Item 12, to clarify the minimum number of people age 65 or older in the Designated Area, the second sentence of the first Section is replaced with the following:

Your Designated Area will be determined by zip codes, listed in Exhibit A attached to the Franchise Agreement, and will include a population of approximately 15,000 to 30,000 people who are age 65 and older.

Section 1.2 of the Franchise Agreement second sentence, is replaced with the following:

The Designated Area will be defined by zip codes and include a population of approximately fifteen thousand (15,000) to thirty (30,000) people, who are age sixty-five (65) and older (“Potential Clients”).

7. Item 17 is amended as follows:

(the following Section replaces/becomes the only Section before the table):

THIS TABLE LISTS CERTAIN IMPORTANT PROVISIONS OF THE FRANCHISE AND RELATED AGREEMENTS PERTAINING TO RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION. YOU SHOULD READ THESE PROVISIONS IN THE AGREEMENTS ATTACHED TO THIS OFFERING PROSPECTUS.

8. Item 17, “Renewal, Termination, Transfer and Dispute Resolution” the subsection entitled “Assignment of Contract by Company” will be amended to include the following language: “However, no assignment will be made except to an assignee who, in the good faith judgment of Company, is able to assume Company’s obligations under the Agreement.”

9. Item 17(w), "Choice of Law" subsection is be amended to include the following language: "Choice of law should not be considered a waiver of any right conferred upon the Franchisee by the General Business Law ("GBL") of the State of New York, Article 33."
10. Franchisor has the right to modify or revise lists of specifications, the Confidential Brand Standards Manual and the Best Practices Manual, or any part of the System, provided that any revisions or modifications will not unreasonably increase Franchisee's obligation or place an excessive and unreasonable economic burden on the Franchisee's operations.
11. New York franchisees must attend all training programs at Franchisor's headquarters in Omaha, Nebraska.
12. Each provision for general releases to be executed by Franchisee is subject to the following:

All rights enjoyed by the Franchisee and any causes of action arising in its favor from the provisions of Article 33 of the GBL of the State of New York and the regulations issued thereunder will remain in force; it being the intent of this provision that the non-waiver provisions of GBL Section 687.4 and 687.5 be satisfied.

13. Franchisee is required to indemnify Franchisor from all claims arising out of Franchisee's operation of the Franchised Business, except that Franchisee is not required to indemnify Franchisor for claims arising from Franchisor's negligence or misconduct.
14. Franchisee's agreement to Franchisor's right to obtain injunctive and other relief in the event of Franchisee's breach of covenants not to compete and non-disclosure covenants contemplates only Franchisor's right to obtain injunctive and other relief only after the proper proofs are made and the appropriate judicial or arbitral authority grants such relief. Nothing within said provisions will constitute a waiver by Franchisee of Franchisee's right to defend any action.
15. Each provision for applicable law is subject to the following:

The foregoing choice of law will not be considered a waiver of any right conferred upon the Franchisee by the provisions of Art. 33 of the General Business Law of the State of New York.

THE FRANCHISOR REPRESENTS THAT THIS PROSPECTUS DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF MATERIAL FACT.

16. The following sentence is added to the end of Section 4.2 of the Franchise Agreement:

The responsibilities of the Franchisee are in no way lessened by entering into this Agreement, and the Franchisee retains the right and authority to independently adopt, amend and implement policies and procedures, that are in addition to and more stringent and restrictive than those prescribed by Franchisor, regarding the operation of the Franchised Business in order to insure the provision of quality home care services in accordance with the System and in compliance with all applicable statutes and regulations, and Franchisee warrants that it will provide its services accordingly.

17. The following provision, as Section 6.4, is added to Section 6 of the Franchise Agreement:

6.4 The policies, standards, procedures, Brand Standards Manual, Best Practices Manual, Confidential Information, and other documents developed by the Franchisor,

which relate to the operating standards, policies and procedures for the Franchised Business will be available for inspection and copying by the State of New York Department of Health in accordance with such Department's applicable statutory and regulatory authority.

18. The following provision, as Section 7.6, is added to Section 7 of the Franchise Agreement:

7.6. The policies, standards, procedures, Brand Standards Manual, Best Practices Manual, Confidential Information, and other documents developed by the Franchisor which relate to the operating standards, policies and procedures for the Franchised Business will be available for inspection and copying by the State of New York Department of Health in accordance with such Department's applicable statutory and regulatory authority. Such documents, when received by the State of New York Department of Health, will be subject to the relevant provisions of the Freedom of Information Law, including provisions relating to excepting from disclosure any documents which are trade secrets or are maintained for the regulation of commercial enterprise which if disclosed would cause substantial injury to the competitive position of the Franchisor or the Franchisee.

19. The following sentence is added to the end of Section 11.1 of the Franchise Agreement:

In addition, the policies, standards, procedures, Brand Standards Manual, Best Practices Manual, Confidential Information, and other documents developed by the Franchisor which relate to the operating standards, policies and procedures for the Franchised Business will be available for inspection and copying by the State of New York Department of Health in accordance with such Department's applicable statutory and regulatory authority. Such documents, when received by the State of New York Department of Health, will be subject to the relevant provisions of the Freedom of Information Law, including provisions relating to excepting from disclosure any documents which are trade secrets or are maintained for the regulation of commercial enterprise which if disclosed would cause substantial injury to the competitive position of the Franchisor or the Franchisee.

20. Section 12.2 of the Franchise Agreement is amended in its entirety to state as follows:

12.2 Franchisee will commence operation of the Franchised Business at the Premises providing companion and homemaker services that are not subject to State licensure regulations, which includes establishing and continuously maintaining an open office located within the Designated Area; (i) if this Agreement is for Franchisee's first Franchised Business, the earlier of six (6) months after execution of this Agreement, unless otherwise agreed upon in writing by Franchisor or due to licensing requirements imposed by applicable law in the Designated Area; or, (ii) if this Agreement includes a Multiple Unit Amendment and is for an additional Franchised Business, on the date contemporaneously or within thirty (30) days after execution of this Agreement. As used in this Agreement, an open office means: a Premises, and such Premises will continuously (i) have at least two (2) full-time equivalent staff members, one of which may be the Operating Principal, who have the authority to and are hiring and managing employees and actively marketing and selling the services and products, materials and equipment of the Franchised Business, and (ii) provide and supervise home care and/or staffing services, and (iii) produce and deliver all Weekly Reports and others required under this Agreement. As used in this agreement, "continuously" means uninterrupted at least during normal day to day business hours at least Monday through Friday, plus providing a service to handle calls from and respond to the public 24 hours each day, 7 days per week. Prior to such opening, Franchisee will have complied with all of Franchisor's pre-opening standards and

specifications. Franchisee acknowledges and agrees that the hours of operation and the staffing requirements of this Agreement are integral to maintaining the value of the System and the Marks; and, that Franchisee's failure to operate during the designated hours or staff as required by this Agreement is detrimental to the value of the System and the Marks. Franchisee further acknowledges and agrees that the day-to-day operational decision relating to the opening and closing procedures of the Franchised Business, including any security, staffing beyond the staffing of at least two full time equivalent staff members, and other similar matters, will be made solely by Franchisee. If Franchisee for any reason fails to commence and/or continue such operations as herein provided, such failure will be a default of this Agreement and Franchisor may, in addition to all other remedies provided for under this Agreement, terminate this Agreement.

21. Section 12.8 of the Franchise Agreement is amended in its entirety to state as follows:

12.8 Franchisee will maintain an electronic database of the names and addresses and contact notes of all current and past clients, client family and responsible party, current and past prospects, referral sources and vendors of the Franchised Business. Franchisee will supply said database to Franchisee by electronic transmission in the time and manner prescribed from time to time by the Franchisor. Franchisee will maintain the confidentiality of said information and will not disclose, provide, or sell all or any part of the client list or contents thereof to any person or entity other than Franchisor, or as required by applicable law, in accordance with Section 7 of this Agreement.

22. The following proviso will be added to the end of Section 12.12 of the Franchise Agreement:

provided, termination of this Agreement or any services being provided by the Franchised Business will be done in a manner consistent with applicable state regulations to ensure client safety.

23. Section 15.2 of the Franchise Agreement is amended in its entirety to state as follows:

15.2 Franchisee covenants to Franchisor that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee or the Operating Principal will devote his or her full-time energy and best efforts to the management and operation of the Franchised Business, and that Franchisee will retain legal authority over and responsibility for the operation and management of the Franchised Business, and will comply with all statutory and regulatory requirements applicable to the Franchised Business.

24. The following language will be added at the end of Section 21.1 of the Franchise Agreement:

Notwithstanding the foregoing, Franchisor's right to operate the Franchised Business pursuant to this Section 21.1 is conditioned upon Franchisor applying for and receiving approval from the Department of Health pursuant to 10 NYCRR § 765-1.12 or any other law of similar effect.

25. The Franchise Agreement is amended to add the following language as Section 35:

Despite anything to the contrary contained in the Franchise Agreement, Franchisee will comply with all applicable laws, ordinances and regulations in connection with the Franchised Business, including, but not limited to, laws, ordinances and regulations pertaining to the termination or amendment of the Franchise Agreement, transfer of the

Franchised Business, or the transfer of any ownership interest in Franchisee. Subject to the provisions of the Franchise Agreement, the Brand Standards Manual and the Best Practices Manual pertaining to Franchisee's rights, Franchisee will retain authority over, and will not delegate to Franchisor, (i) the authority to hire or fire staff of the Franchised Business, (ii) the maintenance, control and preservation of the Franchisee's books and records, (iii) the authority over the disposition of assets of the Franchised Business, (iv) the authority to incur liabilities on behalf of the Franchised Business, or (v) the authority to adopt additional more stringent and more restrictive policies and procedures affecting the delivery of health care services. The franchise agreement approved by the State of New York Department of Health is the sole franchise agreement between Franchisor and Franchisee for the Franchised Business, or any portion thereof, relating to the Designated Area.

28. Item 23 Receipts at Exhibit J are modified by adding the following language to the end of the second Section:

New York State law requires a franchisor to provide the franchise disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this New York-specific Addendum, understands and consents to be bound by all of its terms, and agrees it becomes effective the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

FRANCHISOR:

Right at Home, LLC

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

Printed Name: \_\_\_\_\_

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

FRANCHISEE:

\_\_\_\_\_

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

Printed Name: \_\_\_\_\_

Title if an entity: \_\_\_\_\_

\* The Operating Principal

## **NORTH DAKOTA**

1. Item 5 is amended by the addition of the following language to the original language:

Refund and cancellation provisions will be inapplicable to franchises operating under the North Dakota Franchise Investment Law. If Company elects to cancel this Agreement, Company will be entitled to a reasonable fee for its evaluation of you and related preparatory work performed and expenses actually incurred.

2. Item 17 of the Franchise Disclosure Document and corresponding Sections of the Franchise Agreement are amended by the addition of the following language to the original language or deleted as indicated:

A. Requirements for you to renew or extend” (Item 17(c) of the Franchise Disclosure Document, Sections 2.2 and 2.3 of the Franchise Agreement). “The execution of a general release upon renewal, assignment or termination will be inapplicable to franchises operating under the North Dakota Franchise Investment Law.

B. Your obligations on termination/non-renewal” (Item 17(i) and Section 17.8 of the Franchise Agreement) are amended to delete any reference to a North Dakota franchisee consenting to liquidated damages.

C. Your obligations on termination/non-renewal” (Item 17(i) and Section 17 of the Franchise Agreement) are amended to read: “the prevailing party in any enforcement action is entitled to recover all costs and expenses, including attorney fees.”

D. Covenants not to compete upon termination or expiration of the Franchise Agreement is generally unenforceable in the State of North Dakota except in limited instances as provided by law.

E. Item 17(u) of the franchise disclosure document and Section 29 of the Franchise Agreement requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law. The site of arbitration or mediation must be agreeable to all parties.

F. Choice of Forum” (Item 17(v) of the Franchise Disclosure Document, Section 28 of the Franchise Agreement) is amended with the following language: “Any action will be brought in the appropriate state of federal court in North Dakota.”

G. The “Choice of Law” (Item 17(w) of the Franchise Disclosure Document, Section 28.1 of the Franchise Agreement) is amended to read as follows: “This Agreement takes effect upon its acceptance and execution by Company in North Dakota.”

H. Item 17(u) of the franchise disclosure document and Section 29 of the Franchise Agreement requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law. The site of arbitration or mediation must be agreeable to all parties.

I. Section 33.7 of the Franchise Agreement requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

J. Item 17 of the franchise disclosure document, Sections 34.1 of the Franchise Agreement requiring the franchisee to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

3. "Applicable Law" (Section 28 of the Franchise Agreement) is amended to read as follows:

A. 28.1 is deleted and amended to read as follows: "This Agreement takes effect upon its acceptance and execution by Franchisor in North Dakota."

B. 28.1 is deleted in its entirety.

4. "Acknowledgement" (Section 33 of the Franchise Agreement) is amended by the addition of the following language to the original language that appears therein to read as follows:

Franchisee acknowledges that Franchisee received a copy of this Agreement, the attachments hereto, if any, and agreements relating thereto, if any, at least seven (7) days prior to the date on which this Agreement was executed.

5. "Covenants" (Section 15 of the Franchise Agreement) is amended by the addition of the following language to the original language that appears therein: "Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law."

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this North Dakota-specific Addendum, understands and consents to be bound by all of its terms, and agrees it becomes effective the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

FRANCHISOR:

Right at Home, LLC

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

Printed Name: \_\_\_\_\_

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

FRANCHISEE:

\_\_\_\_\_

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

Printed Name: \_\_\_\_\_

Title if an entity: \_\_\_\_\_

\* The Operating Principal

## **RHODE ISLAND**

1. The “Renewal, Termination, and Dispute Resolution” (Item 17) is amended by the addition of the following language to the original language:

§19-28.1-14 of the Rhode Island Franchise Investment Act provides that [A provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.]

2. Item 17(v) is amended as follows: “This Section is invalid under Rhode Island General Law Section (19.28.1-4)”
3. Item 17(w) is amended as follows: “This Section is invalid under Rhode Island General Law Section (19-28.1-14)”

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Rhode Island-specific Addendum, understands and consents to be bound by all of its terms, and agrees it becomes effective the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

FRANCHISOR:

Right at Home, LLC

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

Printed Name: \_\_\_\_\_

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

FRANCHISEE:

\_\_\_\_\_

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

Printed Name: \_\_\_\_\_

Title if an entity:\_\_\_\_\_

\* The Operating Principal



## **SOUTH DAKOTA**

1. Item 5 is amended by the addition of the following language to the original language that appears therein:

Liquidated damages provisions will be inapplicable to franchises operating under the laws of South Dakota.” If Franchisor seeks to terminate the contract after Franchisee has submitted two acceptable sites, franchisee will be required to pay Franchisor for its actual expenses in site evaluation and selection activities.

2. The “Summary” section of Item 17(g) entitled “Cause” Defined - Defaults Which Can Be Cured, is deleted in its entirety and the following is substituted in its place: “If you fail to pay any amounts due to us or our affiliates and do not cure the breach within 30 days’ notice from us, you have 30 days to cure any other default (except those defaults listed in (h)).”
3. The “Summary” section of Item 17(r) of the Franchise Disclosure Document chart entitled Non-Competition Covenants and Section 15.4 of the Franchise Agreement is amended as follows: “Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of South Dakota.”
4. The “Summary” sections of Items 17(v) and 17(w) entitled Choice of Forum and Choice of Law, respectively, are amended by the addition of the following language:

Any provision in the Franchise Agreement restricting jurisdiction or venue to a forum outside of South Dakota or requiring the application of the laws of any other state is void with respect to a claim otherwise enforceable under the South Dakota Franchise Act.

Pursuant to SDCL 37-5B-21, any condition, stipulation or provision requiring a franchisee to waive compliance with or relieving a person of a duty or liability imposed by or a right provided by this chapter or a rule or order under this chapter is void.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this South Dakota-specific Addendum, understands and consents to be bound by all of its terms, and agrees it becomes effective the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

FRANCHISOR:

Right at Home, LLC

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

Printed Name: \_\_\_\_\_

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

FRANCHISEE:

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

Printed Name: \_\_\_\_\_

Title if an entity:\_\_\_\_\_

\* The Operating Principal

## VIRGINIA

The Franchise Disclosure Document is amended as follows:

1. Pursuant to the Virginia Retail Franchising Act (“VRFA”), the FTC cover page is modified by adding the words “or grant” at the end of the third sentence in the third Section so it reads as follows:

You must receive this disclosure document at least fourteen (14) calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale or grant.

2. Item 8 is amended by the addition of the following language:

A. “Company provides no material benefits to you based on your use of designated or required suppliers unless otherwise stated.”

B. “Rebates will be divided among System franchisees and Company and Affiliate-owned stores on a pro-rata basis linked to the amount of purchases made.”

3. Item 17 is amended by striking the first Section and replacing it with the following language:

**This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.”**

4. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Right at Home for use in the Commonwealth of Virginia is amended as follows:

Item 17(h) is amended by the addition of the following language:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute “reasonable cause”, as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

5. Item 19 is amended by striking the last Section and replacing it with the following language:

Other than the preceding financial performance representation, Right at Home, LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Allen Hager, Right at Home, LLC, 6464 Center Street, Suite 150, Omaha, Nebraska 68106, (402) 697-7537, the Federal Trade Commission, and the appropriate State regulatory agencies.

6. Pursuant to the VRFA, the Item 23 Receipts at Exhibit J are modified by adding the word “calendar” between the words “14” and “days” and the words “or grant” at the end of the second Section so each reads as follows:

If Right at Home, LLC offers you a franchise, Right at Home, LLC must provide the Franchise Disclosure Document to you 14 calendar days (commencing the day after delivery of this Franchise Disclosure Document) before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale or grant.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Virginia-specific Addendum, understands and consents to be bound by all of its terms, and agrees it becomes effective the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

FRANCHISOR:

Right at Home, LLC

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

Printed Name: \_\_\_\_\_

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

FRANCHISEE:

\_\_\_\_\_

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

Printed Name: \_\_\_\_\_

Title if an entity:\_\_\_\_\_

\* The Operating Principal

## WASHINGTON

The state of Washington has a statute, RCW 19.100.180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

If Franchisor exercises its option to purchase the following assets of the Franchisee upon a termination or expiration of this Agreement, Franchisor will purchase any of Franchisee's inventory, supplies, equipment, and furnishings purchased from Franchisor, and good will, exclusive of personalized materials which have no value to Franchisor, and inventory, supplies, equipment and furnishings not reasonably required in the conduct of the Franchised Business for their fair market value, provided, that (a) compensation need not be made to Franchisee for good will if: (i) Franchisee has been given one year's notice of nonrenewal and (ii) Franchisor agrees in writing not to enforce any covenant which restrains Franchisee from competing with Franchisor; and, (b) Franchisor may offset against amounts owed to Franchisee any amounts owed by Franchisee to Franchisor.

A release or waiver of rights executed by a franchisee will not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

Item 5 is amended to disclose the following: Persons who receive financial incentives to refer franchise prospects to us may be required to register as franchise brokers under the laws of some states.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Washington-specific Addendum, understands and consents to be bound by all of its terms, and agrees it becomes effective the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

FRANCHISOR:

Right at Home, LLC

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

Printed Name: \_\_\_\_\_

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

FRANCHISEE:

\_\_\_\_\_

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

Printed Name: \_\_\_\_\_

Title if an entity: \_\_\_\_\_

\* The Operating Principal

## **WISCONSIN**

The State of Wisconsin has not reviewed and does not endorse, approve, recommend, or sponsor any business opportunity. The information contained in this disclosure has not been verified by the state. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Wisconsin-specific Addendum, understands and consents to be bound by all of its terms, and agrees it becomes effective the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

FRANCHISOR:

Right at Home, LLC

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

Printed Name: \_\_\_\_\_

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

FRANCHISEE:

\_\_\_\_\_

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

Printed Name: \_\_\_\_\_

Title if an entity:\_\_\_\_\_

\* The Operating Principal

**EXHIBIT G TO THE FRANCHISE DISCLOSURE DOCUMENT**

**LIST OF RIGHT AT HOME CURRENT FRANCHISEES**

### LIST OF RIGHT AT HOME CURRENT FRANCHISEES

Owner Name	Franchise ID	Address1	Address2	City	State / Province	Center Phone/Email
Rachel Green, Beau Green	1300	1446 Montgomery Highway	Suite B	Birmingham	Alabama	(205) 460-1062 <a href="mailto:bgreen@rahbhm.com">bgreen@rahbhm.com</a>
Beau Green Rachel Green	1356 - NR	2045 Cecil Ashburn Drive	Suite 100	Huntsville	Alabama	(205) 460-1062 <a href="mailto:bgreen@rahbhm.com">bgreen@rahbhm.com</a>
Beau Green, Rachel Green	1358 - NR	2045 Cecil Ashburn Drive	Suite 100	Huntsville	Alabama	(256) 260-0911 <a href="mailto:bgreen@rahbhm.com">bgreen@rahbhm.com</a>
Beau Green, Rachel Green	1357	2045 Cecil Ashburn Drive	Suite 100	Huntsville	Alabama	(256) 585-3140 <a href="mailto:bgreen@rahbhm.com">bgreen@rahbhm.com</a>
Neal Gaudet	1534	1110 Hillcrest Road	Suite 1E	Mobile	Alabama	(251) 459-8671 <a href="mailto:ngaudet@westmobilehomecare.com">ngaudet@westmobilehomecare.com</a>
Jeff Ezell, Susie Ezell	1199	4208 Carmichael Court N.		Montgomery	Alabama	(334) 517-1045 <a href="mailto:jeff@rah-alabama.com">jeff@rah-alabama.com</a>
Becky Leuer, Mark Leuer	1187	17035 North 67th Avenue	Suite 11	Glendale	Arizona	(623) 878-2885 <a href="mailto:bleuer@rightathomenwphx.com">bleuer@rightathomenwphx.com</a>
Sandra Perez, Leo Brennan	1201 - NR	13851 W Lamar Blvd	Suite E-101	Goodyear	Arizona	(623) 237-3492 <a href="mailto:leo@rahwest.com">leo@rahwest.com</a>
Leo Brennan, Sandra Perez	1097	13851 W Lamar Blvd	Suite E-101	Goodyear	Arizona	(623) 547-0700 <a href="mailto:leo@rahwest.com">leo@rahwest.com</a>
Mark Leuer, Becky Leuer	1252 - NR	13851 W Lamar Blvd	Suite 16	Mesa	Arizona	(480) 632-1100 <a href="mailto:bleuer@rightathomenwphx.com">bleuer@rightathomenwphx.com</a>
Becky Leuer, Mark Leuer	1188	13851 W Lamar Blvd	Suite 16	Mesa	Arizona	(480) 632-1100 <a href="mailto:bleuer@rightathomenwphx.com">bleuer@rightathomenwphx.com</a>
Beth Bobier, Jennifer Suhr	1494	3842 E. Thunderbird Rd	Suite 200	Phoenix	Arizona	(602) 493-0085 <a href="mailto:beth@rahnorthphx.com">beth@rahnorthphx.com</a>
Karen Valenza, Mike Valenza	1398	518 E. Gurley Street	Suite 200	Prescott	Arizona	(928) 515-2445 <a href="mailto:karen@carenaz.com">karen@carenaz.com</a>
Tasha Martz Christopher Martz	1588	4300 N. Miller Rd.	Suite 223	Scottsdale	Arizona	(480) 282-8469 <a href="mailto:tasha@inhomecarephx.com">tasha@inhomecarephx.com</a>
Karen Kochhar	1397 - NR	5601 N. Oracle Rd	Suite 101	Tucson	Arizona	(520) 268-8608 <a href="mailto:karen@rahtucson.com">karen@rahtucson.com</a>
Kola Bliss, Adam Bliss	1430 - NR	7469 E. Broadway Blvd	Suite B	Tucson	Arizona	(520) 777-4175 <a href="mailto:adam@rahsouthernaz.com">adam@rahsouthernaz.com</a>

Owner Name	Franchise ID	Address1	Address2	City	State / Province	Center Phone/Email
Karen Kochhar	1396	5601 N. Oracle Rd	Suite 101	Tucson	Arizona	(520) 268-8608 <a href="mailto:karen@rahtucson.com">karen@rahtucson.com</a>
Kola Bliss, Adam Bliss	1429	7469 E. Broadway Blvd	Suite B	Tucson	Arizona	(520) 777-4175 <a href="mailto:adam@rahsouthernaz.com">adam@rahsouthernaz.com</a>
Kyle McCarthy, Rebecca McCarthy	1404 - NR	3190 Bella Vista Way		Bella Vista	Arkansas	(479) 855-6000 <a href="mailto:rebecca@rah-ar.com">rebecca@rah-ar.com</a>
Kyle McCarthy, Rebecca McCarthy	1370	3190 Bella Vista Way		Bella Vista	Arkansas	(479) 855-6000 <a href="mailto:rebecca@rah-ar.com">rebecca@rah-ar.com</a>
Valerie Cadenhead, Jimmy Cadenhead	1414	3901 Highway 7 North		Hot Springs Village	Arkansas	(501) 321-4962 <a href="mailto:jimmy@rah-car.com">jimmy@rah-car.com</a>
Ron Fuller, William Fuller, Drew Fuller	1452	11324 Arcade Drive	Suite 18	Little Rock	Arkansas	(501) 954-7066 <a href="mailto:willfuller@lrhomecare.com">willfuller@lrhomecare.com</a>
Joe Concialdi Renee Concialdi	1589 - NR				California	(626) 584-8130 <a href="mailto:renee@homecaregiving.org">renee@homecaregiving.org</a>
David Bullard, Kamala Bullard	1498 - NR	9057 Soquel Dr	Bldg A, Ste. D	Aptos	California	(831) 662-0400 <a href="mailto:dbullard@rahmba.com">dbullard@rahmba.com</a>
Kamala Bullard, David Bullard	1368	9057 Soquel Dr	Bldg A, Ste. D	Aptos	California	(831) 662-0400 <a href="mailto:dbullard@rahmba.com">dbullard@rahmba.com</a>
Leanna Dickstein, Doug Dickstein	1315 - NR	224 E Olive Ave	Suite 304	Burbank	California	(310) 550-0185 <a href="mailto:info@rahglendale.com">info@rahglendale.com</a>
Leanna Dickstein, Doug Dickstein	1314 - NR	224 E Olive Ave	Suite 304	Burbank	California	(310) 550-0185 <a href="mailto:info@rahglendale.com">info@rahglendale.com</a>
Doug Dickstein, Leanna Dickstein	1174	224 E Olive Ave	Suite 304	Burbank	California	(818) 956-5905 <a href="mailto:info@rahglendale.com">info@rahglendale.com</a>
Dan Bishop	1542	433 Airport Blvd	Ste. 109	Burlingame	California	(650) 373-2101 <a href="mailto:dbishop@bestbaycare.com">dbishop@bestbaycare.com</a>
Phil Chandler	1347 - NR	360 Mobil Avenue	Suite 102A	Camarillo	California	(805) 389-5320 <a href="mailto:phil@rah-vc.com">phil@rah-vc.com</a>
Phil Chandler	1346	360 Mobil Avenue	Suite 102A	Camarillo	California	(805) 389-5320 <a href="mailto:phil@rah-vc.com">phil@rah-vc.com</a>
Ronke Iselen, Lucky Iselen	1011	3137 Castro Valley Boulevard	Suite 201	Castro Valley	California	(510) 690-9612 <a href="mailto:rahalameda@sbcglobal.net">rahalameda@sbcglobal.net</a>



Owner Name	Franchise ID	Address1	Address2	City	State / Province	Center Phone/Email
Lourdes Simons, Scott Simons	1349 - NR	9548 Topanga Canyon Blvd		Chatsworth	California	(424) 238-0403 <a href="mailto:lourdes@rahsfv.com">lourdes@rahsfv.com</a>
Lourdes Simons, Scott Simons	1348	9548 Topanga Canyon Blvd		Chatsworth	California	(424) 238-0403 <a href="mailto:lourdes@rahsfv.com">lourdes@rahsfv.com</a>
Leticia Barboza, Mike Barboza	1197	255 E. Rincon St.	Suite 211B	Corona	California	(951) 272-6200 <a href="mailto:michael@homecareie.com">michael@homecareie.com</a>
Leticia Barboza, Mike Barboza	1581 - NR	255 E. Rincon St.	Suite 211B	Corona	California	(951) 741-0663 <a href="mailto:michael@homecareie.com">michael@homecareie.com</a>
Joe Concialdi, Renee Concialdi	1189	17026 E Cypress St	Unit D	Covina	California	(626) 584-8130 <a href="mailto:renee@homecaregiving.org">renee@homecaregiving.org</a>
Vernon Atwood	1402 - NR	5252 Orange Avenue	Suite 209	Cypress	California	(714) 249-4843 <a href="mailto:vatwood@rahnorthwestoc.com">vatwood@rahnorthwestoc.com</a>
Vernon Atwood	1401	5252 Orange Avenue	Suite 209	Cypress	California	(714) 249-4843 <a href="mailto:vatwood@rahnorthwestoc.com">vatwood@rahnorthwestoc.com</a>
Pat James, Gregory James	1322 - NR	17155 Newhope Street	Suite 0	Fountain Valley	California	(714) 485-4120 <a href="mailto:gregj@rahcoastaloc.com">gregj@rahcoastaloc.com</a>
Pat James, Gregory James	1321	17155 Newhope Street	Suite 0	Fountain Valley	California	(714) 485-4120 <a href="mailto:gregj@rahcoastaloc.com">gregj@rahcoastaloc.com</a>
Tami Brangham, Lance Brangham	1078	5084 North Fruit Avenue	Suite 105	Fresno	California	(559) 228-8918 <a href="mailto:tamib@rahfresno.com">tamib@rahfresno.com</a>
Suk Ahn, Cojett Bang, Sam Kim	1540	16388 Colima Rd.	#109	Hacienda Heights	California	(626) 961-0500 <a href="mailto:suk@rahhaciendaheights.com">suk@rahhaciendaheights.com</a>
Suk Ahn, Cojett Bang, Sam Kim	1541 - NR	16388 Colima Rd.	#109	Hacienda Heights	California	(626) 961-0500 <a href="mailto:suk@rahhaciendaheights.com">suk@rahhaciendaheights.com</a>
George Dzimiri	1483	1119 S. State Street		Hemet	California	(951) 291-9881 <a href="mailto:george@hemetseniorcare.com">george@hemetseniorcare.com</a>
Keith Wong	1305 - NR	23421 South Pointe Drive	Suite 150	Laguna Hills	California	(949) 215-2501 <a href="mailto:keith@occare.net">keith@occare.net</a>
Keith Wong	1087	23421 South Pointe Drive	Suite 150	Laguna Hills	California	(949) 215-2501 <a href="mailto:keith@occare.net">keith@occare.net</a>
Emma Head, Michael Clauser, John Clauser	1222 - NR	2222 2nd Street		Livermore	California	(925) 256-4663 <a href="mailto:jclauser@rahlivermorevalley.net">jclauser@rahlivermorevalley.net</a>

Owner Name	Franchise ID	Address1	Address2	City	State / Province	Center Phone/Email
John Clauser, Michael Clauser	1409	2222 2nd Street		Livermore	California	(925) 443-4430 <a href="mailto:jclauser@rahlivermorevalley.net">jclauser@rahlivermorevalley.net</a>
Kevin Karkut	1298	5242 Katella Avenue	Suite 103A	Los Alamitos	California	(562) 653-4480 <a href="mailto:kkarkut@rahwestoc.com">kkarkut@rahwestoc.com</a>
Lilan Hom, Larry Anthony	1378 - NR	1314 Westwood Blvd	Suite 208	Los Angeles	California	(310) 694-5001 <a href="mailto:larry@rightathome-wla-sfv.com">larry@rightathome-wla-sfv.com</a>
Lilan Hom, Larry Anthony	1377	1314 Westwood Blvd	Suite 208	Los Angeles	California	(310) 694-5001 <a href="mailto:larry@rightathome-wla-sfv.com">larry@rightathome-wla-sfv.com</a>
Diane Carson, Rick Carson	1413 - NR	PO Box 579760		Modesto	California	(209) 579-9445 <a href="mailto:info@rahmodesto.com">info@rahmodesto.com</a>
Rick Carson, Diane Carson	1211	PO Box 579760		Modesto	California	(209) 579-9445 <a href="mailto:info@rahmodesto.com">info@rahmodesto.com</a>
Joshua Greenberg	1258	9198 Greenback Lane	Suite 108	Orangevale	California	(916) 673-9081 <a href="mailto:info@rah-folsomlake.com">info@rah-folsomlake.com</a>
Elaine Fox, Dan Fox	1200	74040 Highway 111	Suite J	Palm Desert	California	(760) 340-1919 <a href="mailto:dfox@rahdesert.com">dfox@rahdesert.com</a>
Joe Concialdi, Renee Concialdi	1156	1250 E Walnut Street	Suite 220	Pasadena	California	(626) 584-8130 <a href="mailto:renee@homecaregiving.org">renee@homecaregiving.org</a>
Gale Davis, Venetia Davis	1286 - NR	2865 Sunrise Blvd.	Suite 102	Rancho Cordova	California	(916) 302-4243 <a href="mailto:gdavis@rah-valleyoaks.com">gdavis@rah-valleyoaks.com</a>
Gale Davis, Venetia Davis	1316 - NR	2865 Sunrise Blvd.	Suite 102	Rancho Cordova	California	(916) 302-4243 <a href="mailto:gdavis@rah-valleyoaks.com">gdavis@rah-valleyoaks.com</a>
Gale Davis, Venetia Davis	1288	2865 Sunrise Blvd.	Suite 102	Rancho Cordova	California	(916) 512-3545 <a href="mailto:gdavis@rah-valleyoaks.com">gdavis@rah-valleyoaks.com</a>
Andrew Cohen	1406 - NR	10134 6th St	Suite J	Rancho Cucamonga	California	(909) 466-5472 <a href="mailto:andy@rahrancho.com">andy@rahrancho.com</a>
Andrew Cohen	1247	10134 6th St	Suite J	Rancho Cucamonga	California	(909) 466-5472 <a href="mailto:andy@rahrancho.com">andy@rahrancho.com</a>
Shawna Gibson, Tony Fabbi	1320 - NR	483 Seaport Court	Suite 104	Redwood City	California	(650) 361-1265 <a href="mailto:shawna@RAH-SFPeninsula.com">shawna@RAH-SFPeninsula.com</a>
Shawna Gibson, Tony Fabbi	1319	483 Seaport Court	Suite 104	Redwood City	California	(650) 361-1265 <a href="mailto:shawna@RAH-SFPeninsula.com">shawna@RAH-SFPeninsula.com</a>
Dan Parker	1332 - NR	1401 El Camino Avenue	Suite 102	Sacramento	California	(530) 692-5425 <a href="mailto:info@rah-wsac.com">info@rah-wsac.com</a>

Owner Name	Franchise ID	Address1	Address2	City	State / Province	Center Phone/Email
Dan Parker, Jill Parker	1183	1401 El Camino Avenue	Suite 102	Sacramento	California	(916) 779-0601 <a href="mailto:info@rah-wsac.com">info@rah-wsac.com</a>
Tina Gray, Marc Gray	1132 - NR	8369 Vickers Street	Suite 203	San Diego	California	(858) 451-7844 <a href="mailto:marc@rahlajolla.com">marc@rahlajolla.com</a>
Tina Gray, Marc Gray	1278 - NR	8369 Vickers Street	Suite 203	San Diego	California	(858) 451-7844 <a href="mailto:marc@rahlajolla.com">marc@rahlajolla.com</a>
Tina Gray, Marc Gray	1331 - NR	8369 Vickers Street	Suite 203	San Diego	California	(858) 277-5900 <a href="mailto:marc@rahlajolla.com">marc@rahlajolla.com</a>
Tina Gray, Marc Gray	1133	8369 Vickers Street	Suite 203	San Diego	California	(858) 277-5900 <a href="mailto:marc@rahlajolla.com">marc@rahlajolla.com</a>
Richard Sheak, Carol Gonzalez-Sheak	1478	2190 Stokes Street	Suite 203	San Jose	California	(408) 982-3388 <a href="mailto:carol@rahsanjose.com">carol@rahsanjose.com</a>
Darin Oliver Lorette Oliver	1601 - NR	310 Via Vera Cruz	Suite 207	San Marcos	California	(760) 752-2888 <a href="mailto:loretteoliver@rahtemecula.com">loretteoliver@rahtemecula.com</a>
Joe Price, Jessica Price	1344	121 Paul Drive	Suite A2	San Rafael	California	(415) 233-7855 <a href="mailto:jprice@rahmarin.com">jprice@rahmarin.com</a>
Tina Kreider, Larry Kreider	1270	1018 Garden Street	Suite 204	Santa Barbara	California	(805) 962-0555 <a href="mailto:larry@rahsb.com">larry@rahsb.com</a>
Gene Lennon, Toni Lennon	1089	3140 De La Cruz Boulevard	Suite 107	Santa Clara	California	(408) 496-0833 <a href="mailto:gene@rahsantaclara.com">gene@rahsantaclara.com</a>
Tim Petlin	1375 - NR	3435 Ocean Park Blvd	Suite 110	Santa Monica	California	(310) 313-0600 <a href="mailto:timp@rahwestla.com">timp@rahwestla.com</a>
Tim Petlin	1376 - NR	3435 Ocean Park Blvd	Suite 110	Santa Monica	California	(310) 313-0600 <a href="mailto:timp@rahwestla.com">timp@rahwestla.com</a>
Tim Petlin	1291	3435 Ocean Park Blvd	Suite 110	Santa Monica	California	(310) 313-0600 <a href="mailto:timp@rahwestla.com">timp@rahwestla.com</a>
Robert Brohmer, Carol Brohmer	1353 - NR	1111 Sonoma Avenue	Suite 324	Santa Rosa	California	(707) 843-5192 <a href="mailto:robert@rahsonomacounty.net">robert@rahsonomacounty.net</a>
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Owner Name	Franchise ID	Address1	Address2	City	State / Province	Center Phone/Email
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Edwin Young	1355	174 S. Guadalupe Street	Suite 207	San Marcos	Texas	(512) 291-9495 <a href="mailto:edwin@rahaustinwest.com">edwin@rahaustinwest.com</a>
Courtney Hochhalter	1411 - NR	12808 West Airport Blvd.	Suite 316	Sugarland	Texas	(713) 581-8160 <a href="mailto:courtney@rahwesthouston.com">courtney@rahwesthouston.com</a>
Courtney Hochhalter	1285	12808 West Airport Blvd.	Suite 316	Sugarland	Texas	(713) 581-8160 <a href="mailto:courtney@rahwesthouston.com">courtney@rahwesthouston.com</a>
Monica Daigneault, Todd Daigneault	1477	25132 Oakhurst Drive	Suite 180	The Woodlands	Texas	(281) 402-8858 <a href="mailto:monica@rahtw.com">monica@rahtw.com</a>
Randy Price, Susan Price	1455 - NR	420 E Fifth Street		Tyler	Texas	(903) 714-2872 <a href="mailto:randy@rightathometx.com">randy@rightathometx.com</a>
Susan Price, Randy Price	1456 - NR	420 E Fifth Street		Tyler	Texas	(903) 714-2872 <a href="mailto:randy@rightathometx.com">randy@rightathometx.com</a>
Susan Price, Randy Price	1212	420 E Fifth Street		Tyler	Texas	(903) 253-0778 <a href="mailto:randy@rightathometx.com">randy@rightathometx.com</a>
Jonathan Searles, George Brinegar	1323	4800 Lakewood Drive	Suite 6A	Waco	Texas	(254) 399-0788 <a href="mailto:jon@rahcentex.com">jon@rahcentex.com</a>
Frank Barton	1386 - NR	535 E 4500 South	Suite D210	Salt Lake City	Utah	(801) 758-0630 <a href="mailto:frank@rahslc.com">frank@rahslc.com</a>
Frank Barton	1295	535 E 4500 South	Suite D210	Salt Lake City	Utah	(801) 758-0630 <a href="mailto:frank@rahslc.com">frank@rahslc.com</a>
Jon Woolsey, Nicole Woolsey	1233	955 East Chambers Street	Suite 210	South Ogden	Utah	(801) 479-7026 <a href="mailto:nvt@rahdw.com">nvt@rahdw.com</a>
Cassy Paminiano	1464	PO Box 292		Chesterfield	Virginia	(804) 715-4607 <a href="mailto:Chesterfieldrah@outlook.com">Chesterfieldrah@outlook.com</a>
Mark Turner, Colleen Turner	1019	8260 Willow Oaks Corporate Dr.	120	Fairfax	Virginia	(703) 538-4584 <a href="mailto:mark@rightathomenova.com">mark@rightathomenova.com</a>
Katherine Keith	#1576	PO Box 2154		Kilmarnock	Virginia	(804) 480-2151 <a href="mailto:katherine@nnhomecare.com">katherine@nnhomecare.com</a>

Owner Name	Franchise ID	Address1	Address2	City	State / Province	Center Phone/Email
Rachelle Conde, Norm Conde	1180	8834 Rixlew Lane		Manassas	Virginia	(571) 379-8211 <a href="mailto:rachelle@rah-va.com">rachelle@rah-va.com</a>
Dexter Jones, Alexa Jones	1440	3212 Cutshaw Ave	Suite 205	Richmond	Virginia	(804) 793-9170 <a href="mailto:djones@rahrichmond.com">djones@rahrichmond.com</a>
Michael Lawrence	1511	2124 Jefferson Davis Highway	Suite 101	Stafford	Virginia	(540) 720-0734 <a href="mailto:mlawrence@rahstafford.com">mlawrence@rahstafford.com</a>
Peter Lawrence	1513	110 N Cameron St		Winchester	Virginia	(540) 686-7882 <a href="mailto:pete@rahcountryside.com">pete@rahcountryside.com</a>
Steve Morris, Sharon Morris	1388 - NR	114 W Magnolia St	Suite 109	Bellingham	Washington	(360) 392-3934 <a href="mailto:Steve@rahnorthwest.com">Steve@rahnorthwest.com</a>
Steve Morris, Sharon Morris	1313	114 W Magnolia St	Suite 109	Bellingham	Washington	(360) 392-3934 <a href="mailto:Steve@rahnorthwest.com">Steve@rahnorthwest.com</a>
Victoria Johnston, Mark Johnston	1255	909 SE Everett Mall Way	Suite C319	Everett	Washington	(425) 290-1714 <a href="mailto:mark@rahsnoco.com">mark@rahsnoco.com</a>
Ben Solomon, Jay Solomon	1126 - NR	6010 20th Street East	Suite 7	Fife	Washington	(425) 818-7744 <a href="mailto:ben@rahseattle.com">ben@rahseattle.com</a>
Ben Solomon, Jay Solomon	1460	6010 20th Street East	Suite 7	Fife	Washington	(206) 774-1100 <a href="mailto:ben@rahseattle.com">ben@rahseattle.com</a>
Ili Johnson, Tyson Johnson	1275	8805 N. Harborview Drive	Suite 202	Gig Harbor	Washington	(253) 509-0728 <a href="mailto:tyson@rahpeninsula.com">tyson@rahpeninsula.com</a>
Richard Smith	#1584	2319 NE Park Dr.		Issaquah	Washington	Business: (425) 974-5432 Email: <a href="mailto:smilenric@hotmail.com">smilenric@hotmail.com</a>
Ben Solomon, Jay Solomon	1070	11222 Roosevelt Way NE		Seattle	Washington	(206) 774-1100 <a href="mailto:ben@rahseattle.com">ben@rahseattle.com</a>
John Queen, Cathy Queen	1215	711 C Street	P.O. Box 1450	Ceredo	West Virginia	(304) 453-4663 <a href="mailto:cqueen@rahrivercities.com">cqueen@rahrivercities.com</a>
Eric Hicks	1081	PO Box 20112		Charleston	West Virginia	(304) 344-0586 <a href="mailto:eric@rightathomewv.com">eric@rightathomewv.com</a>
April Wintermoyer	1181	1296 Suncrest Towne Centre		Morgantown	West Virginia	(304) 296-6600 <a href="mailto:april@rahcares4u.net">april@rahcares4u.net</a>
April Wintermoyer	1209	1145 National Road		Wheeling	West Virginia	(304) 277-3236 <a href="mailto:april@rahcares4u.net">april@rahcares4u.net</a>
Patty Hietpas, Tref Hietpas	1250	4311 N. Lightning Dr.	Suite 3	Appleton	Wisconsin	(920) 257-4667 <a href="mailto:patty@rahnew.com">patty@rahnew.com</a>

Owner Name	Franchise ID	Address1	Address2	City	State / Province	Center Phone/Email
Michael Callaghan	1042	6044 8th Avenue		Kenosha	Wisconsin	(262) 654-5410 <a href="mailto:mike@rah-kr.com">mike@rah-kr.com</a>
Anna Lezotte	1502	1402 Pankratz Street	Suite 103	Madison	Wisconsin	(608) 819-8238 <a href="mailto:anna.lezotte@rahmadison.com">anna.lezotte@rahmadison.com</a>
Shawn McComb, Lisa McComb	1545	131 W. Layton Ave.	Suite 307	Milwaukee	Wisconsin	(414) 877-1795 <a href="mailto:lmccomb@rah-milwaukee.com">lmccomb@rah-milwaukee.com</a>
Pamela Lang	1359	2100 Omro Road	Suite H	Oshkosh	Wisconsin	(920) 651-9400 <a href="mailto:pam@rahhomecare.com">pam@rahhomecare.com</a>
Valerie Szymanski	1515	500 3rd Street	Suite 210	Wausau	Wisconsin	(715) 870-2461 <a href="mailto:valerie@homecarecentralwi.com">valerie@homecarecentralwi.com</a>
Jon Bain	1365 - NR	9600 W. Greenfield Ave.		West Allis	Wisconsin	(262) 442-4662 <a href="mailto:jbain@rahwaukesha.com">jbain@rahwaukesha.com</a>
Jon Bain	1366 - NR	9600 W. Greenfield Ave.		West Allis	Wisconsin	(262) 442-4662 <a href="mailto:jbain@rahwaukesha.com">jbain@rahwaukesha.com</a>
Jon Bain	1254	9600 W. Greenfield Ave.		West Allis	Wisconsin	(262) 347-3005 <a href="mailto:jbain@rahwaukesha.com">jbain@rahwaukesha.com</a>
Shelley Reed	1480 - NR	120 N. Main Street	Suite 280	West Bend	Wisconsin	(262) 334-0400 <a href="mailto:shelleyreed@rahwi.com">shelleyreed@rahwi.com</a>
Shelley Reed	1256	120 N. Main Street	Suite 280	West Bend	Wisconsin	(262) 334-0400 <a href="mailto:shelleyreed@rahwi.com">shelleyreed@rahwi.com</a>

## FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT OPENED

**Right at Home #1597 - PEND**

1927 S. National Avenue, STE C  
Springfield, Missouri

Ashwin Modayil, Amanda Modayil

Business: (417) 350-1004

Email: ashwin@carespringfield.com

**Right at Home # 1598 - PEND**

1820 N. Corporate Lakes Blvd STE 108  
Weston, Florida

Antonio Juarbe, Miriam Juarbe

Business: (954) 530-3840

Email: miriam@westonseniorcare.com

**Right at Home #1600**

15 Broadway N Suite 604  
Fargo, North Dakota

Russell Maring, Barry Maring

Business: (866) 292-5609

Email: barry@fargohomecare.com

**EXHIBIT H TO THE FRANCHISE DISCLOSURE DOCUMENT**

**LIST OF RIGHT AT HOME FRANCHISES TERMINATED, CANCELLED,  
NOT RENEWED OR OTHERWISE CEASED TO DO BUSINESS**

**LIST OF RIGHT AT HOME FRANCHISES TERMINATED, CANCELLED,  
NOT RENEWED OR OTHERWISE CEASED TO DO BUSINESS  
(Dated January 1, 2017 to December 31, 2017)**

***Transferred to New Franchisee:***

Eileen Lee, Bancherd Sirivisal  
17026 E Cypress St, Unit D  
Covina, California  
(626) 915-5800

Dave Rutledge, Teresa Rutledge  
6837 Grover Street  
Omaha, Nebraska  
(402) 551-0611

Chuck Nuzum, Ariana Myers  
121 Paul Drive, Suite A2  
San Rafael, California  
(415) 233-7855

Elaine Lawrence  
95 Plaistow Road, Suite 205  
Plaistow, New Hampshire  
(603) 819-4599

Kerrie Campanile  
425 22nd Avenue North, Suite B  
St. Petersburg, Florida  
(727) 895-4200

Chris Feenstra, Kathy Noble  
100 Dorchester Square, Suite 103  
Westerville, Ohio  
(614) 353-7868

Joseph Campanile, Kerrie Campanile  
425 22nd Avenue North, Suite B  
St. Petersburg, Florida  
(727) 895-4200

Kathy Noble, Chris Feenstra  
100 Dorchester Square, Suite 103  
Westerville, Ohio  
(614) 734-1110

Victor Santoro, Vagner Santoro  
139 South Pebble Beach Blvd, Suite 205  
Sun City Center, Florida  
(813) 800-2273

Todd Hoffman  
802 East Martintown Road, Suite 157  
North Augusta, South Carolina  
(803) 278-0250

Tara Bailey  
1768 Veteran's Memorial Highway,  
Building 1  
Austell, Georgia  
(770) 944-8040

Jonathan Searles, George Brinegar  
2651 Boonville Road, Suite 140  
Bryan, Texas  
(979) 422-2284

Russell Bradley, Juanita Bradley  
105 Habersham Drive, Suite C  
Fayetteville, Georgia  
(678) 568-4727

Michael Collins  
8700 Crownhill Boulevard, Suite 706  
San Antonio, Texas  
(210) 308-9346

Renee Riffey, Craig Riffey  
3525 Center Point Rd NE, Suite D  
Cedar Rapids, Iowa  
(319) 826-6608

Michael Collins  
8700 Crownhill Boulevard, Suite 706  
San Antonio, Texas  
(210) 308-9346

Kim Stender  
2626 East 82nd Street, Suite 150  
Bloomington, Minnesota  
(952) 854-6122

Seth Marrs  
12808 West Airport Blvd., Suite 316  
Sugarland, Texas  
(713) 581-8160



Judy Smith, Art Smith  
955 East Chambers Street, Suite 210  
South Ogden, Utah  
(801) 479-7026

Seth Marrs  
12808 West Airport Blvd., Suite 316  
Sugarland, Texas  
(713) 581-8160

***\*Required by franchisor***

None

***Ceased Operations***

Gale Davis, Venetia Davis #1403  
2865 Sunrise Blvd., Suite 102  
Rancho Cordova, California  
(916) 512-3545

Carol Amandola  
233 95th Street, Suite GC  
Brooklyn, New York  
(347) 662-6951

James Penfield  
410 South Melrose Drive, Suite 101  
Vista, California  
(760) 690-1147

Carol Amandola  
233 95th Street, Suite GC  
Brooklyn, New York  
(347) 662-6951

Kristin Boyd, Shane Hamm  
1455 Dixon Avenue, Suite 110  
Lafayette, Colorado  
(303) 604-2220

Andre Huu  
1601 Main Street, Suite 211  
Richmond, Texas  
(832) 294-2680

Andrea Alvarez  
2011 Commerce Dr., Suite A103  
Peachtree City, Georgia  
(470) 343-4233

Jennifer Watkins, Jon Watkins  
8539 South Redwood Road  
Unit B, Upper Level  
West Jordan, Utah  
(801) 938-9228

Karen Char, Michael Char  
1149 Bethel Street, Suite 514  
Honolulu, Hawaii  
(808) 587-8010

Rosa Hopkins  
208 North 4th Avenue  
Hopewell, Virginia  
(804) 415-7415

Karen Char, Michael Char  
1149 Bethel Street, Suite 514  
Honolulu, Hawaii  
(808) 587-8010

Shana Duncan, Adam Loomis  
8382 W. Gage Blvd., Suite M  
Kennewick, Washington  
(509) 579-0303

Richard Nelson, Paula Nelson  
1324 Lake Drive Southeast,  
Suite 8  
Grand Rapids, Michigan  
(616) 301-8080

Sean Kinsella  
1405 Silver Lake Road NW  
Suite 3  
New Brighton, Minnesota  
(651) 666-2094

**EXHIBIT I-1 TO THE FRANCHISE DISCLOSURE DOCUMENT**

**FRANCHISE ORGANIZATIONS WE HAVE CREATED, SPONSORED OR ENDORSED**

## **FRANCHISE ORGANIZATIONS WE HAVE CREATED, SPONSORED OR ENDORSED**

We are deemed to be a “sponsor” of the Home Care Association of America (“HCAOA”), formerly the National Private Duty Association. We require each of our franchisees to join the HCAOA promptly after becoming a franchisee. We currently pay your dues for a nonvoting membership in the HCAOA. We also recommend, but do not require, that you have a voting membership in the HCAOA. You are required to pay your dues for a voting membership and any dues for membership in a local chapter of the HCAOA. Contact information for the HCAOA is as follows: 412 First Street, SE Suite 3, Washington, DC 20003; Phone: (202) 480-2972; Fax: (202) 347-0037; Email: [info@homecareaoa.org](mailto:info@homecareaoa.org).

**EXHIBIT I-2 TO THE FRANCHISE DISCLOSURE DOCUMENT**

**INDEPENDENT FRANCHISEE ASSOCIATIONS**

## **INDEPENDENT FRANCHISE ASSOCIATIONS**

NONE

**EXHIBIT J TO THE FRANCHISE DISCLOSURE DOCUMENT**

**RECEIPTS**

## RECEIPT

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all agreements carefully.

If we offer you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or our affiliate in connection with the proposed franchise sale or grant. If applicable: Under Iowa, Michigan, or Oklahoma law, we must provide this disclosure document to you at least 10 business days before you sign a binding agreement with, or make a payment to, us or our affiliate in connection with the proposed franchise sale or grant; under Maine or Nebraska law, we must provide this disclosure document to you at your first personal meeting to discuss the franchise; or under New York or Rhode Island law, we must provide this disclosure document to you at the earlier of your first personal meeting or at least 10 business days before you sign a binding agreement with, or make a payment to, us or our affiliate in connection with the proposed franchise sale or grant.

If we do not deliver this Franchise Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the State Administrator listed in **Exhibit A**.

The name, principal business address and telephone number of each Franchise Seller offering the franchise (attach additional pages if necessary): Eric Little, 6464 Center Street, Suite 150, Omaha, Nebraska 68106, (402) 697-7537 and \_\_\_\_\_.

Date of Issuance: **March 28, 2018.**

See **Exhibit A** for our registered agents authorized to receive service of process.

I (the undersigned) received a Franchise Disclosure Document dated March 28, 2018 that included the following exhibits:

- A. LIST OF STATE AGENTS FOR SERVICE OF PROCESS AND STATE ADMINISTRATORS
- B. FRANCHISE AGREEMENT AND RELATED MATERIALS
  - Exhibits to Franchise Agreement:
  - A-Franchise Fee, Designated Area and Owners
  - B-Guaranty and Assumption of Obligations
  - C-Confidentiality and Non-Compete Agreement
  - D-Renewal Addendum
  - E-Form of Business Associate Agreement
  - F-Multiple Unit Amendment
  - G-Skilled Care Amendment
- C. TABLE OF CONTENTS OF CONFIDENTIAL BRAND STANDARDS MANUAL AND BEST PRACTICES MANUAL
- D. FINANCIAL STATEMENTS AND GUARANTY OF PERFORMANCE
- E. FRANCHISEE DISCLOSURE QUESTIONNAIRE
- F. MULTI-STATE ADDENDUM
- G. LIST OF RIGHT AT HOME CURRENT FRANCHISEES
- H. LIST OF RIGHT AT HOME FRANCHISES TERMINATED, CANCELLED, NOT RENEWED OR OTHERWISE CEASED TO DO BUSINESS
- I. 1-FRANCHISEE ORGANIZATIONS WE HAVE CREATED, SPONSORED OR ENDORSED  
2-INDEPENDENT FRANCHISEE ASSOCIATIONS
- J. RECEIPTS

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

Please date and sign this copy of the Receipt and keep for your records.

## RECEIPT

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all agreements carefully.

If Right at Home, LLC offers you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or our affiliate in connection with the proposed franchise sale. If applicable: Under Iowa, Michigan, or Oklahoma law, we must provide this disclosure document to you at least 10 business days before you sign a binding agreement with, or make a payment to, us or our affiliate in connection with the proposed franchise sale or grant; under Maine or Nebraska law, we must provide this disclosure document to you at your first personal meeting to discuss the franchise; or under New York or Rhode Island law, we must provide this disclosure document to you at the earlier of your first personal meeting or at least 10 business days before you sign a binding agreement with, or make a payment to, us or our affiliate in connection with the proposed franchise sale or grant.

If Right at Home, LLC does not deliver this Franchise Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the State Administrator listed in **Exhibit A**.

The name, principal business address and telephone number of each Franchise Seller offering the franchise (attach additional pages if necessary): Eric Little, 6464 Center Street, Suite 150, Omaha, Nebraska 68106, (402) 697-7537 and \_\_\_\_\_.

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Exhibits to Franchise Agreement:
  - A-Franchise Fee, Designated Area and Owners
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  - D-Renewal Addendum
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  - F-Multiple Unit Amendment
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- D. FINANCIAL STATEMENTS AND GUARANTY OF PERFORMANCE
- E. FRANCHISEE DISCLOSURE QUESTIONNAIRE
- F. MULTI-STATE ADDENDUM
- G. LIST OF RIGHT AT HOME CURRENT FRANCHISEES
- H. LIST OF RIGHT AT HOME FRANCHISES TERMINATED, CANCELLED, NOT RENEWED OR OTHERWISE CEASED TO DO BUSINESS
- I. 1-FRANCHISEE ORGANIZATIONS WE HAVE CREATED, SPONSORED OR ENDORSED  
2-INDEPENDENT FRANCHISEE ASSOCIATIONS
- J. RECEIPTS

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

Please date and sign this copy of the Receipt and return it to  
Right at Home, LLC, 6464 Center Street, Suite 150, Omaha, Nebraska 68106.