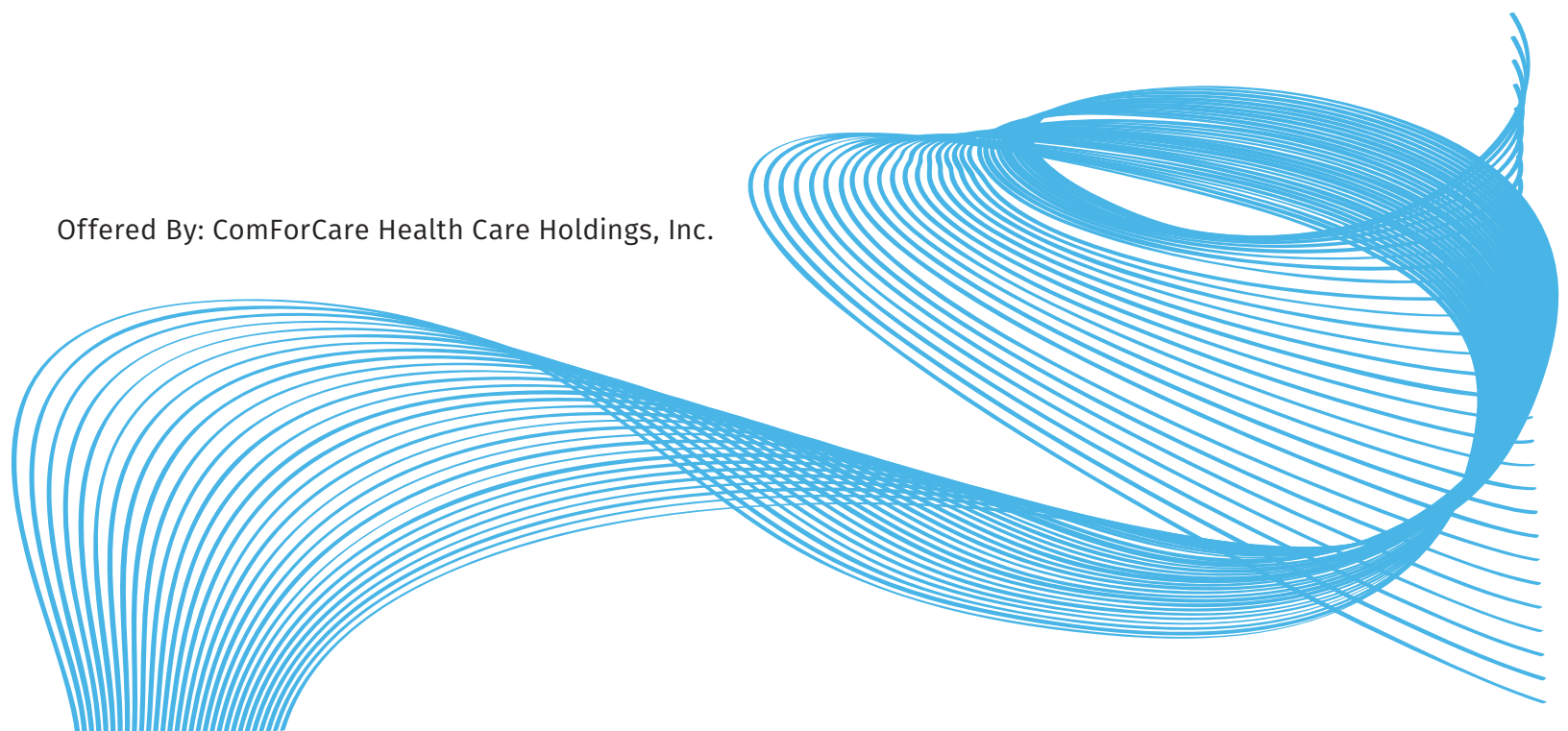


FRANCHISE DISCLOSURE DOCUMENT



Offered By: ComForCare Health Care Holdings, Inc.





## FRANCHISE DISCLOSURE DOCUMENT

ComForCare Health Care Holdings, Inc.  
2520 S. Telegraph Road, Suite 201  
Bloomfield Hills, MI 48302  
800.886.4044 / 248.745.9700  
[home@comforcare.com](mailto:home@comforcare.com) - [www.comforcare.com](http://www.comforcare.com)

### Non-Medical Home Care Franchise

ComForCare Health Care Holdings, Inc. offers franchises for the operation of a ComForCare Home Care or ComForCare Senior Services (hereinafter, together referred to as “ComForCare Home Care”) franchise~~d~~ business that provides: (1) affordable, efficient companionship and personal/domestic care services, and other special needs services, primarily on a non-medical basis, for seniors and people of all ages so that they may remain in their residences, (2) private duty nursing services (skilled, medical services), and (3) supplemental healthcare staffing services for persons who need this kind of assistance in their home or a facility in which they reside.

The total investment necessary to begin operation of a new ComForCare Home Care franchise for the first and third lines of service outlined above is ~~\$86,950~~~~81,300~~-\$~~162,000~~~~155,800~~ which includes the \$~~485,000~~ franchise fee that must be paid to ComForCare or an affiliate. The total for all three lines of service outlined above is \$~~143,700~~~~138,050~~-\$~~250,500~~~~244,300~~ which includes the \$~~485,000~~ franchise fee that must be paid to ComForCare or an affiliate.

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 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 document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss availability of disclosures in different formats, contact ComForCare Health Care Holdings, Inc at 2520 S. Telegraph Rd., Suite 201, Bloomfield Hills, MI 48302 at 248.745.9700.

The terms of your contract will govern your franchise relationship. Do not 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 NW, Washington, DC 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 31, 2016~~~~March 31, 2015~~  
ComForCare Health Care Holdings, Inc.

## 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 INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit C 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 ONLY IN MICHIGAN INITIALLY THROUGH NEGOTIATION AND MEDIATION PRIOR TO INITIATING ARBITRATION OR LITIGATION. OUT-OF-STATE ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE OR LITIGATE IN MICHIGAN RATHER THAN IN YOUR OWN STATE.

SPOUSES OF FRANCHISE OWNERS ARE BOUND BY THE CONDITIONS OF THE FRANCHISE AGREEMENT AND MUST SIGN A PERSONAL GUARANTY WHICH MAY PLACE THEIR PERSONAL ASSETS AT RISK.

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

THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We may 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.

Effective Date: See the next page for state effective dates

## FRANCHISE REGISTRATION STATES' EFFECTIVE DATES

The following states require that ComForCare's Franchise 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.

The Franchise Disclosure document is registered, on file, or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

STATE	<u>2015 FDD Registration Effective Date</u>	<u>DATE 2016 FDD Registration Expiration Date</u>
California	<u>June 3, 2015</u>	April 20, <u>2016</u>
<del>Hawaii</del>		<del>March 30</del>
Illinois	<u>March 31, 2015</u>	April 30, <u>2016</u>
Indiana	<u>July 19, 2015</u>	July 19, <u>2016</u>
Maryland	<u>April 17, 2015</u>	April 17, <u>2016</u>
Michigan	<u>April 14, 2015</u>	April 14, <u>2016</u>
Minnesota	<u>April 7, 2015</u>	April <del>7</del> <u>30</u> , <u>2016</u>
New York	<u>May 12, 2015</u>	<u>May 12, 2016</u> <del>April 30</del>
Virginia	<u>May 11, 2015</u>	May 11, <u>2016</u>
Washington	<u>April 25, 2015</u>	April 25, <u>2016</u>
Wisconsin	<u>April 8, 2015</u>	April 8, <u>2016</u>

## DISCLOSURES REQUIRED BY MICHIGAN LAW

The following is applicable to you if you are a Michigan resident or your franchise will be located in Michigan.

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.

- (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 shall 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 its term except for good cause. Good cause shall include 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 a 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 shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration 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. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

- (i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
  - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
  - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
  - (iv) 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 of such assets if the franchisee has breached the lawful provisions of the franchise agreement 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 provision has been made for providing the required contractual services.

**THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.**

If the franchisee has any questions regarding this notice, those questions should be directed to the Michigan Department of Attorney General, Consumer Protection Division, Attn.: Franchise, 670 Law Building, Lansing, Michigan 48913, telephone: (517) 373-7117.

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**Item 1**  
**The Franchisor and any Parents, Predecessors and Affiliates**

In this franchise disclosure document, “we,” “our” or “ComForCare” means ComForCare Health Care Holdings, Inc., the Franchisor. “You” means the person who is buying the franchise. If you are a corporation, partnership or other entity “you” includes your owners. ComForCare Health Care Holdings, Inc. is a corporation which was formed in the state of Michigan on July 6, 2000. Our principal place of business is 2520 S. Telegraph Road, Suite 201, Bloomfield Hills, Michigan 48302. The ComForCare agent for service of process in your state is listed in Exhibit C. ComForCare does not have a parent company.

ComForCare franchises businesses provide: (1) affordable, efficient companionship and personal/domestic care services, and other special needs services, primarily on a non-medical basis, for seniors and people of all ages so that they may remain in their residences, ~~(2) private-duty nursing services (skilled, medical services),~~ and ~~(23)~~ supplemental healthcare staffing services for persons who need this kind of assistance in their home or a facility in which they reside. In addition, certain ComForCare Home Care franchise businesses may also be authorized to provide private duty nursing services (skilled, medical services) within their exclusive area. The ComForCare system utilizes a health care concept composed of a certain number of integral parts, all of which are absolutely necessary for a successful operation, and are fully described in the Franchisor’s confidential manuals. You can expect to compete with other national and local businesses and sole proprietors performing similar services. The market for home care services in the United States is very large and fully developed and is growing at a steady pace as the number of people over the age of 65, the primary, though not only, customer class, is growing rapidly. Revenues generated from home care services are not influenced by seasonality throughout the year.

The franchise business is conducted under the names of ComForCare Home Care, ComForCare Senior Services, ComForCare Home Health Care, ComForCare Companion Care, and At Your Side Home Care (in the Houston, Texas area) in connection with ComForCare’s trademarks. ComForCare operates one ComForCare Home Care business, a related corporation, in Bloomfield Hills, Michigan. ComForCare, nor any affiliate or predecessor company, has offered any other franchise, products, or services in this, or any other line of business.

~~—————The ComForCare Home Care business was originally incorporated on January 9, 1996 under the name CareFirst Staffing Co. and was converted to a franchisee of ComForCare on April 1, 2001. The principal business address for CareFirst Staffing Co. was 42505 Woodward Avenue, Suite 250, Bloomfield Hills, Michigan 48304. ComForCare began selling franchises to others on April 1, 2001.~~

The predecessor to ComForCare is CareFirst Staffing Co., Inc., which was incorporated within the State of Michigan on January 9, 1996. CareFirst Staffing Co., Inc.’s whose principal business address was 42505 Woodward Avenue, Suite 250, Bloomfield Hills, Michigan 48304. The predecessor never offered franchises in any type of business. ComForCare has offered franchises for the same type of business as that to be operated by the franchisee since its first franchise operation started its business as a franchisee on April 1, 2001. ComForCare and the predecessor have never offered franchises in any other lines of business. ComForCare has not conducted a business of the type to be operated by the franchisee, however, its predecessor has conducted the same business as that to be operated by the franchisee since its incorporation on January 9, 1996.

You are responsible for and must comply with all federal, state and local laws and regulations that apply to your operations, including those pertaining to the health care industry including the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”) and Title XII of the American Recovery and Reinvestment Act of 2009 (“HITECH ACT”), professional and facility licensing, workers’ compensation, state and local minimum wage and overtime compensation requirements, corporate, tax, environmental, sanitation, insurance, no smoking, EEOC, OSHA, non-discrimination, employment, Telephone Consumer Protection Act, Data Privacy and Protection and sexual harassment laws. ComForCare neither dictates nor controls labor or employment matters for you or your employees.

To comply with HIPAA, you and ComForCare must execute a Business Associate Agreement in the form attached to the Franchise Agreement. Additionally, you must comply with other federal, state and local laws and regulations relating to the access, confidentiality, use and disclosure of medical records, the privacy of insurance information and other privacy protection acts.

If required by your state, you also must obtain and maintain any home/health care or employment related permits, licenses, accreditations, certifications or other indications of authority necessary for the operation of your franchise business, including, for example, a home health agency license, nurse staffing and/or employment agency license. Federal and state laws may require that you do background checks on all current and prospective employees. Some states may require you to obtain a license to provide employment services, and/or Alzheimer’s/dementia care. In addition, we may require you to obtain a particular permit, license, or accreditation. Some states have imposed a moratorium on the issuance of home care/health agency licenses, nurse staffing licenses and other in-home healthcare licenses or permits. If there is no healthcare license, certification or registration requirement in your state currently, you should assume that there will be soon and stay alert for new developments. Some states may require that you, or someone that you directly employ, has health care experience or a qualifying healthcare professional degree, license or certification. You are responsible for investigating the availability and requirements for obtaining all necessary permits, licenses or accreditation in your state. You should review all local, state and federal laws and requirements with an attorney familiar with such laws and requirements to determine whether there are additional legal obligations.

~~If you operate in California, per California Code of Regulations, Title 22, Section 51000 et al., you (meaning the individual owner/s of the franchise) may be required to be a licensed medical practitioner in order to own a franchise that provides certain private duty nursing services.~~

<b>Item 2 Business Experience</b>
---------------------------------------

**President, CEO and Board Director:**

**Mark Armstrong**

Mark Armstrong has been CEO of ComForCare Senior Services in Bloomfield Hills, Michigan since its original incorporation in January of 1996 and is also President and CEO of ComForCare Health Care Holdings, Inc. Mr. Armstrong has market research experience as well as experience with other staffing operations. Mark Armstrong was formerly a Certified Public Accountant.

**Vice President of Franchise Development:**

**Phillip LeBlanc**

Philip LeBlanc joined ComForCare in November of 2011 and is responsible for all aspects of domestic and international franchise development. Phil has 23 years of experience and his career highlights include the following positions: Vice President of Franchise Development for Allegra

Network, LLC where he was employed from June 2005 to November 2011 and was responsible for the franchise development of a number of a number of Allegra brands including Allegra Print & Imaging and Signs Now. His efforts included a focus on new, resale and expansion franchises as well as mergers and acquisitions for franchise members

**Chief Financial Officer:**

**Rashi Gupta**

Rashi Gupta joined ComForCare Health Care Holdings, Inc. in April 2013 and is responsible for preparing and maintaining regular financial planning reports as well as providing a complete analysis of financial results. Rashi is a Certified Public Accountant and has over 10 years of experience at regional CPA firms. Some of her other responsibilities include the development and monitoring of budgets; coordinating the annual audit and proper filing of tax returns; and overseeing the accounting department.

**Executive Director of Programs and Services:**

**Rebecca Bouchard**

Rebecca Bouchard has been with ComForCare Health Care Holdings, Inc. since January 2010 and was with ComForCare Senior Services from January 2000 through December 2009. Rebecca has over fifteen years experience working in the fields of Human Resources and Human Services and working with people of diverse backgrounds and areas such as recruitment, employee relations, employment law and corporate compliance programs such as HIPAA, ADA and FMLA. Her duties include support and training for franchisees with respect to scheduling, human resources, daily business operations and the related components of the operational software.

**In-House Counsel/Director of Compliance:**

**Stephen Greenwald**

Stephen D. Greenwald, Esq. has been employed by ComForCare Health Care Holdings, Inc. since January 2010 and ComForCare Senior Services from July 2008 through December 2009. He is responsible for ensuring that new and existing offices comply with all state and federal licensing and compliance requirements. In addition, Stephen is responsible for office lease reviews, office organization and strategy, and preferred vendor introductions. Stephen is a member of the State Bar of Michigan.

**Director of Business Development:**

**Stephanie Wierzbicka**

Stephanie Wierzbicka has been employed by ComForCare Health Care Holdings, Inc. since January 2010 and with ComForCare Senior Services from May 2004 through December 2009. As Director of Franchise Development, she is responsible for maintaining vendor alliances, franchise support and training and conference planning.

**Director of Medical Services:**

**Sharon Holmes, RN, MBA**

Sharon Holmes has been employed with ComForCare Health Care Holdings, Inc. since July 2013. Sharon functions as the Director of Nursing and Accreditation and supports franchisees with the implementation of Private Duty Nursing (PDN), survey and accreditation process including the development and revision of policies and procedures. Sharon is involved with development and education of nursing topics to increase staff awareness. Prior to joining ComForCare, Sharon was Quality Coordinator at Henry Ford Hospice from October 2011 to July 2013. Sharon was employed at the Beaumont Health System from February 1999 through October 2011 and held leadership positions in the Quality Department and Home Care.

**Director of Franchise Performance: \_\_\_\_\_ Joel Welsh**

~~Joel Welsh has been employed by ComForCare Health Care Holdings, Inc. since September 2010 as a Director of Franchise Performance. Joel oversees ComForCare's new franchise training program and is responsible for franchise field support. Joel was Chief Community Officer for StartupNation from 2004 to 2008 working with entrepreneurs all over the world. Joel has guided two internet startup companies from inception to launch as CEO and COO — Showcase U in 2008 and World Equine in 2009. Joel taught entrepreneurship classes at Right Management and coached professionals on career next step strategies including owning their own small business as a consultant to Right Management from 2001 to 2010. **Director of Field Support: Branden Worback**~~

Branden Worback has been employed with ComForCare Health Care Holdings, Inc. as Director of Field Support since March 2007. Branden is responsible for franchise support in the areas of operations and sales, overseeing ComForCare's new franchise training program, and the hiring and training of franchise business consultants and the development of best practices.

**Item 3  
Litigation**

*ComForCare Health Care Holdings, Inc. v. Davidson and Northwest Louisiana Health Solutions, Inc., Oakland County (Mich.) Circuit Court Case No. 2014-143064-CK (filed October 21, 2014)*

ComForCare filed suit against this franchisee and its principal to collect the balance of royalty and other fees due under the terms of the franchise agreement, and to enforce the termination provisions of the franchise agreement. ~~The case is currently pending. The case was settled with the defendants' agreement to pay \$70,202.21 for past due royalties. The defendants were also required to cease use of all names and intellectual property of ComForCare, return all ComForCare materials and to terminate business as a franchisee.~~

*Jayashree Santos Kumar, Sam Gopinathan and New Wave Home Care, Inc. (Plaintiffs) v. ComForCare Health Care Holding, Inc. (ComForCare) and Stephanie Stephens, U.S. District Court, Central District of California California Superior Court for the County of Los Angeles (Case No. 2-15-cv-07327-JAK (JAX) removed from Los Angeles Superior Court, Case No. BC592144 (filed August 21, 2015).*

After ComForCare notified plaintiffs that they were in breach of their Franchise Agreement, plaintiffs who are franchisees and owners of a ComForCare franchise filed at this complaint for declaratory relief, negligence and unfair business practices on August 21, 2015. ComForCare filed a partial answer and counterclaim on October 23, 2015, alleging failure to pay reported royalty fees, failure to report gross revenues, failure to use the required software system, failure to comply with audit requirements and to maintain records, underreported and underpaid royalty fees, operations outside of plaintiffs' exclusive territory, failure to use ComforCare's name and marks and failure to provide proof of insurance. ComForCare claimed breach of contract, breach of the implied covenant of good faith and fair dealing and sought damages of at least \$782,121 plus interest, specific performance and injunctive relief, as well as costs including attorney's fees. The parties entered into a Settlement Agreement and Release dated March 16, 2016 providing for releases, dismissal of the litigation, payment to ComForCare of \$253,027, plus late fees and interest, termination of the Franchise Agreement, compliance with certain post termination requirements of the Franchise Agreement, confidentiality provisions and liquidated damages for violation of those provisions. Plaintiffs allege that the Franchise Agreement contains provisions that are unfair, false and misleading, and that the

~~franchised business did not include certain services. Plaintiffs also allege that ComForCare was negligent because it did not meet a reasonable standard of care in the services it provided to plaintiffs. The plaintiffs also allege that the defendants engaged in unfair business practices by including certain provisions in the Franchise Agreement. They also allege that Ms. Stephens transacted business on behalf of an entity that did not qualify to do business in California. Plaintiffs seek a declaration that the Franchise Agreement and any guaranty are unenforceable and that plaintiffs can render certain services without paying royalties to ComForCare. They also seek damages estimated at \$300,000, disgorgement of moneys the defendants received on account of plaintiffs' business, punitive damages, interest and attorney's fees. ComForCare plans to defend this action vigorously, to file counterclaims against plaintiffs including breach of the Franchise Agreement and failure to pay royalties, and to seek other relief, including possible removal to federal court.~~

*Fernandez v ComForcare Senior Services, et al, No 37-2015-00032396-CU-OE-CTL (Cal Sup Ct, filed Sept 24, 2015)*

The plaintiff alleges a violation of California Labor Code in a class action against one of ComForCare's independently owned and operated franchisees and named ComForCare (the Franchisor) under a joint employer theory. ComForCare is defending against the claim on the basis that the plaintiff was not an employee of ComForCare and that no possible joint employment relationship exists between franchisor and franchisee. The plaintiff claims unspecified personal damages and statutory penalties. Trial has not been scheduled as of the time of this disclosure.

#### Administrative Actions

ComForCare and the Maryland Securities Commissioner, before the filing of an administrative complaint, and before any administrative hearing or adjudication, on April 15, 2010 signed a consent order which gave three franchisees in Maryland the opportunity to rescind their franchise agreements that were signed at a time when ComForCare, due to an inadvertent error, was not registered to offer franchises in Maryland. One franchisee elected to rescind.

Other than ~~these~~ ~~three~~ ~~one~~ actions, no other litigation is required to be disclosed in this Item.

#### **Item 4 Bankruptcy**

Prior to employment with ComForCare, ComForCare's In-house Counsel/Director of Compliance, Stephen D. Greenwald, was the president and owner of two financial service center companies located in Southfield, Michigan; United States Check Cashing, Inc., a Michigan Corporation and Payroll Advance, LLC, a Michigan Liability Company. Due to the passage of an adverse law as well as the downturn in the economy, the various lenders utilized by the two companies either "called in" or increased the interest rates on the loans and lines of credit utilized for their operations. All operational loans and lines of credit were personally guaranteed. Unable to arrange a resolution with the lenders, Stephen filed a personal bankruptcy petition under the liquidation provisions of Chapter 7 of the U.S. Bankruptcy Code on June 24, 2009, after obtaining employment with ComForCare on July 27, 2008. In re Greenwald, No. 09-59793-tjt (Eastern District of Michigan). On October 1, 2009, the bankruptcy court entered a discharge.

Other than this one action, no bankruptcy information is required to be disclosed in this Item.

## Item 5 Initial Fees

### Single Unit Development

The initial franchise fee to purchase a new franchise is \$4~~85~~,000. In exchange for payment of the initial franchise fee, you will receive the items identified on Exhibit D to this Disclosure Document. If you ~~are a new purchase~~ purchase an existing franchisee to our system and purchase an existing franchise, (through a transfer or resale), the initial fee is \$20,000 (resale fee). You will not, however, receive the items identified on Exhibit D to this Disclosure Document. Both initial franchise fees are payable in one lump sum at the signing of the Franchise Agreement. ~~All These~~ initial franchise fees are not refundable and are fully earned by ComForCare after receipt and after both parties have signed the Franchise Agreement. No other payments will be made to us for goods or services before the opening of your franchised business.

### Multiple, Single Unit Development; Expansion

At our discretion, we may offer to qualified candidates the right to purchase more than one, single franchise unit. Qualified candidates that are permitted to purchase additional single units will be required to sign a separate franchise agreement for each franchise they purchase. Purchasers of multiple, single units will pay the following initial franchise fees: \$4~~85~~,000 for the first single unit purchase; \$3~~98~~,000 for the second unit purchased; \$3~~43~~,000 for the third unit purchased as well as any thereafter.

If you currently own a ComForCare Home Care franchise and you want to buy an additional franchise territory, we may provide a discount off the initial franchise fee.

To honor those men and women who have served in the United States 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 that is designed to encourage franchise ownership by offering financial incentives to honorably discharged veterans. ComForCare Home Care offers a ten percent (10%) discount off the initial franchise fee to individuals who qualify under VetFran.

The initial franchisee fee is not uniform to all franchisees under this offering.

### **Referral Program**

We have developed a referral program, detailed in the Operations Manuals, which provides an incentive to our current franchisees and their employees, to attract new franchisees who will contribute to the ongoing growth of our franchise system. The Referral Program is not available for the resales of existing franchise businesses.

**Item 6  
OTHER FEES**

**RECURRING FEES – TO COMFORCARE**

<b>TYPE OF FEES</b>	<b>AMOUNT</b>	<b>DUE DATE</b>	<b>REMARKS</b>
Royalty and Service Fee	3-5% of Gross Sales with a minimum Royalty Fee per two week billing period after nine months. (Note 1, <a href="#">2149</a> , <a href="#">22</a> , <a href="#">23</a> and <a href="#">240</a> )	28 days after bi-weekly billing period.	Automatically deducted by ComForCare via <del>Electronic Funds-Transfer</del> <a href="#">ACH</a> .
General Marketing Fee	Beginning in the 24 <sup>th</sup> month, 1% of gross sales with a minimum General Marketing Fee per two week billing period. (Notes 2, <a href="#">2148</a> , <a href="#">2249</a> , <a href="#">23</a> and <a href="#">240</a> )	28 days after bi-weekly billing period.	Automatically deducted by ComForCare via <del>Electronic Funds-Transfer</del> <a href="#">ACH</a> .
HealthManager Service Fee	Beginning 13 months from the effective date of your Franchise Agreement, you will pay \$115 every two weeks. Beginning 25 months and thereafter, you will pay \$160 every two weeks. (Notes 3, <a href="#">2148</a> , <a href="#">2249</a> , <a href="#">23</a> and <a href="#">240</a> )	28 days after bi-weekly billing period.	Automatically deducted by ComForCare via <del>Electronic Funds-Transfer</del> <a href="#">ACH</a> .

**EVENT RELATED FEES**

TYPE OF FEES	AMOUNT	DUE DATE	REMARKS
Training for Additional Persons	\$2,000 (Notes 4, <u>21</u> and <u>22</u> <del>18</del> )	Prior to Initial Training or Supplemental Training	By check or automatically deducted by ComForCare via <del>Electronic Funds Transfer</del> ACH seven days prior to Training.
Supplemental Training at Your Office	\$300 per day plus expenses. (Notes 5, <u>21</u> and <u>22</u> <del>18</del> )	Prior to Training	Automatically deducted by ComForCare via <del>Electronic Funds Transfer</del> ACH seven days prior to Training
Renewal Fee	\$5,000 ( <del>Note 18</del> )	Invoiced	Automatically deducted by ComForCare via <del>Electronic Funds Transfer</del> ACH when you sign the then current Franchise Agreement.
Transfer Fee	\$10,000 at the time of transfer if the transfer involves 50% or more change of ownership. If the transfer involves less than a 50% change of ownership, the transfer fee will be calculated based upon the percentage of ownership change. (Notes <del>6 and 18</del> )	Prior to Training	Payable to ComForCare at Transfer Closing
<u>Third-party Broker Listing Fee</u>	<u>Varies by broker, but generally is 10% of the sale price or \$35,000, whichever is greater. (Note 7)</u>	<u>Upon execution of new franchise agreement by buyer</u>	<u>Payable to ComForCare or directly to broker.</u>
<u>ComForCare Online Listing Program Fee</u>	<u>\$10,000 (Notes 8 and 22)</u>	<u>Invoiced and upon execution of new franchise agreement.</u>	<u>By check or deduction by ComForCare via ACH.</u>

Examination/Audit of Your Records	\$300 per day per person plus expenses, full amount of any underpayment, interest on any underpayment. (Notes <a href="#">97, 21</a> and <a href="#">2248</a> )	Invoiced	Automatically deducted by ComForCare via <del>Electronic Funds Transfer</del> <a href="#">ACH</a> only if audit shows an understatement of at least 2% of Gross Sales for any month.
Under Reporting Penalty	\$5,000 plus cost of inspection plus interest on underpayment. (Notes <a href="#">97, 21</a> and <a href="#">2248</a> )	Invoiced	Automatically deducted by ComForCare via <del>Electronic Funds Transfer</del> <a href="#">ACH</a> only if audit shows an understatement of at least 2% of Gross Sales for any month.
Customer and Location Infraction Fee	Varies, but they may be as much as the full gross margin (less royalties and services fees) plus a penalty of \$5,000. (Notes <a href="#">108, 21</a> and <a href="#">2248</a> )	Invoiced	Gross Margins payable to affected franchisee, penalty payable to ComForCare and automatically deducted by ComForCare via <del>Electronic Funds Transfer</del> <a href="#">ACH</a>
Client Resolution Fee	Greater of \$500 or \$50/hour. (Notes <a href="#">119, 21</a> and <a href="#">2248</a> )	Invoice	Payable to ComForCare
<a href="#">Acquisition Fee</a>	<a href="#">\$20,000 (Note 12)</a>	<a href="#">Upon execution of new franchise agreement</a>	<a href="#">Payable to ComForCare</a>

**RESERVED FEES**

TYPE OF FEES	AMOUNT	DUE DATE	REMARKS
Annual Meeting Attendance Fee	This fee is not currently collected, but can be assessed at \$1,000 per territory, for two attendees and \$350 for each additional attendee. (Notes <a href="#">130, 21</a> and <a href="#">2248</a> )	60 days prior to the Annual Meeting	Automatically deducted by ComForCare via <a href="#">Electronic Funds-TransferACH</a>
Regional Meeting Attendance Fee	This fee is not currently collected but can be assessed at \$250 per territory for two attendees. (Notes <a href="#">144, 21</a> and <a href="#">2248</a> )	60 days prior to the Regional Meeting	Automatically deducted by ComForCare via <a href="#">Electronic Funds-TransferACH</a>
National and Regional Advertising Fee	This fee is not currently collected, but can be assessed at 2% of Gross Sales up to the first \$40,000 of bi-weekly sales and then at 1% of sales between \$40,001 and \$80,000 with a minimum national and regional advertising fee per two week billing period. (Notes <a href="#">152, 2148</a> and <a href="#">220</a> )	28 days after bi-weekly billing cycle	Automatically deducted by ComForCare via <a href="#">Electronic Funds-TransferACH</a>
Information Security System Fee	This fee is not currently collected. (Note <a href="#">153</a> )	Payable Monthly	Automatically deducted by ComForCare via <a href="#">Electronic Funds-TransferACH</a> or payable third party vendor.
<a href="#">Risk Management Fee</a>	<a href="#">This fee is not currently collected. (Notes 16, 21 and 22)</a>	<a href="#">Payable Monthly</a>	<a href="#">Automatically deducted by ComForCare via ACH or payable third party vendor.</a>

**PARTICIPATION RELATED FEES**

<b>TYPE OF FEES</b>	<b>AMOUNT</b>	<b>DUE DATE</b>	<b>REMARKS</b>
Annual Meeting Non-Attendance Fee	\$3,000 (Notes <u>184, 21 and 22</u> )	10 days after missing the Annual Meeting	Automatically deducted by ComForCare via <del>Electronic Funds Transfer</del> ACH only if you do <u>not</u> attend the Annual Meeting.
Regional Meeting Non-Attendance Fee	\$1,000 (Notes <u>195, 21 and 22</u> )	10 days after missing the Regional Meeting	Automatically deducted by ComForCare via <del>Electronic Funds Transfer</del> ACH only if you do <u>not</u> attend the Regional Meeting.
Benchmarking Non-Participation Fee	\$1,000 (Notes <u>2046, 21 and 2248</u> )	30 days prior to the Annual Meeting	Automatically deducted by ComForCare via <del>Electronic Funds Transfer</del> ACH only if you do not participate.
Late Fee	Up to \$150 plus interest at a rate of prime plus 2%. (Notes <u>2147 and 2248</u> )	Incurred immediately if late with royalty report or royalty fee.	Automatically deducted by ComForCare via <del>Electronic Funds Transfer</del> ACH.

**EXPLANATION OF FEES**

Notes to Other Fees Table:

1. "Gross Sales" means the aggregate amount of all sales of services and the aggregate of all of your charges for all services performed (including service charges in lieu of gratuity) whether for cash or credit or otherwise, made and rendered in, about or in connection with your Franchised Business including, but not limited to, revenue derived from sales of personal response systems, mileage charged to clients, and all proceeds from any business interruption insurance. The terms "Gross Sales" does not include any federal, state, municipal or other sales, value added or retailer's excise taxes paid or accrued by Franchisee. The term "Gross Sales" shall not be modified for uncollected amounts. "Gross Sales" is defined to mean all revenues or receipts of any kind derived from the operation of your Franchised Business, including all services provided as a direct or indirect consequence of use of our Marks or any respect of the franchise system. For purposes of the royalty and service fee, sales is made at the earlier of delivery of services or receipt of payment.

During the term of our Franchise Agreement, the Royalty and Service Fee will be calculated as follows (the “Standard Royalty Calculation”):

<b>Total Gross Sales during 2 Week Billing Period</b>	<b>Standard Royalty Calculation</b>
\$0 to \$40,000	5% of Gross Sales
\$40,001 to \$60,000	\$2,000 plus 4% of Gross Sales
\$60,001 +	\$2,800 plus 3% of Gross Sales

During the term of the Franchise Agreement, You must pay us a Royalty and Service Fee as outlined below:

<b>Time Period (Commencing on the Effective Date of the Franchise Agreement)</b>	<b>Royalty and Service Fee</b>
Effective Date to 9 <sup>th</sup> Month	Standard Royalty Calculation
10 <sup>th</sup> Month to 23 <sup>rd</sup> Month	Greater of \$250 or the Standard Royalty Calculation
24 <sup>th</sup> Month to 35 <sup>th</sup> Month	Greater of \$375 or the Standard Royalty Calculation
36 <sup>th</sup> Month to 47 <sup>th</sup> Month	Greater of \$500 or the Standard Royalty Calculation
48 <sup>th</sup> Month to 59 <sup>th</sup> Month	Greater of \$750 or the Standard Royalty Calculation
60 <sup>th</sup> Month thru the Remaining Term	Greater of \$1,000 or the Standard Royalty Calculation

2. Beginning in the 24<sup>th</sup> month after the Effective Date of your Franchise Agreement, the bi-weekly minimum General Marketing Fee will be assessed at an amount of \$100 or 1% of Gross Sales, whichever is greater. Beginning in the 36<sup>th</sup> month after the Effective Date of your Franchise Agreement, the bi-weekly minimum General Marketing Fee will be assessed at an amount of \$200 or 1% of your Gross Sales, whichever is greater. The General Marketing fees are not directly applied to any national or regional advertising initiatives.
3. Beginning in the 13<sup>th</sup> month after the Effective Date of your Franchise Agreement, you will pay to us a HealthManager biweekly service fee of \$115, for each territory owned. Beginning in the 25<sup>th</sup> month after the Effective Date of your Franchise Agreement and, thereafter, you will pay to us a HealthManager biweekly service fee of \$160, for each territory owned. This fee does not include any data access or backup fees that will be charged by a third-party vendor.
4. You are also responsible for hotel accommodations during initial training or supplemental training for additional persons/trainees in the corporate office which are estimated to cost \$2,000. We will assist with arrangements.
5. We will provide, at your request, additional training following the opening for any new key managers.

6. If the transfer reflects a 49% or less change in ownership, the transfer fee will be calculated based upon the percentage of ownership change.

7. If a franchise sales broker is used to sell your franchised business, you must pay that broker a Third-Party Broker Sales Fee. The Third-Party Broker Sales Fee varies by broker but generally is a minimum of \$35,000 or 10% of the sale price, whichever is greater. Fees due brokers may be assessed for each individual territory sold and paid to a licensed escrow agent or to us to then disburse any amounts owed to third-party brokers.

8. We currently offer franchisees interested in selling their franchised business the opportunity to list their franchised business for sale via the ComForCare Online Listing Program (the "Program"). The Program may include online advertisements for the sale of the franchised business, financial analysis and valuation assistance, lead qualifying services, and a summary of the business that can be sent to all qualified candidates that respond to the listing. Please note: any financial analysis or valuation assistance provided to you by us is solely for informational purposes. We encourage you to engage third-party valuation consultants to assist you with these matters. All financial analyses or valuations are solely your responsibility and determined entirely by you. If you elect to utilize this Program, you will pay us a non-refundable \$1,500 deposit to initiate the online listing program either by check or through ACH. Thereafter, if your franchised business is sold to a buyer identified through the Program, you will pay us an additional \$8,500 non-refundable fee at the sale closing via check or through ACH. This ComForCare Online Listing Deposit and Fee are exclusive of any other fees you may owe us, or others, upon the sale of your franchised business. All monies owed any party for the sale of your franchised business must be managed through a licensed escrow agent or us. We reserve the right to end this program for any reason at any time without notice.

97. You must pay an examination/audit of your records fee of \$300 per day, per person, plus expenses if it is determined that you have underreported your Gross Sales in a calendar month by 2% or more. In addition, you will have to pay: the full amount of any underreported payments, the reasonable expenses incurred (including travel, hotel and food) by the individuals conducting the audit, interest on the underreported payments and a \$5,000 underpayment penalty. These fees, expenses and penalties shall be deducted automatically via electronic funds transfer 10 days after you have received the corresponding invoice.

108. A violation of the customer and location restriction policy may subject you to a payment to the affected franchisee (or franchisees) if you service clients or facilities in other franchisee's territories without permission or authorization. The payment may be as much as the full gross margin (less royalties and service fees) that would have been earned by the violated franchisee in addition, a penalty of up to \$5,000 may be payable to us. You are responsible (rather than us) for any payments or penalties owed to another franchisee for such infractions. We have no obligation to investigate or enforce this provision.

119. In the event we assist in resolving an issue between two or more franchisees regarding a violation of the customer and location restriction policy, we may charge the involved parties a client resolution fee that is the greater of \$500 or \$50/hour. This fee shall be invoiced and payable via electronic funds transfer 10 days from receipt of corresponding invoice. We have no obligation to assist in the investigation of such matters.

12. An acquisition fee is paid when an existing franchisee acquires another existing franchisee's Franchised Business. The purchasing franchisee is responsible for this payment. This acquisition fee may not be uniform and you will not receive the items identified in Exhibit D. The

acquisition fee only applies when an existing franchisee purchases the Franchised Business of another franchisee. If you are granted the right to purchase a new/open territory, you will be charged the initial franchisee fees indicated in Item 5 of this Disclosure Document.

139. We do not currently charge our franchisees an Annual Meeting Attendance Fee but reserve the right to do so at any time. The assessed fee will be no higher than \$1,000 per territory owned for two attendees and \$350 for each additional attendee. All conference attendees must pay their own travel, room and board to attend the conference. You are responsible for all salaries paid to employees who attend the conference. Any attendance fee charged is due and payable 60 days prior to the Annual meeting.

144. We do not currently charge our franchisees a Regional Meeting Attendance Fee, but reserve the right to do so at any time. The assessed fee will be no higher than \$250 per territory owned for two attendees. All Regional Meeting attendees must pay their own travel, room and board to attend the meeting. Franchisees are responsible for all salaries paid to employees who attend the meetings. Any attendance fee charged is due and payable 60 days prior to the Regional Meeting.

152. We may, in our sole discretion, elect to begin collecting the National and Regional Advertising Fee upon providing you with 60 days advance written notice. The National and Regional Advertising Fee will be calculated as follows (the "Standard Advertising Fee Calculation"):

Total Gross Sales during 2 Week Billing Period	Standard Advertising Fee Calculation
\$0 to \$40,000	2% of Gross Sales
\$40,001 to \$80,000	1% of Gross Sales

Commencing on the 61<sup>st</sup> day following our advance written notice, any National and Regional Advertising Fee we collect will be paid as outlined below:

Time Period	National and Regional Advertising Fee
1 <sup>st</sup> Month to 12 <sup>th</sup> Month	Greater of \$200 or the Standard Advertising Fee Calculation
13 <sup>th</sup> Month to 24 <sup>th</sup> Month	Greater of \$400 or the Standard Advertising Fee Calculation
25 <sup>th</sup> Month thru the Remaining Term	Greater of \$600 or the Standard Advertising Fee Calculation

163. We may implement further policies or guidelines regarding information security systems. You understand that either we, or our approved third party information security system provider(s), may charge you both initial and ongoing fees to implement and maintain of any information security system, in our sole discretion, deem necessary.

17. Risk management includes, but is not limited to, programs, policies and/or software designed to limit workers' compensation claims and costs, general insurance claims and costs and employment practices claims and costs. You understand that either ComForCare or an approved third party vendor may charge you both an initial as well as ongoing fees to implement and maintain any risk management system that we deem necessary, in our sole discretion.

- | **184.** We charge you this fee only if you do not send business owner(s) and/or key employee(s) to the annual training conference. If your business owner(s) and/or key employee(s) arrive late or leave early, we may assess you a non-attendance fee proportional to their actual absence. This fee is imposed for each territory owned.
- | **195.** We charge this fee only if you do not send business owner(s) and/or key employee(s) to the Regional Meetings. If your business owner(s) and/or key employee(s) arrive late or leave early, we may assess you a non-attendance fee proportional to their actual absence. This fee is imposed for each territory owned.
- | **2046.** Once you have been open for at least six (6) months (and thereafter), you must participate in an annual benchmarking survey. We charge you this fee only if you do not participate in surveys when so requested by us.
- | **2147.** Any fees paid late to us, or otherwise overdue, may be subject to interest charges at a rate of 2 percent (2%) over the prime rate, plus a late fee penalty of \$150.
- | **2248.** We may increase the amount of a fixed fee or fixed payment due under the Franchise Agreement or a related agreement. An annual increase to each particular fixed fee or fixed payment may occur only once during any calendar year and may not exceed the corresponding cumulative percentage increase in the Index since the date of the Franchise Agreement or, as the case may be, the date that the last Annual Increase became effective for the particular fixed fee or fixed payment being increased. Annual Increases will be made at the same time during the calendar year. "Annual Increase" means the increase in the amount of a fixed fee or fixed payment due us or an affiliate under a franchise agreement or a related agreement. "Index" means the Consumer Price Index for All Urban Consumers (CPI-U) for the U.S. City Average for all Items (1982-1984=100), not seasonally adjusted, as published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the term of the Franchise Agreement, the other governmental index or computation with which it is replaced shall be used to obtain substantially the same result as would be obtained if the Index has not be discontinued or revised.
- | **2349.** In states that require you to obtain a form of health care licensure prior to providing personal care services, we reserve the right to adjust the start date of this fee based on the actual licensure date.
- | **240.** If you purchase an existing Franchised Business (resale), you will begin paying this fee immediately upon the execution of that new franchise agreement at the same level and schedule as the seller.
- | All fees except for the acquisition fee disclosed above are uniformly imposed on all franchisee operations and are nonrefundable.

**Item 7**  
**Estimated Initial Investment – New Franchisees**

<b>YOUR ESTIMATED INITIAL INVESTMENT</b>				
<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is Made</b>
Initial Franchise Fee (Note 1)	\$ <del>485</del> ,000	Lump Sum	Upon Execution of Franchise Agreement	ComForCare
Travel Expenses for Training	\$2,100 - \$2,600	As Incurred	As Incurred	Vendors
Real Estate & Expenses – 3 months (Note 2)	\$1,800 - \$2,700	Monthly	(Note 2)	Landlord
Office Equipment, Backup and Access Fees (Note 3)	\$1,100 - <del>\$2,100</del>	Lump Sum	Before Opening	Vendors
Computer System (Note 4)	\$ <del>1,5600</del> - <del>\$2,5800</del>	As Incurred	Before Opening	Vendors
Signs	\$100 - \$500	Lump Sum	Before Opening	Vendors
Miscellaneous Opening Costs (Note 5)	\$1,200 - \$5,000	As Incurred	As Incurred	Vendors
Licensing and Accreditation Fees (Note 6)	\$0 - \$23,000	As Incurred	As Incurred	Vendors
Human Resource Fees (Note 7)	\$500 - \$1,000	As Incurred	As Incurred	Vendors
Insurance – 3 months (Note 8)	\$ <del>32,000</del> - <del>\$83,0500</del>	As Incurred	As Incurred	Vendors
Office Supplies (Note 9)	\$1,000 - \$2,000	As Incurred	As Incurred	Vendors
Local Marketing and Advertising - for 3-6 Months (Note 10)	\$ <del>54,25500</del> - <del>\$147,500</del>	As Incurred	As Incurred	Vendors or ComForCare
Recruiting Expenses – 3 Months (Note 11)	\$600 – \$2,000	As Incurred	As Incurred	Vendors
Additional Funds – 3 to 6 Months (Note 12)	\$20,800 - \$48,100	As Incurred	As Incurred	Various
<b>Total (Note 13)</b>	\$ <del>86,95081,300</del> - <del>\$162,000155,800</del>			

All of the fees paid to us are not refundable. The fees that are paid to vendors, landlords and other service providers may not be refundable unless you negotiate a refund with these providers.

Notes:

1. Initial fee of \$4~~8~~5,000 is for the purchase of a new franchise. We do not finance any of this fee.
2. If you do not own adequate office space, you must lease adequate office space. Typical locations are in office buildings. A typical new ComForCare Home Care office includes 300-500 square feet of space. Rent is estimated to be \$7,200 to \$10,800 annually depending on size, condition and location of leased premises.
3. This amount may be necessary to purchase a small TV and VCR/DVD unit for training, office furniture, decorations, fixtures and incidental supplies.
4. This amount is necessary to purchase your computer hardware, software, data storage and access fees. Beginning 13 months after the Effective Date of your Franchise Agreement, you will pay us a bi-weekly service fee of \$115 for the HealthManager software program for each territory owned. Beginning 25 months after the Effective Date of your Franchise Agreement and thereafter, you will pay us a HealthManager bi-weekly service fee of \$160 for each territory owned. You also must pay our approved third party email provider and email hosting fee (currently \$4.00 to \$25.00 per month, per email account). You also must pay our approved third party data security provider a monthly fee (currently \$30 per month) for electronic backup, data storage and access to the HealthManager software.
5. This amount includes utilities, business licenses, incorporation or applicable legal fees.
6. Your state of operation may require that you obtain some form of licensure and/or accreditation before being allowed to provide the Approved Services. Initial license fees as well as license renewal fees vary, but traditionally range anywhere from \$25 to \$~~3~~5,000 per year and are your sole responsibility. Initial accreditation fees (as well as accreditation renewal fees) can range from \$3,000 to \$5,000 and are your sole responsibility. You may use a third party consultant to help obtain licensure and/or accreditation and such fees can range from \$500 to \$18,000. We will provide guidance to you in this matter, but ultimately you understand that determining the franchised business' state of operation requirements to provide the Approved Services is your sole responsibility. In addition, your state of operation may require that you, or your direct employee, have health care experience either in a professional or management capacity. Obtaining licensure and/or accreditation can be a lengthy process ranging from 3 to ~~9~~8 months or longer.
  - a. New Jersey. In August 2014, the State of New Jersey amended the laws that relate to the licensure of Health Care Services Firms. In particular, but not exclusively, licensed Health Care Services Firms will need to become accredited via a New Jersey approved third-party accrediting company. The effective date of this requirement is believed to be February 1, 2017, however the law specifically stated that the effective date may be accelerated by the state's licensing authority. Please be sure to independently verify these new requirements and timelines.
  - b. Accreditation in other States/Territories/Provinces/Districts other than New Jersey: Currently, we do not require franchisees in States/Territories/Provinces/Districts other than New Jersey to obtain accreditation. However, we expressly reserve the right to require that you obtain third-party accreditation. You will be expected to begin the process within six (6) months of written notification by us.
7. You must purchase training videos that relate to universal health precautions. In addition, if you are located in California, you must enroll in the Cal Chamber of Commerce's "HR California"

website. If you are located in any state other than California, you must become a member of The Society for Human Resource Management (SHRM).

8. This amount represents an initial insurance deposit. Required insurance policies include comprehensive general liability, including automobile liability, third party fidelity bond coverage, employment practices liability insurance, worker's compensation and any other insurance required by statute or state law. The estimated cost for all insurance during the first year of operation is ~~\$65,000~~-\$~~165,000~~.
9. Exhibit D of this Disclosure Document details a list of items included with the franchise fee for new franchisees. You will, however, need to obtain an inventory of basic office supplies.
10. This amount represents charges in the first three (3) months for various dues and memberships for marketing, e-newsletter distribution, promotional materials, internet advertising, advertising and employee related sales expenses. All of these charges fall under the \$1,750 minimum Local Advertising requirement however; we recommend that you spend a minimum of \$2,000 per month. This amount also represents a budget of \$750 per month for local internet marketing programs provided by third-party vendors approved by us, and the payment for such programs is to be paid direct to the vendor. We recommend that you spend, at a minimum, an additional \$1,500 a month of \$10,000 for local television and radio advertising during the first six (6) months of operation (\$9,000 total) on local marketing activities such as, but not limited to, pay-per-click advertising, TV/radio advertising, direct mailers, etc. in order to ~~help~~ build local brand awareness. In addition, at a later date, we may elect to create an Advertising Co-Sponsorship Program wherein we may provide you certain reimbursements for any television and radio advertising you conduct.
11. This amount represents estimated charges in the first three (3) months for payroll processing fees, drug screening and background check fees for new employees.
12. We require that you begin your ComForCare Home Care business with at least three (3) months of additional working capital funds, but we suggest that you begin your ComForCare Home Care business with at least six (6) months of additional working capital funds. These expenses include caregiver payroll costs and payroll for at least one other employee to help open your business, but do not include an owner's salary. This also includes travel costs for attendance at regional meetings and/or annual conferences, depending on when you start your business, as well as credit card processing fees for receipt of client invoices. These figures are estimates and we cannot guarantee that you will not incur additional expenses starting the business. Your costs will depend on how much you follow our prescribed methods and procedures, your management skills, business experience, local economic conditions, the local market for services, the prevailing wage rate, competition and the sales level reached during the initial period.
13. This total estimated initial investment is based on estimates by us based on our experience in this industry since 1996. The range has been provided because expenses may vary based on local market conditions. None of these expenses are likely to be refunded. Additional funds for working capital needs may be required.

If you reach minimum gross sales of \$500,000 per year, you may seek approval from us to begin providing private duty nursing services within your exclusive area. This statement is not meant to be, nor is our approval (if so granted), a representation that you will achieve, or should expect to achieve, gross sales of \$500,000 per year or any other particular level of gross sales.

<b>YOUR ESTIMATED INITIAL INVESTMENT – PRIVATE DUTY NURSING (PDN)</b>				
<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is Made</b>
PDN State Licensing (Note 1)	\$0 - \$5,000	As Incurred	Upon Submission of PDN License	State Licensing Authorities
Accreditation Fees (Note 2)	\$3,000 - \$15,000	As Incurred	As Incurred	Vendors
PDN Policies and Procedures (Note 3)	\$2,000 - \$2,500	Lump Sum	As Incurred	Vendors
PDN Skills Lab (Note 4)	\$2,000 - \$5,000	As Incurred	As Incurred	Vendors
Insurance (Note 5)	\$1,000 - \$3,000	Lump Sum	As Incurred	Vendors
Travel Expense for Training (Note 6)	\$2,500 - \$5,000	Lump Sum	Before Opening	Vendors
Local Marketing and Advertising for 6 months (Note 7)	\$2,250 - \$5,000	As Incurred	As Incurred	Vendors
Recruiting Expenses	\$1,500 - \$3,000	As Incurred	As Incurred	Vendors
Additional Funds for 6 months (Note 8)	\$42,500 - \$45,000	As Incurred	As Incurred	Various
<b>Total (Note 9)</b>	<b>\$56,750 - \$88,500</b>			

All of the fees paid to us are not refundable. The fees that are paid to vendors, landlords and other service providers may not be refundable unless you negotiate a refund with these providers.

Notes:

1. If applicable. Currently, only Alabama, Massachusetts, Michigan, Mississippi and Ohio do not require some form of PDN licensing. Additionally, states may require yearly license renewal fees.
2. Unless your state specifies otherwise, you will be required to begin third party accreditation within 6 to 9 months of receiving permission by us to begin providing PDN services.
3. You will be required to purchase state specific PDN policies and procedures from Vendors.

4. PDN providers must have a fully outfitted skills lab in which to train their PDN employees. Requirements vary by state and accreditation standards.
5. General and Professional insurance premium expected to increase by 20% annually. Workers' compensation insurance expected to increase based on payroll.
6. The Director of Nursing and owner/marketer are required to attend PDN training program at corporate headquarters as described in Item 11.
7. Initial PDN marketing supplies expected to cost \$1,500, spread over the first three months. Thereafter, offices providing PDN services expected to spend at least \$500 a month, in addition to their home care 1%/\$1,000 monthly advertising requirements.
8. This estimates additional working capital funds you will require to start your PDN business. These expenses include Director of Nursing and Nurse Recruiter payroll costs, but do not include an owner's salary. These figures are estimates and we cannot guarantee that you will not incur additional expenses starting the business. Your costs will depend on how much you follow our prescribed methods and procedures, your management skills, business experience, local economic conditions, the local market for services, the prevailing wage rate, competition and the sales level reached during the initial period.
9. This total estimated initial investment is based on estimates by us based on our experience in this industry since 1996. The range has been provided because expenses may vary based on local market conditions. None of these expenses are likely to be refunded. Additional funds for working capital needs may be required.

<p><b>Item 8</b> <b>Restrictions on Sources of Products and Services</b></p>
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You must operate the Franchised Business according to our System standards. The purchases are subject to specifications outlined in the Confidential Operations Manuals. Other specifications include standards for customer satisfaction and require that you attempt to render services that meet any customer's reasonable expectation for home care services. We also require that you abide by all laws and regulations applicable to the techniques and tools you choose to utilize in providing our services.

Unless otherwise specified by us, you must purchase your products and supplies from approved suppliers. We will provide you with a list of approved manufacturers, suppliers and distributors ("Approved Supplies List") and approved inventory, products, fixtures, furniture, equipment, signs, supplies and other items or services necessary to operate your Franchised Business ("Approved Supplies List"). The Approved Suppliers List may list particular suppliers from which you must purchase certain supplies, equipment, materials, fixtures or other items for use in your Franchised Business. For example, as of the date of this Disclosure Document, you must purchase the HealthManager operational software system from us. New franchisees also will receive the initial franchise items noted on Exhibit D from us. Additionally, you must obtain email hosting services and data storage and access services from our approved third party supplier. The Approved Suppliers List may include specific brands or types of furnishing equipment or products that you may buy from any source, provided that the items meet the standards and specifications for the ComForCare system. For example, you must obtain a computer system and insurance meeting our minimum standards and specifications. We, an affiliate, or a third party supplier periodically may be the only approved supplier for certain products or services. The lists specify the suppliers and the products and services which we have approved for use in the ComForCare system. We may publish these lists online. We may revise these lists and provide you with a copy as we deem advisable.

If you would like to use any product or service in establishing or operating your business that we have not approved (for products and services that require supplier approval), you must request approval by providing us with a sample of the item you would like us to approve. We do not charge a fee for this approval. Our approval of your request will be completed within 30 days. We may revoke the approval of a supplier if it fails to continue to meet our standards. We will notify you if we revoke our approval of a product, service or supplier and you must immediately stop purchasing said products or services or utilizing that supplier.

As noted above, you must purchase and use the HealthManager operational software system from us. However, besides HealthManager, neither we, nor persons or officers affiliated with us are currently approved suppliers or own any interest in any supplier nor derive any income based on required purchases or leases, but we reserve the right to do so in the future. We arrange with independent third parties to provide required supplies. Our specifications and standards for products, services and suppliers relate primarily to the ability of the products, services and suppliers you will use in your business to meet the customer services needs of your clients. These specifications and standards will be available to you and will be detailed in the Confidential Operations Manuals you will receive from us.

You will not receive any material benefits from us resulting from your use of designated or approved sources and have been established for ease of order processing and establishment of volume discounts and no supplier has received any type of compensation for any of these arrangements. There are no purchasing or distributorship cooperatives established by us.

For the year ended December 31, ~~2015~~2014, our service fee revenue from the HealthManager operational software system was \$~~271,575,494,340~~, or ~~3.32.6~~% of our total revenues of \$~~8,141,8457,429,358.22~~.

We estimate the costs of the items you must purchase from approved suppliers as outlined above when starting the business, will be approximately 7% (~~18% for New Jersey~~) of the total estimated initial investment. We estimate the costs of the items you must purchase from approved suppliers, outlined above, will be approximately ~~19%~~13.5% (~~30% for New Jersey~~) of total administrative expenses for the first year of operation.

**Item 9**  
**FRANCHISEE'S OBLIGATIONS**

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

	<b>Obligation</b>	<b>Section in Agreement</b>	<b>Disclosure Document Item</b>
A.	Site selection and acquisition/lease	Section 3	Item 11
B.	Pre-opening purchase/lease	Section 4	Item 11
C.	Site development and other pre-opening requirements	Section 4	Items 7, 8, & 11
D.	Initial and ongoing training	Section 5	Item 11
E.	Opening	Section 4, Addendum A	Item 11
F.	Fees	Section 5, 9, 10, 11, 15 and 16, Addendum F	Items 5, 6, 7, 11, Amendment A & Amendment B
G.	Compliance with standards and policies/Operating Manual	Section 2, 3, 4, 5, 6 and 10	Item 11
H.	Trademarks and proprietary information	Section 6, 7, 9, 10, 11, 12, 13 and 14	Items 13 & 14
I.	Restrictions on products/service offered	Section 10	Items 8 & 16
J.	Warranty and customer service requirements	Section 10	Item 11
K.	Territorial development and sales quotas	Section 2 & 9	Item 12
L.	Ongoing product/service purchases	Section 10	Item 8
M.	Maintenance, appearance and remodeling requirements	Section 10	Item 11
N.	Insurance	Section 10	Item 7
O.	Advertising	Section 11 and 12	Items 7 & 11
P.	Indemnification	Section 8	Not applicable
Q.	Owner's participation/management/staffing	Section 10	Items 15
R.	Records and reports	Section 13	Item 11
S.	Inspections and audits	Section 14	Items 6
T.	Transfer	Section 15	Item 17

U.	Renewal	Section 16	Item 17
V.	Post-termination obligations	Section 19	Item 17
W.	Non-competition covenants	Section 7, 19	Item 17
X.	Dispute resolution	Section 18	Item 17

**Item 10  
Financing**

We do not offer direct or indirect financing. We do not guarantee your borrowings, notes, leases or other obligations.

**Item 11  
Franchisor’s Assistance, Advertising, Computer Systems and Training**

**Except as listed below, ComForCare is not required to provide you with any assistance.**

**A. PRE-OPENING OBLIGATIONS**

Before you open your business, we will:

1. Designate your Exclusive Area (Section 2 and Addendum A of the Franchise Agreement). You may request specific areas but we have ultimate decision making authority over the territory granted in the Exclusive Area. Your Exclusive Area will be agreed upon with you prior to signing the Franchise Agreement.
2. Provide limited input regarding your office location. We do not select your office location. However, your office must be centrally located with your territory. (Sections 3 & 4, Franchise Agreement)
3. Provide you with the requirements you must fulfill before attending the initial training program. (Section 5, Franchise Agreement)
4. Furnish you, if a new franchisee, with the package of initial franchise items detailed in Exhibit D. See Item 8 for details on the purchase of materials and supplies.
5. Provide a Training Program for up to two people as described further below (Section 5, Franchise Agreement).

**B. TIME TO OPEN**

You must begin operation of your ComForCare Home Care business within the time frame specified in Section 4 of your Franchise Agreement ~~in Addendum A~~. Specifically you must locate a site for your office location within 30 days following the Effective Date of your Franchise Agreement and must open your ComForCare Home Care business within 30 days after successful completion of Phase ~~43~~ of training or the obtaining of any necessary licensures, where applicable. If you fail to locate a site or open your business by the timeframes noted above, we may grant you an extension of time to do so or terminate the Franchise Agreement. The factors that affect this timing are obtaining and outfitting a suitable office, proper filing of state forms for a new business, obtaining state licensure, if required, obtaining insurance, proper financing and completion of the Training Program.

## C. OBLIGATIONS AFTER OPENING

During the operation of your ComForCare Home Care business we:

1. Provide you access to the operational manuals~~Loan you (either as a hard copy or electronically),~~ during the term of the Franchise Agreement, ~~one copy of the “Operations Manuals,”~~ which may consist of one or more handbooks or manuals, and other written materials (collectively the “Operations Manuals”). We have the right to modify the “Operations Manuals” to reflect changes in services, specifications, standards and operating procedures. (Section 5, Franchise Agreement). We have the right to provide you Operations Manuals electronically.
2. We may conduct additional training that you are required to attend. (Section 5, Franchise Agreement)
3. Conduct numerous telephone conversations to discuss your operational experiences and assist you with any questions you may have, for a minimum of 20 weeks following the completion of the Training Program (Section 5, Franchise Agreement).
4. Within the first twelve months of operation, spend between 32 and 40 hours (may be noncontiguous) at your office to review your operational experiences and assist you and train you while answering any questions you may have (Section 5, Franchise Agreement). If you purchase more than one Franchised Business initially, we are only obligated to spend 32-40 hours at your main office, not each territory office. If you cancel a scheduled visit, this cancellation will count towards eight (8) of the 32-40 hours. If you currently own a ComForCare Home Care franchise, the purchase of an additional territory does not include the operational office visit referred to above.
5. Research and develop new marketing procedures, as deemed necessary, and communicate this information to you (Section 5, Franchise Agreement).
6. Invite and mandate that you to attend and participate in regional and nationwide meetings with our personnel and other ComForCare Home Care franchise owners, as deemed appropriate. (Section 5, Franchise Agreement).
7. Assist you in identifying a national, statewide or local service who conducts criminal background checks. (Section 5, Franchise Agreement).

## D. ADVERTISING

1. We may conduct advertising and/or public relations activities in local, regional and national print publications. We have no obligation to provide advertising to you or within your franchise territory. You are obligated to contribute money to local advertising sources that will include internet and other advertising, as well as other promotional materials and expenses, at a rate of 2% of your Gross Sales, or a minimum of \$1,750 per month. However, we recommend that you spend at least \$2,000 per month on local marketing and sales expenses. From this, we expect you to spend at least \$750 per month for local internet marketing programs provided by third-party vendors approved by us, and the payment for such programs is to be paid direct to the vendor. In addition, we recommend that you spend a minimum of \$10,000 for local television and radio advertising via third-party vendors approved by us, and the payment for such programs is to be paid direct to the vendor, during the first six (6) months of operation in order to help build brand awareness programs. Moreover, at a later date, we may elect to create an Advertising Co-Sponsorship Program wherein we may provide you certain reimbursements for any television and radio advertising you conduct.

- We have not created a national or regional advertising fund (the “Fund”, but with 60 days prior notice, may create such a Fund and may require you to pay national and regional advertising fees to us (the “National and Regional Advertising Fee”). In the event notice is given, National and Regional Advertisings Fees will be calculated as follows:

<b>Total Gross Sales during 2 Week Billing Period</b>	<b>Standard Advertising Fee Calculation</b>
\$0 to \$40,000	2% of Gross Sales
\$40,001 to \$80,000	1% of Gross Sales

Commencing on the 61<sup>st</sup> day following our advance written notice, any National and Regional Advertising Fee we collect will be paid as outlined below:

<b>Time Period</b>	<b>National and Regional Advertising Fee</b>
1 <sup>st</sup> Month to 12 <sup>th</sup> Month	Greater of \$200 or the Standard Advertising Fee Calculation
13 <sup>th</sup> Month to 24 <sup>th</sup> Month	Greater of \$400 or the Standard Advertising Fee Calculation
25 <sup>th</sup> Month to Remaining Term	Greater of \$500 or the Standard Advertising Fee Calculation

We will operate the Fund to advertise and promote the ComForCare System. We will deposit any National and Regional Advertising Fee in the Fund, which we will manage through a separate account. We will, however, separate any National and Regional Advertising Fees we receive from franchisees operating under the “At Your Side Home Care” name into a separate fund. We may use the Fund to conduct national, regional and local advertising, marketing promotional and public relations campaigns, including the cost of preparing and conducting print, radio, television, internet, social media, electronic and billboard advertising. We may develop and in-house advertising staff to assist in advertising or may contract with various outside agencies and third party vendors. We will determine the use of monies in the Fund. We will be reimbursed for reasonable administrative costs and overhead incurred in administering the Fund. We are not required to spend any particular amount on marketing, advertising or production in the area in which your Franchised Business is located. National and Regional Advertising Fees not spent in any fiscal year will be carried over for future use. We may make loans to the Fund bearing reasonable interest to cover any deficit of the Fund. National and Regional Advertising Fees will not be used for advertising principally directed at the sale of franchises. At your request, we will provide you with an annual unaudited statement of the receipts and disbursement of the Fund for the most recent calendar year. We will not form a franchise advertising council or cooperative to assist with media selection or to review media expenditures. Currently, no advertising funds were collected throughout the past fiscal year.

- At your own expense, you may develop advertising materials for use in your local market if you deem such materials necessary for the successful operation of your business. You must, however, submit samples of your advertising materials for our approval in advance. We have developed advertising and communications materials that you may use in your marketing program. We will provide you with press releases for distribution to newspapers in your market. We will also continue to test and develop, through active franchisees, new advertising techniques and tools for you to use in your market (Section 6 and 11 of the Franchise Agreement).

4. We will provide you with logo artwork via computer download or through electronic mail to use in your advertising. You ~~should~~**must** advertise in your local Yellow Pages publication. If your Yellow Page publication covers more territory than you own or your territory spans beyond your primary Yellow Page publication's coverage, you must proportionately participate in a joint ad between you and any other Franchise Owner of a territory covering the same Yellow Page publication market. This one ad will represent each participating ComForCare Home Care office by displaying each office's respective areas of service and phone numbers (Section 11, Franchise Agreement).

## E. COMPUTER SYSTEMS

1. You must use our approved HealthManager operations software. For the first 12 months after you sign your Agreement, we furnish you with the operating software at no charge. Beginning 13 months from the Effective Date of your Franchise Agreement, you will pay to us a HealthManager bi-weekly service fee of \$115, for each territory owned. Beginning 25 months from the Effective Date of your Franchise Agreement and thereafter, you will pay to us a HealthManager bi-weekly service fee of \$160 for each territory owned. We may modify this program in the future to enhance its capabilities. We may also discontinue using HealthManager. If we do so, you may be required to purchase and/or license, at your own expense, in lieu of the HealthManager service fee, a third party operating system we approve. In addition, we expressly reserve the right to require in addition to or in the alternative to HealthManager that you utilize separate software, software applications, or hardware. HealthManager may not be sufficient for private duty nursing operations due to, but not exclusively, government billing requirements. We cannot ensure that HealthManager is compliant with all relevant wage and hour requirements. Therefore, you may need to purchase an approved third party software system if you offer private duty nursing services. You are responsible for any fees or expenses incurred by computer consultants to establish your connectivity to ComForcare systems. We can independently access and view your system stored information. The computer hardware and software requirements for the operation of a ComForCare Home Care Franchise are as follows:

2. Hardware

In order to ensure that it is properly prepared, your system must include the following minimum requirements:

- a. 1 computer
- b. Fast Internet Connection (cable connection highly recommended).
- c. 1 InkJet Printer, Scanner, FAX, and Copier.
- d. Recommend external battery backup
- e. Firewall that separates your private network from your business network.
- f. Network cabling and access to it within the office for all users for better connectivity and stability than wireless connections.
- g. Two (2) Apple iPad Air® tablets with keyboards. We provide you one (1) Apple iPad Air® tablet with keyboard as part of your initial franchise fee. You must purchase the second Apple iPad Air® with keyboard yourself.

The estimated initial investment for this hardware is ~~\$1,5600~~-\$2,5800 depending on the type of computer system preferred and purchased by the Franchisee.

3. Software

The software that is essential and required to help you in the operation of your business is as follows:

- a. HealthManager software

- b. Microsoft Windows
- c. Accounting Software – Quick Books
- d. E-Mail address with Internet access
- e. Microsoft Word, Excel and PowerPoint
- f. Adobe Acrobat Standard

As long as we utilize the web based HealthManager software, we will provide you with ongoing updates. As the software is upgraded, it may require new hardware for proper functioning and you are obligated to upgrade your hardware. You must maintain continuous on-line internet connectivity via network cabling, including hardware and software access. HealthManager is an internet based program. We can gain independent access to all information generated through HealthManager. A third party vendor assesses a \$30.00 monthly fee for backups, data storage and access to the HealthManager software. This fee may increase in the future. We have no obligation to assist you in obtaining the necessary hardware or software. You must contract with your own computer consultants as necessary.

#### 4. Information Security System Requirements:

You must comply with applicable federal and state rules and regulations, including, but not limited to those promulgated from the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”) and Title XIII of the American Recovery and Reinvestment Act of 2009 (also cited as the “HITECH Act”). In order to comply with HIPAA and the HITECH Act, you and ComForCare shall execute a Business Associate Agreement. (See Addendum I of the Franchise Agreement)

In addition to the aforementioned HIPAA and HITECH Act requirements, we expressly reserve the right to implement further policies or guidelines regarding information security including, but not limited to: [risk management protocols](#), email encryption standards, document retention policies, PCI compliance and the use of third party security advisors and their security systems/products. You understand that either ComForCare, or their approved third party information security system providers, may charge you both initial and ongoing fees for the creation, implementation and maintenance of any information security system ComForCare, in its sole discretion, deems necessary.

## F. TABLE OF CONTENTS OF OPERATING MANUALS

The Table of Contents of our Current Confidential Operations Manual is as follows:

<b>Topic</b>	<b>Section</b>	<b>Subject and Total Number of Pages</b>
Introduction to Homecare	One	30
Services & Prices	Two	32
Administration	Three	176
Caregiver Recruitment	Four	54
Caregiver Training & Retention	Five	22
Service Inquiries & Intakes	Six	26
Marketing & Advertising	Seven	<del>113</del> <u>26</u>
Scheduling	Eight	35
On Call Scheduling	Nine	16
Accounting	Ten	44
Health Manager's User Guide	Eleven	<del>98</del> <u>148</u>
National Alliances	Twelve	181
Compliance Manual	Thirteen	55
Competitive Analysis	Fourteen	15
Training Workbook	Fifteen	167
Caregiver Application Program – Applicant	Sixteen	<del>15</del> <u>47</u>
Caregiver Application Program	Seventeen	20
HealthManager Client Assessment	Eighteen	28

## G. TRAINING PROGRAM

Our training program has ~~five~~four phases. Phase One and Phase Two training are a combination of self study, on-line and directed training which occur immediately after the signing of your franchise agreement, but before you visit our office for Phase Three training. Phase One and Phase Two training are focused on such things as understanding the basics of the business, how to get started and applying for home care licenses and/or accreditation (if applicable). Phase Three training occurs at our Corporate Headquarters. Phase Four and Phase Five training occurs on-site at your franchised location or within your franchised territory. Phase One, Two, ~~and~~ Three and Four training are estimated to take 4 to ~~8~~6 weeks to complete (excluding home care licensure and/or accreditation, if applicable) starting from the date of signing your franchise agreement.

**PRE-OPENING TRAINING  
(PHASE ONE TRAINING)**

Phase One training begins once you have signed your franchise agreement and could take up to 30 days to complete excluding home care licensure and/or accreditation, if applicable. Phase One training occurs at your Franchised Location or within your Franchised Territory and is comprised of self study/on-line study. Ideally you will have completed all components of your Phase One training prior to attending Phase Three training, but it is not a requirement. However, you must have completed Phase One training within 30 days after successful completion of Phase Three training.

SUBJECT	ESTIMATED HOURS TO COMPLETE ASSIGNMENT	LOCATION	INSTRUCTOR/EXPERIENCE (a)	METHOD
<del>Obtaining an Office (start process)</del> <u>Identify Location</u>	1	Franchised Location	S. Greenwald ( <del>7.56.5</del> years) T. Robinson ( <del>109</del> years) L. Bauerle ( <del>24</del> years)	Telephone, On-line and Email
<del>Investigate</del> <u>Obtaining Local/State/Federal Licenses, if applicable (start process)</u>	2	Franchised Location	S. Greenwald ( <del>7.56.5</del> years) T. Robinson ( <del>109</del> years) L. Bauerle ( <del>24</del> years)	Telephone, On-line and Email
<del>Identify</del> <u>Obtaining Insurance Providers (start process)</u>	2	Franchised Location	S. Greenwald ( <del>7.56.5</del> years) T. Robinson ( <del>109</del> years) L. Bauerle ( <del>24</del> years)	Telephone, On-line and Email
<del>Obtain</del> <u>ing Bank Accounts and Applying for Lines of Credit (start process)</u>	1	Franchised Location	S. Greenwald ( <del>7.56.5</del> years) T. Robinson ( <del>109</del> years) L. Bauerle ( <del>24</del> years)	Telephone, On-line and Email
<del>Begin</del> <u>Outfitting Your Office (start process)</u>	1	Franchised Location	S. Greenwald ( <del>7.56.5</del> years) T. Robinson ( <del>109</del> years) L. Bauerle ( <del>24</del> years)	Telephone, On-line and Email
<del>Begin</del> <u>Creating Business Plans (start process)</u>	1	Franchised Location	S. Greenwald ( <del>7.56.5</del> years) T. Robinson ( <del>109</del> years) L. Bauerle ( <del>24</del> years)	Telephone, On-line and Email
Totals	8			

(a) We have listed in this column the number of years experience the ComForCare instructor has relevant to the subject taught for the initial interactive training.

**SELF-STUDY TRAINING  
(PHASE TWO TRAINING)**

Phase Two training begins once you have signed your franchise agreement and is estimated to take two weeks to complete. Phase Two training occurs at your Franchised Location or within your Franchised Territory and is comprised of self-study/on-line study. Each subject, except “Complete Competitive Analysis” and “Visit DME Providers”, requires that you successfully pass a short test on each subject (which may be administered on-line) prior to you coming to the Phase Three training at our office.

<b>SUBJECT</b>	<b>HOURS OF STUDY</b>	<b>LOCATION</b>	<b>METHOD</b>
Introduction to Home Care	2.5	Franchised Location	Self-Study/On-Line
Administration	4.5	Franchised Location	Self-Study/On-Line
Services and Pricing	4.5	Franchised Location	Self-Study/On-Line
Caregiver Recruiting	4.5	Franchised Location	Self-Study/On-Line
Compliance	2.5	Franchised Location	Self-Study/On-Line
Caregiver Training and Retention	4.5	Franchised Location	Self-Study/On-Line
Sales and Marketing Basics	7	Franchised Location	Self-Study/On-Line
Scheduling	3	Franchised Location	Self-Study/On-Line
On Call Scheduling	2	Franchised Location	Self-Study/On-Line
Visit DME Providers	2.5	Franchised Territory	Self-Study/On-Line
Complete Competitive Analysis	2.5	Franchised Territory	Self-Study/On-Line
<b>Totals</b>	<b>40</b>		

**CLASSROOM TRAINING  
PHASE THREE TRAINING**

We typically conduct the Phase Three Training monthly, or as needed to meet the collective needs of new franchisees. We reserve the right to modify the training program or the frequency of training, at any time. All three phases of training are mandatory for you and any proposed manager. The Initial Franchise Fee includes the cost of the Phase Three Training for 2 people in the Bloomfield Hills, MI office.

The Phase Three training program lasts approximately two weeks (10 business days) and must be completed to our satisfaction. Currently, Phase Three training occurs in two back-to-back calendar weeks, Monday through Friday of each week, but we reserve the right to alter that schedule so that the Phase Three training weeks may not be contiguous. We may require you to continue training for a longer period of time (up to 10 days). You must pay all travel and lodging expenses incurred by yourself, your trainees or attendees in connection with Phase Three training. See Item 6 for information about charges for training additional, or subsequent, attendees that need to be trained.

~~You must commence operation of the Franchise within 30 days after successful completion of the Phase Three training unless: a) otherwise specified in Addendum A, or b) your state requires that your Franchised Business obtain a home care license and/or accreditation (this process slows your ability to conduct business). If your state requires home care licensure, you must commence operation of the Franchise within 30 days of obtaining said license and/or accreditation.~~

**CLASSROOM TRAINING – WEEK 1  
(PHASE THREE TRAINING)**

SUBJECT	HOURS OF INTERACTIVE CLASSROOM TRAINING	LOCATION	INSTRUCTOR/ EXPERIENCE (a)
Introduction/ Administration	2	Bloomfield Hills, MI	<del>Joel Welsh (4.5 years)</del> <del>B. Worback (9 years)</del> <del>T. Schaub (11 years)</del> <del>Josh White (.5 years)</del>
Services and Legal	2	Bloomfield Hills, MI	<del>S. Greenwald (7.5 years)</del> <del>L. Bauerle (2 years)</del> T. Robinson (109 years)
<del>Intranet/Training- Portal/Vendor Websites</del>	<del>1.5</del>	<del>Bloomfield Hills, MI</del>	<del>J. Abramson (12 years)</del>
Clinical Overview and Training	8	Bloomfield Hills, MI	S. Holmes, RN (2.54.5 years) <del>B. Berg, RN (8 years)</del> T. Robinson (109 years)

Business Strategy	2	Bloomfield Hills, MI	<u>B. Worback</u> (9 years) <u>Joel Welsh</u> (4.5 years) <u>T. Schaub</u> (11 years) <u>J. White</u> (.5 years) <u>J. Cadovich</u> (.5 years) <u>S. Greenwald</u> (7.5 years)
Financial Strategy	2	Bloomfield Hills, MI	<u>Rashi Gupta</u> (1544 years) <u>A. Stork</u> (9.5 years)
Care Plan/Case Opening	4	Bloomfield Hills, MI	<u>B. Berg, R.N.</u> (87 years)
Field Staff Training, Retention and Recruitment (manuals/hands-on)	4	Bloomfield Hills, MI	<u>S. Wierzbicka</u> (11.540.5 years) <u>B. Worback</u> (9 years) <u>T. Robinson</u> (109 years)
Staff Orientation Training	4.5	Bloomfield Hills, MI	<u>S. Wierzbicka</u> (11.540.5 years) <u>P. Paszkiewicz</u> (10 years) <u>T. Robinson</u> (10 years)
Health Manager Training	5	Bloomfield Hills, MI	<u>A. Stork</u> (9.58.5 years) <u>L. Welch</u> (54 years) <u>T. Robinson</u> (10 years)
Scheduling	2	Bloomfield Hills, MI	<u>T. Robinson</u> (109 years) <u>L. Welch</u> (5 years)
Caregiver Shadowing	3	Bloomfield Hills, MI	<u>B. Worback</u> (9 years) <u>J. Welsh</u> (4.5 years) <u>T. Schaub</u> (11 years) <u>J. White</u> (.5 years) <u>J. Cadovich</u> (.5 years)
Totals	40		

(a) We have listed in this column the number of years of experience the ComForCare instructor has relevant to the subject taught for the initial interactive classroom training.

**CLASSROOM TRAINING – WEEK 2  
(PHASE THREE TRAINING)**

SUBJECT	HOURS OF INTERACTIVE CLASSROOM TRAINING	LOCATION	INSTRUCTOR/ EXPERIENCE (a)
Sales and Marketing Training	22	Bloomfield Hills, MI	T. Schaub <del>(11.40 years)</del> <u>J. Welsh</u> <del>(4.5 years)</del> S. Bellefleur <del>(24 years)</del> T. Pillot <del>(1.5 years)</del> T. Walkuski <del>(98 years)</del> <u>B. Worback</u> <del>(9 years)</del> <u>J. White</u> <del>(.5 years)</del> <u>J. Cadovich</u> <del>(.5 years)</del>
Inquires and Intakes	5	Bloomfield Hills, MI	<u>B. Worback</u> <del>(9 years)</del> <u>T. Schaub</u> <del>(11 years)</del> T. Robinson <del>(109 years)</del>
National Alliances	2	Bloomfield Hills, MI	S. Wierzbicka <del>(11.510.5 years)</del> <u>J. Cadovich</u> <del>(.5 years)</del> <del>T. Bronczyk</del> <del>(2.5 years)</del>
Dementia Training	1	Bloomfield Hills, MI	S. Wierzbicka <del>(11.510.5 years)</del> H. Beamer <del>(24 years)</del>
Compliance	2	Bloomfield Hills, MI	S. Greenwald <del>(7.56.5 years)</del> <u>L. Bauerle</u> <del>(2 years)</del>
Business Planning and Goal Setting	6	Bloomfield Hills, MI	<u>B. Worback</u> <del>(9 years)</del> <del>J. Welsh</del> <del>(4.5 years)</del> <u>T. Schaub</u> <del>(11 years)</del> <u>S. Greenwald</u> <del>(7.5 years)</del> <u>J. White</u> <del>(.5 years)</del> <u>J. Cadovich</u> <del>(.5 years)</del>
Totals	38		

(a) We have listed in this column the number of years of experience the ComForCare instructor has relevant to the subject taught for the initial interactive classroom training.

**ON-SITE TRAINING  
(PHASE FOUR TRAINING)**

Phase Four training begins once you have completed both weeks of Phase Three training at the Bloomfield Hills, Michigan office and occurs at the Franchised Location and/or Territory.

The Phase Four training program lasts approximately two weeks, is mandatory, and must be completed to our satisfaction prior to you opening your Franchise for business.

You are responsible for any fees to complete the tasks/assignments associated with Phase Four training.

You must commence operation of the Franchise within 30 days after successful completion of the Phase Four training unless: a) otherwise specified in the Franchise Agreement, or b) your state requires that your Franchised Business obtain a home care license, companion care license and/or accreditation (this process slows your ability to conduct business). If your state requires such licensure and/or accreditation, you must commence operation of the Franchise within 30 days of obtaining said license and/or accreditation. Phase Four training consists of 32-40 hours of additional training, at our expense, in your franchised location/territory within 12 months of the date you open your office. The 32-40 hours may not be contiguous.

You can request additional on-site assistance at any time. We will provide it at our option, but the Franchise Agreement does not require us to provide it.

<u>SUBJECT</u>	<u>ESTIMATED HOURS TO COMPLETE TASK/ASSIGNMENT</u>	<u>LOCATION</u>	<u>INSTRUCTOR/ EXPERIENCE</u>	<u>METHOD</u>
<u>Finalize Office Location/Lease</u>	<u>6</u>	<u>Franchised Location/Territory</u>	<u>S. Greenwald (7.5 years)</u> <u>T. Robinson (10 years)</u> <u>L. Bauerle (2 years)</u>	<u>Telephone, On-line, Email</u>
<u>Obtain Insurance and Provide Copy to Franchisor</u>	<u>3</u>	<u>Franchised Location/Territory</u>	<u>S. Greenwald (7.5 years)</u> <u>T. Robinson (10 years)</u> <u>S. Holmes, RN (2.5 years)</u> <u>L. Bauerle (2 years)</u>	<u>Telephone, On-line, Email</u>
<u>Submit Local/State/Federal Licenses, if applicable</u>	<u>5</u>	<u>Franchised Location/Territory</u>	<u>S. Greenwald (7.5 years)</u> <u>S. Holmes, RN (2.5 years)</u> <u>L. Bauerle (2 years)</u>	<u>Telephone, On-line, Email</u>
<u>Research Wage and Hour Rules and Regulations</u>	<u>5</u>	<u>Franchised Location/Territory</u>	<u>S. Greenwald (7.5 years)</u> <u>S. Holmes, RN (2.5 years)</u> <u>L. Bauerle (2 years)</u>	<u>Telephone, On-line, Email</u>

<u>Update Client and/or Employment Forms and Handbooks for Local/State/Federal Compliance</u>	<u>6</u>	<u>Franchised Location/Territory</u>	<u>S. Greenwald (7.5 years)</u> <u>S. Holmes, RN (2.5 years)</u> <u>L. Bauerle (2 years)</u>	<u>Telephone, On-line, Email</u>
<u>Complete Outfitting of Office</u>	<u>5</u>	<u>Franchised Location/Territory</u>	<u>S. Greenwald (7.5 years)</u> <u>T. Robinson (10 years)</u> <u>L. Bauerle (2 years)</u>	<u>Telephone, On-line, Email</u>
<u>Complete Competitive Analysis</u>	<u>2.5</u>	<u>Franchised Location/Territory</u>	<u>T. Schaub (11 years)</u> <u>B. Worback (9 years)</u> <u>S. Stephens (3 years)</u> <u>J. White (.5 years)</u> <u>S. Greenwald (7.5 years)</u> <u>S. Wierzbicka (11.5 years)</u> <u>R. Bouchard (16 years)</u> <u>J. Cadovich (.5 years)</u> <u>S. Holmes, RN (2.5 years)</u>	<u>Telephone, On-line, Email</u>
<u>Provide ComForCare Your Bill/Pay Estimates</u>	<u>.5</u>	<u>Franchised Location/Territory</u>	<u>T. Schaub (11 years)</u> <u>B. Worback (9 years)</u> <u>S. Stephens (3 years)</u> <u>J. White (.5 years)</u> <u>S. Greenwald (7.5 years)</u> <u>S. Wierzbicka (11.5 years)</u> <u>R. Bouchard (16 years)</u> <u>J. Cadovich (.5 years)</u> <u>S. Holmes, RN (2.5 years)</u>	<u>Telephone, On-line, Email</u>

<u>Finalize Business Plan</u>	<u>2</u>	<u>Franchised Location/Territory</u>	<u>T. Schaub (11 years)</u> <u>B. Worback (9 years)</u> <u>S. Stephens (3 years)</u> <u>J. White (.5 years)</u> <u>S. Greenwald (7.5 years)</u> <u>S. Wierzbicka (11.5 years)</u> <u>R. Bouchard (16 years)</u> <u>J. Cadovich (.5 years)</u> <u>S. Holmes, RN (2.5 years)</u>	<u>Telephone, On-line, Email</u>
<u>Additional HealthManager Training</u>	<u>2</u>	<u>Franchised Location/Territory</u>	<u>L. Welch (5 years)</u> <u>A. Stork (9.5 years)</u>	<u>Telephone, On-line, Email</u>
<u>Website/SEO Setup</u>	<u>2</u>	<u>Franchised Location/Territory</u>	<u>S. Bellefleur (2 years)</u> <u>J. Savoie (13 years)</u>	<u>Telephone, On-line, Email</u>
<u>Begin Caregiver Recruitment</u>	<u>1</u>	<u>Franchised Location/Territory</u>	<u>T. Schaub (11 years)</u> <u>B. Worback (9 years)</u> <u>S. Stephens (3 years)</u> <u>J. White (.5 years)</u> <u>S. Greenwald (7.5 years)</u> <u>S. Wierzbicka (11.5 years)</u> <u>R. Bouchard (16 years)</u> <u>J. Cadovich (.5 years)</u> <u>S. Holmes, RN (2.5 years)</u>	<u>Telephone, On-line, Email</u>
<u>Totals</u>	<u>10</u>			

(a) We have listed in this column the number of years of experience the ComForCare guide has relevant to the required task or assignment. The listed instructors are only able to provide guidance on the listed tasks and assignments. You, as independently owned and operated business owners, are ultimately responsible for obtaining any required licensures, complying with all wage & hour rules and requirement, complying with all contractual rules and requirements, and the veracity of any competitive analysis or business plan.

<b>SUBJECT</b>	<b>HOURS OF ON THE JOB TRAINING</b>	<b>LOCATION</b>	<b>INSTRUCTOR/ EXPERIENCE (a)</b>
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Operational Review and Instruction	8-16	Franchised Location/Territory	R. Bouchard (15 years) B. Worback (14 years) S. Wierzbicka (10.5 years) S. Greenwald (6.5 years) A. Verma (10 years) S. Holmes RN (1.5 years) L. Bauerle (1 year) L. Welch (4 years) T. Schaub (10 years) J. Welsh (4.5 years) S. Stephens (2 years)
Sales and Marketing Review and Instruction	24-32	Franchised Location/Territory	R. Bouchard (15 years) B. Worback (14 years) S. Wierzbicka (10.5 years) A. Verma (10 years) T. Schaub (10 years) J. Welsh (4.5 years) S. Stephens (2 years) S. Toll (1 year) D. Bier (1 year)
Totals	32-40		

(a) We have listed in this column the number of years of experience the ComForCare instructor has relevant to the subject taught for the training in your franchised location/territory.

**ON-SITE TRAINING**  
**(PHASE FIVE TRAINING)**

Phase Five training consists of 32-40 hours of additional training, at our expense, in your franchised location/territory within 12 months of the date you open your office. The 32-40 hours may not be contiguous. If you cancel a scheduled visit, this cancelled visit will count toward eight (8) of the 32-40 hours.

You can request additional on-site assistance at any time. We will provide it at our option, but the Franchise Agreement does not require us to provide it.

**NATIONAL CONFERENCES AND REGIONAL MEETINGS**

We will, at our sole discretion, plan and promote an annual training conference for our franchise owners, as deemed necessary. We require all franchisees to attend or send an approved key employee to any scheduled annual training conference. We have the right to charge \$1,000 for each franchised territory (up to 2 people) and \$350 for each additional attendee that attends the annual conference. If you or an approved key employee do not attend the annual training conference, you will be assessed a fee of \$3,000 that is payable 10 days after missing the annual training conference.

We require that all franchisees attend the entire annual training conference. Currently, the conference is conducted over three calendar days and is scheduled as follows: Day One from 8:30 am to 5:00 pm, Day Two from 8:30 am to 5:00 pm and Day Three from 8:30 am to 5:00 pm. Franchisees that arrive late or leave early for any of these days may be assessed an absence fee of up to \$1,000 per day. This fee is imposed for each territory owned.

We will, at our sole discretion, plan and promote a regional meeting for our franchise owners, as deemed necessary. We require all franchisees to attend or send an approved key employee to any scheduled regional meeting. We have the right to charge up to \$250 for two (2) attendees per office. If you or an approved key employee do not attend the regional meeting, you will be assessed a fee of \$1,000 that is payable 10 days after missing the regional meeting.

We require that all franchisees attend the entire regional meeting. Currently, the regional meeting is conducted over one calendar day and is scheduled from 8:30 am to 5:00 pm. Franchisees that arrive late or leave early may be assessed an absence fee of up to \$300. This fee is imposed for each territory owned.

You must pay all travel and lodging expenses incurred by yourself, your employees or attendees in connection with the Phase Three Training and any other training, conferences or other meetings you or your employees attend. See Items 6 and 7 for information about charges for training additional employees.

**PRIVATE DUTY NURSING TRAINING**

If approved by us to provide private duty nursing services within your Exclusive Area, we may require that you attend additional training programs and/or refresher courses for you, your manager and/or your employees as we deem appropriate. As of the date of this Disclosure Document, we are not able to state or estimate the location, duration or frequency of these PDN training courses as these courses vary depending on your needs and the needs of our other ComForCare franchisees at the time the training is offered. However, we currently anticipate that our PDN training program will require five to seven business days in order to complete. You must pay for you and your employee's travel, meal, lodging and payroll expenses while attending this, or any other training program.

## Item 12 Territory

Each new franchise will receive the right to operate their franchise in a territory (Exclusive Area) with an approximate population between 25,000 and 32,000 people over the age of 65 years. We call this your Exclusive Area and it will be defined by reference to specified U.S. Postal Service Zip codes that will be described in Addendum "A" of the Franchise Agreement. 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. The map of your Exclusive Area will be for illustrative purposes only and will illustrate the Zip codes as they exist in your Exclusive Area on the date that you sign your Franchise Agreement. Changes by the USPS will affect the Zip code and area that make up your Exclusive Area. For example, if the USPS moves certain addresses from a Zip code in your Exclusive Area into a Zip code in another franchisee's area or into an unassigned area, those addresses will no longer be part of your Exclusive Area. We utilize the U.S. Government's web site <http://factfinder.census.gov> and its United States Census 2010 data to determine specific geographic demographics. However, we will work with you to minimize the impact of such a change.

During the term of the Franchise Agreement and provided you are in compliance with the Franchise Agreement, we will not establish or franchise another the right to establish the physical location of another ComForCare Home Care business inside the Exclusive Area. You may not sell products or services from any location other than at or from your ComForCare Home Care Franchised Business, and may not sell products or services identified by the ComForCare Home Care trademarks through any other channels of distribution, including the Internet (or any other existing or future form of electronic commerce). Except as expressly provided in the Franchise Agreement or Operations Manual, you will concentrate all Franchised Business advertising and solicitation within the Exclusive Area.

We (for ourselves and our affiliates) retain all rights not expressly granted to you in the Franchise Agreement, including the right to:

1. operate, or to grant any other person the right to operate, a ComForCare Business at locations and on terms we deem appropriate outside the Exclusive Area;
2. market and sell the same products and services authorized under the Franchise Agreement under other trademarks, service marks and commercial symbols through similar or dissimilar channels of distribution and pursuant to terms we deem appropriate ~~within and~~ outside the Exclusive Area;
3. market and sell the products authorized or associated with a ComForCare Home Care Franchised Business, under the Marks, through any alternative channel of distribution, including, without limitation, by electronic means such as the Internet and websites that we establish and pursuant to terms we deem appropriate, within and outside the Exclusive Area;
4. advertise the System on the Internet and to create, operate, maintain and modify or discontinue the use of one or more websites using the Marks, additionally, we may in the future start offering for sale products and services that are ancillary or related to the services and needs of customers of ComForCare Home Care Franchised Businesses and these ancillary products and services may be offered through our current website or through other websites owned by us or through any channel of distribution as we determine; and
5. acquire (and be acquired by) and subsequently operate any business of any kind, whether located within or outside the Exclusive Area (but not a ComForCare Home Care Franchised Business (i.e., operating under the Marks) within the Exclusive Area).

We are not required to pay you any compensation if it exercises any of these rights.

Additionally, we and our affiliates have the right to sell and enter into agreements with National Alliances, both inside and outside the Exclusive Area. A “National Alliances” means any customer which on its own behalf or through agents, franchisees or other third party owns, manages, services, controls or otherwise has responsibility for a business in more than one location in more than one state, including, institutional customers such as hospital chains, insurance companies, referral services, nursing homes, senior citizen centers, hospice facilities, facilities for the mentally and physically impaired and elder and/or child daycare facilities or facilities providing homecare services to individuals, whose presence is not confined within any one particular franchisee’s Exclusive Area regardless of the aggregate contract amount of the services the franchisee wishes to perform. If a National Alliance requests services inside the Exclusive Area and you meet the operational and performance standards, have obtained a license to provide personal care services (if required) and have completed all appropriate franchise training, we will offer you the right to provide the services to the National Alliance on the terms and conditions outlined in the contract we negotiate with the National Alliance. We will not be required to offer you the right to provide services to a National Alliance if: (i) you are in default of your Franchise Agreement or any other agreement with us, (ii) you are not qualified to provide the services requested by the National Alliance, or (iii) you do not agree to provide the services in accordance with the contract we negotiated with the National Alliance. If we do not offer the National Alliance business to you then we may: (i) provide the services requested by the National Alliance inside the Exclusive Area, or (ii) contract with a third party, which may be another ComForCare Home Care franchisee or unrelated third party to provide the services requested by the National Alliance inside the Exclusive Area. ComForCare will not be required to pay you any consideration or compensation if we or a third party provide services to a National Alliance inside the Exclusive Area.

You may not solicit sales outside your Exclusive Area. You may, however, accept orders for service outside your Exclusive Area, through the internet or other means, if the exclusive area is not owned by another ComForCare Home Care franchise owner or you have written permission from the franchisee who owns the Exclusive Area from which the order came. It is not our responsibility to obtain that permission from any ComForCare Home Care franchisee on your behalf. If a non-owned exclusive area in which you have a customer has been purchased by another ComForCare Home Care franchisee, you may continue to serve those customers if, and only if, you provide us a list of those clients. This list must include the name, address, phone number, service start date and frequency of service. Also see Section 10 of the Franchise Agreement regarding your rights to market to clients outside of your Exclusive Area as well as the management of clients and referral sources within your Exclusive Area by pre-existing ComForCare Franchise Businesses prior to your franchise grant.

You do not receive the right to acquire additional or contiguous franchise territories automatically. You may, however, purchase additional territories or franchises with our approval.

To maintain the exclusivity of your area and retain your business, you must attain and maintain, at the minimum the following:

- a. Beginning with the 12th month after the Effective Date of the Franchise Agreement you must achieve and maintain minimum gross sales of \$5000 in each standard two week billing period.
- b. Beginning with the 24th month after the Effective Date of the Franchise Agreement you must achieve and maintain minimum gross sales of \$7500 in each standard two week billing period.
- c. Beginning with the 36th month after the Effective Date of the Franchise Agreement you must achieve and maintain minimum gross sales of \$10,000.
- d. Beginning with the 48th month after the Effective Date of the Franchise Agreement you must achieve and maintain minimum gross sales of \$15,000 in each standard two week billing period.
- e. Beginning with the 60th month and through the end of the Term of the Franchise Agreement, or any renewal term, after the Effective Date of this Agreement you must achieve and maintain minimum gross sales of \$20,000 in each standard two week billing period.

We reserve the right to define “Effective Date” as the shorter of 30 days from completion of your training or the date you received your state license (if applicable).





As long as the minimum gross sales are maintained and you are in compliance with the provisions of your Franchise Agreement, you may keep the exclusive rights to your Exclusive Area. If you do not maintain this minimum gross sales level or do not comply with the other provisions of your Franchise Agreement, we may reduce your Exclusive Area, eliminate your exclusive rights, or terminate your Franchise Agreement. If we remove your exclusive rights, you will no longer have an exclusive area. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. The designated levels of minimum gross sales do not imply that you will achieve these amounts or any other amounts within any certain timeframe.

You may not relocate the Franchise business office without our express written consent. If your lease for the premises expires or terminates without your fault, or if in our judgment there is a change in the character of the location of the office sufficiently detrimental to its business potential to warrant its relocation, we will grant permission for relocation of your office to a location approved by us. Any relocation must be at your sole expense.

<b>Item 13</b> <b>Trademarks</b>
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ComForCare is the owner of exclusive registered trademark rights with the United States Patent and Trademark Office (“USPTO”) as well as common law rights, in the ComForCare Senior Services name and logo, the ComForCare Home Care CFC name and logo and other marks identified in the chart below. ComForCare grants you ~~a limited, non-exclusive license~~ ~~the right~~ to operate your business under the name “ComForCare Senior Services” and ComForCare Home Care CFC.”. We may secure additional trademarks that you may use to operate and identify your business. This includes trade names, trade dress, services marks, trademarks and logos that are used to operate and identify your business and these are collectively referred to as the “Marks”.

The following table shows the status of federal trademark registrations and applications for federal registration on the Principal Register with the United States Patent and Trademark Office (“USPTO”) for registrations of these Marks licensed to you.

Mark	Filing Date	Renewal Date	Serial Number	Registration Number/Date	Status
	12/18/00	09/23/23	76183403	2767365 09/23/03	Registered on the Principal Register
ComForcare Senior Services	03/05/03	10/19/ <del>24</del>	76496102	2894388 10/19/04	Registered on the Principal Register
ComForcare	08/20/04	12/26/16	7660888	3188481 12/26/06	Registered on the Principal Register
ComForCare Home Care	01/05/15	<u>12/22/21</u>	86495145	<u>4873082</u> <u>12/22/15</u>	<u>PendingRegistered on the Principal Register</u>
DementiaWise	04/ <del>0</del> 9/14	11/11/24	86246658	4637021 11/11/14	Registered on the Principal Register
	12/28/05	<u>04/24/17</u>	78781504	3235361 04/24/07	Registered on the Principal Register
	12/04/14	<u>12/01/20</u>	86470913	<u>4862144</u> <u>12/01/15</u>	<u>PendingRegistered on the Principal Register</u>
	03/12/15		86561775		Pending
<u>Joyful Memories</u>	<u>04/29/15</u>		<u>86614064</u>		<u>Pending</u>

We do not have a federal registration for the trademarks identified as “pending” in the chart above, including one pending application for our principal trademark ComForCare Home Care CFC (stylized) noted above. Therefore, our trademark does not have as many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

ComForCare may establish new Marks in the future and you must use and display the Marks according to our specifications. You must modify or discontinue use of a trademark or trade dress if we modify or discontinue using it. You will bear all costs associated with changes to Marks or introduction of new Marks. You must follow ComForCare rules when you use these Marks. You cannot use a name or Mark as part of a corporate name or with modifying words, designs or symbols except for those which ComForCare has licensed to you. You may not use the registered ComForCare Senior Service’s name in the sale of an unauthorized product or service or in any manner ComForCare does not authorize in writing. You may not use any other Mark, name, commercial symbol or logo in connection with the operation of your ComForCare Home CareSenior Services business.

There is presently no effective determination of the U.S. Patent and Trademark Office, Trademark Trial and Appeal Board, the trademark administrator of this state, or any state or federal court, of any pending infringement, opposition or cancellation proceeding or any pending material litigation involving the Marks which is relevant to the use of the Marks in accordance with the terms of the Franchise Agreement in this state and no agreements exist which significantly limit in any manner material to you, the rights of ComForCare to use or license the use of Marks, names, logos or symbols.

You may not use the term “ComForCare” or “At Your Side” in your business entity’s legal name. You must not contest, directly or indirectly, ComForCare’s use or, rights in and ownership of the Marks, trade secrets or methods and procedures are a part of the ComForCare Home CareSenior Services system. You must not register, seek to register or contest ComForCare sole right to register, use and license others to use the Marks, names, information and symbols.

You must immediately notify ComForCare of any apparent infringement of or challenge to your use of any Marks, and ComForCare has sole discretion to take the action it deems appropriate. If it deems such action necessary and appropriate, although we are not required to do so, ComForCare will protect the right to use the Marks and defend you against claims of infringement or unlawful competition arising out of the use of the Marks.

Any goodwill associated with the Marks, including any goodwill which might be deemed to have arisen through your activities, inures directly and exclusively to the benefit of ComForCare. There are no infringing uses known to ComForCare that could materially affect your use of the Marks in this state or in any state where the business is to be located.

**Item 14  
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

ComForCare does not currently own any rights to any patent that is material to the franchised business, nor are there any pending patent applications material to the franchised business. ComForCare does claim copyright protection for the Operations Manuals and for certain other written materials developed by ComForCare to assist you in the operation of your ComForCare Home CareSenior Services business.

ComForCare has applied for and obtained a federal copyright registration for the following items:

<u>Name of Copyrighted Material</u>	<u>Duration of Copyrighted Material</u>	<u>Registration Number/Date</u>	<u>Does ComForCare Intend to Renew</u>
<u>HealthManager User’s Guide</u>	<u>95 Years</u>	<u>TXU-1-053-526 March 21, 2002</u>	<u>Yes</u>
<u>ComForCare Confidential Operations Manuals</u>	<u>95 Years</u>	<u>TXU-1-933-400 December 9, 2014</u>	<u>Yes</u>
<u>ComForCare TV Commercial – Defy Expectations</u>	<u>95 Years</u>	<u>PA-1-952-166 April 1, 2015</u>	<u>Yes</u>

There are no material determinations of the United States Patent and Trademark Office, the United States Copyright Office or a court regarding the copyrighted items listed above.

~~ComForCare has applied for and obtained a federal copyright registration for the HealthManager business operating software system that it provides to you. U.S. Reg. No. TXU-1-053-526 (March 21, 2002).~~ You are prohibited from copying, or otherwise reproducing or making HealthManager# available to any unauthorized person. Any software provided must be returned to ComForCare if you materially breach the Franchise Agreement, or if the Franchise Agreement is terminated or expires.

You must not directly or indirectly contest our right to our claimed copyrights that are a part of the ComForCare Home CareSenior Services business. You must notify us immediately if you learn about an infringement or challenge to our copyrighted works. ComForCare will take the action we think is

appropriate. ComForCare has no obligation to defend you or to prosecute any legal action against others with respect to any infringement, unfair competition or other claim related to any claimed copyrights.

ComForCare possesses certain valuable, proprietary and confidential information relating to the operation of ComForCare ~~Home CareSenior Services~~ businesses, including procedures, processes, methods, marketing techniques, customer lists, pricing, customer service, networking and other information which is valuable and considered by ComForCare to be proprietary and confidential information. ComForCare discloses confidential information to you through its training program, and though the Confidential Operations Manuals. ComForCare provides guidance to you during the term of the Franchise Agreement, solely for your use in the development and operation of your ComForCare ~~Home CareSenior Services~~ business.

You will not acquire any interest in the confidential information. You have the limited right to utilize it in your franchise business, and cannot use the information in any other business or capacity. You must maintain the absolute confidentiality of the proprietary information during and after the term of the Franchise Agreement, and must not make any unauthorized copies of any portions of information. You must adopt and implement all reasonable procedures prescribed by ComForCare to prevent unauthorized use, duplication, reverse engineering or disclosure of ComForCare's confidential information to sign non-disclosure and non-competition agreements, to the extent permitted by law.

<b>Item 15</b> <b>Obligation to Participate in the Actual Operation of the Franchise Business</b>
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We require that you personally supervise the franchise business full time as well as employ on a full time basis, at least one other administrative or marketing employee ~~\_(unless you contract with an approved administrative outsourcing company which, if so used, counts as one half of a full-time equivalent employee)\_~~. "Full-time" is defined as the expenditure of at least 35 hours of work per week, including vacation, sick leave and other excused absences (a minimum of 70 hours weekly cumulatively between these two individuals). Either you or your full-time employee must function full-time in a sales or marketing capacity for the Franchised Business. Where allowed by law, you also must employ, on a part-time, contingent basis, a nurse for the purpose of performing initial and supervisory client assessments.

You must have regular services available at least 8 hours a day, 5 days a week and emergency services must be available 24 hours a day, 7 days a week. All services are to be provided according to the terms of a written contract and all personnel must be certified and/or licensed to conduct the services they may be conducting (if a certification and/or licensure is required). In some states, you may be required to employ a person with health care experience to manage the daily operations of your business and/or supervise clients and caregivers.

All of ~~theyour~~ owners of ~~the~~ Franchisee must sign a personal guaranty in the form attached to the Franchise Agreement.

**Item 16**  
**Restrictions on What the Franchisee May Sell**

You must offer and provide all the services that we require. We reserve the right to change the nature and type of goods and services you are authorized to provide as a franchisee, however, we will do so only for good faith business reasons. The primary service you are authorized to provide as a franchisee is to provide staff for in-home care. You should not solicit sales outside your Exclusive Area (see Item 12 and Section 10 of the Franchise Agreement for more information on restrictions). You may not, without our prior written approval, offer any services or products unless authorized by us for the ComForCare Home Care business.

**Item 17**  
**Renewal, Termination, Transfer and Dispute Resolution**

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

<b>THE FRANCHISE RELATIONSHIP</b>		
<b>Provision</b>	<b>Section in Franchise or other Agreement</b>	<b>Summary</b>
a. Length of the franchise term	Section 2	Term of Franchise Agreement is 10 years
b. Renewal or extension of the term	Section 16	If you are in good standing, you can add additional terms. You may be asked to sign contract with materially different terms and conditions than your original contract, but the boundaries of the Territory will remain the same.
c. Requirements for franchisee to renew or extend	Section 16	Sign new agreement after giving notice of renewal for the franchise. You have a right to renew the franchise for an additional term equal to the then customary initial term granted under our then current form of the standard franchise agreement which may be materially different from the original contract.
d. Termination by franchisee	Section 17	You may terminate the agreement on any grounds available by law.
e. Termination by franchisor without cause	Not applicable	Not applicable
f. Termination by franchisor with cause	Section 17	We may terminate Franchise Agreement only if you default in performance under the terms of Franchise Agreement

g. Cross-Default	Section 20	We may terminate Franchise Agreement if any other franchise agreement or any other agreement between us or any of our Affiliates and you is terminated. Termination will be effective on the date that the other agreement is terminated unless we provide notice to you otherwise.
h. "Cause" defined – curable defaults	Section 17	You have 30 days to cure: nonpayment of fees, failure to obtain possession of store, failure to attend training, unauthorized use of Marks, failure on three or more occasions in any 12 months to submit financial statements, reports or other data, becoming insolvent and any other breach of the agreement not listed.
i. "Cause" defined – non-curable defaults	Not applicable	Not applicable
j. Franchisee's obligations on termination/nonrenewal	Section 19	Termination of the Franchise Agreement will require removal of identification, payments of amounts due and return of Operations Manual, operating software and confidential information
k. Assignment of contract by franchisor	Section 15	No restrictions on our right to assign.
l. "Transfer" by franchisee – defined	Section 15	Includes transfer of contract or assets or ownership change
m. Franchisor approval of transfer by franchisee	Section 15	We have the right to approve all transfers but will not unreasonably withhold approval
n. Conditions for franchisor approval of transfer	Section 15	New franchisee qualifies, transfer fee paid, purchase agreement approved, training arranged and current franchisee agreement signed by new franchisee. No transfer fee for transfer to immediate family member.
o. Franchisor's right of first refusal to acquire franchisee's business	Section 15	We can match any offer for the franchisee's business
p. Franchisor's option to purchase franchisee's business	Not applicable	Not applicable
q. Death or disability of franchisee	Section 15	Franchise must be assigned by estate to an approved buyer in twelve months
r. Non-competition covenants during the term of the franchise	Section 7	No involvement in competing business anywhere in US
s. Non-competition covenants after the franchise is terminated or expires	Section 19	No competing business for two years within 75 miles of your location or within 75 miles of another ComForCare franchise

t. Modification of the agreement	Section 20	No modifications generally, except in writing. Operations Manual may be modified. Only the terms of the franchise agreement and disclosure document are binding (subject to state law). Any representations or promises outside of the disclosure document or franchise agreement may not be enforceable.
u. Integration/merger clause	Section 20	Only the terms of the Franchise Agreement are binding (subject to federal law). Any other promises may not be enforceable, except as set forth in this disclosure document.
v. Dispute resolution by <del>arbitration</del> <del>negotiation</del> or mediation	Section 18	Except for certain claims, the parties must first mediate any dispute subject to applicable state law.
w. Choice of forum	Section 20	Michigan (subject to applicable state law)
x. Choice of law	Section 20	Michigan law applies (subject to applicable state law)

**Item 18  
Public Figures**

We do not use any public figure to promote its 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 the disclosure document. Financial performance information that differs from that included in 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.

This Item 19 contains historical financial performance data as provided by certain franchisees; and thus we have a reasonable basis and written substantiation for the representation set forth below. 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 you upon reasonable request. The representations made in this Item 19 are based upon the franchise system's outlets existing for the period of time indicated below unless otherwise specifically excluded, as discussed below.

Importantly, the success of your franchise will depend largely upon your personal abilities, your use of those abilities and your market. Some franchisees have generated gross sales in the amounts shown in the table below. Your individual results may differ. There is no assurance you will achieve gross sales in these amounts.

The data in Tables A and B below contains certain information related to gross sales realized only by our franchisees open for the period January 1, ~~2015~~2014 through December 31, ~~2015~~2014 and does not include any sales taxes. We consider an office to be open once they have completed their training, their assigned door opening tasks and are able to provide, at least, unlicensed homemaker/companionship services within their exclusive area.

The gross sales amounts presented in Tables A and B below are based upon information reported to us by ComForCare franchisees whose offices have been open for at least 12-months for the period ending December 31, ~~2015~~2014, and only for those offices that have reported a full 12 months of gross sales data in each of the last two years. The gross sales amounts presented in Tables A and B below do not include: (1) data for territories purchased and not yet opened by franchise owners and (2) data for territories held by owners for resale that have been idled pending location of a buyer. In some instances ComForCare franchise owners have purchased more than one franchise territory and report franchise sales and royalty information as a single unit for all territories they own and/or operate multiple territories out of one central office.

The information has been extracted from royalty reports reported to us. We have not audited this information, nor have we independently verified this information. These figures are only estimates of what we think your gross sales could be. Your individual results may differ. There is no assurance that you will achieve the same results.

In addition, in conjunction with the services provided to seniors, the population size, density of seniors and number of people over the age of 65 in the exclusive areas for the franchise owners represented in Tables A and B below may not be similar to, or representative of, the exclusive area you may purchase.

TABLE A - GROSS SALES INFORMATION BY FRANCHISE OWNER (INCLUDING THOSE WITH MULTIPLE TERRITORIES) OPERATING AT LEAST ONE FULL YEAR							
Franchisee Owner's Time in Business	Total Owners	Average Owner's Gross Sales	Number/Percent Attained or Exceeded Average	Median Owner's Gross Sales	Number/Percent Attained or Exceeded Median	Highest And Second Highest Owner's Gross Sales	Lowest and Second Lowest Owner's Gross Sales
Franchisees – 121 months and greater	<u>2824</u>	<del>\$1,529,947</del> <u>\$1,642,945</u>	<del>5 (24%)</del> <u>9 (32%)</u>	<del>\$999,015</del> <u>\$1,230,951</u>	<del>11 (52%)</del> <u>14 (50%)</u>	<del>\$8,781,405</del> <del>\$3,196,948</del> <u>\$1,063,567</u> <u>\$2,924,175</u>	<del>\$503,225</del> <del>\$86,714</del> <u>\$329,166</u> <u>\$120,388</u>
Franchisees – 85-120 months	<u>2523</u>	<del>\$1,224,936</del> <u>\$1,432,889</u>	<del>10 (40%)</del> <u>7 (30%)</u>	<del>\$956,010</del> <u>\$1,014,006</u>	<del>13 (52%)</del> <u>12 (52%)</u>	<del>\$3,230,344</del> <del>\$2,430,508</del> <u>\$6,113,303</u> <u>\$3,445,770</u>	<del>\$287,456</del> <del>\$178,613</del> <u>\$317,240</u> <u>\$207,303</u>
Franchisees – 61-84 months	<u>2832</u>	<del>\$1,149,190</del> <u>\$1,042,418</u>	<del>9 (32%)</del> <u>12 (37%)</u>	<del>\$796,400</del> <u>\$827,115</u>	<del>16</del> (50%)	<del>\$4,610,202</del> <del>\$2,672,623</del> <u>\$3,085,125</u> <u>\$2,714,256</u>	<del>\$291,315</del> <del>\$149,395</del> <u>\$236,051</u> <u>\$99,855</u>
Franchisees – 49-60 months	<u>4611</u>	<del>\$822,280</del> <u>\$709,097</u>	<del>5 (31%)</del> <u>4 (36%)</u>	<del>\$478,006</del> <u>\$577,520</u>	<del>8 (50%)</del> <u>6 (55%)</u>	<del>\$2,750,595</del> <del>\$2,279,577</del> <u>\$1,878,738</u> <u>\$1,067,111</u>	<del>\$162,812</del> <del>\$130,089</del> <u>\$364,385</u> <u>\$297,074</u>
Franchisees – 37-48 months	<u>4314</u>	<del>\$626,124</del> <u>\$1,063,106</u>	<del>5 (38%)</del> <u>7 (50%)</u>	<del>\$562,412</del> <u>\$1,058,473</u>	<del>7 (54%)</del> <u>8 (57%)</u>	<del>\$1,226,134</del> <del>\$1,030,922</del> <u>\$2,033,347</u> <u>\$1,867,560</u>	<del>\$289,352</del> <del>\$162,095</del> <u>\$250,782</u> <u>\$206,129</u>
Franchisees – 25-36 months	14	<del>\$759,108</del> <u>\$556,610</u>	7 (50%)	<del>\$723,880</del> <u>\$506,117</u>	7 (50%)	<del>\$1,693,720</del> <del>\$1,394,880</del> <u>\$2,041,079</u> <u>\$968,573</u>	<del>\$232,889</del> <del>\$112,099</del> <u>\$98,884</u> <u>\$67,469</u>
Franchisees – 13-24 months	<u>1347</u>	<del>\$293,520</del> <u>\$391,462</u>	<del>7 (41%)</del> <u>6 (46%)</u>	<del>\$201,421</del> <u>\$323,635</u>	<del>9 (53%)</del> <u>7 (54%)</u>	<del>\$1,072,204</del> <del>\$873,681</del> <u>\$1,064,661</u> <u>\$961,733</u>	<del>\$56,077</del> <del>\$54,917</del> <u>\$33,878</u> <u>\$28,383</u>
Total/Average	<u>434135</u>	<del>\$983,903</del> <u>\$1,095,418</u>	<del>48 (36%)</del> <u>46 (34%)</u>	<del>\$724,695</del> <u>\$758,749</u>	<del>67 (50%)</del> <u>69 (51%)</u>	n/a	n/a

### Table A Notes

- (a) Table A provides the annual gross sales reported by individual franchise owners operating at least one full year and aggregates gross sales for owners with multiple territories, regardless of the number of territories owned by those individual owners and the number of physical offices from which those individual franchisees operate. As a result, the data represented in Table A may be more favorable than the data reported by franchise territory as represented in Table B below.
- (b) Of the 1345 total franchise owners listed in this table, 234 of those franchise owners own multiple territories. Of those 234 franchise owners that own multiple territories, seven of those owners have one additional territory and operate a separate office for that territory, 143 of those owners have one additional territory operated out of a single office, one of those owners has two additional territories operating out of a single office, and one of those owners has three additional territories operating out of two additional offices. For the owners listed in this table that own multiple territories, we have grouped gross sales data for all

of the territories they purchased under their oldest “Franchisee Owner’s Time in Business” category.

- (c) The ~~2128~~ franchise owners operating for “121 months and greater” in this table includes gross sales of ~~\$2,924,175~~~~\$3,196,948~~ for the first franchisee who originally began operations on May 1, 1996, which is a sister company to ComForCare and who is affiliated through a common owner.
- (d) For the distribution of start dates, please see Table B; Note (d).

**TABLE B - GROSS SALES INFORMATION BY FRANCHISE TERRITORY OPERATING AT LEAST ONE FULL YEAR**

Franchise Territory Time in Business	Total Territories	Average Territory's Gross Sales	Number/Percent Attained or Exceeded Average	Median Territory's Gross Sales	Number/Percent Attained or Exceeded Median	Highest And Second Highest Territory's Gross Sales	Lowest and Second Lowest Territory's Gross Sales
Franchisees – 121 months and greater	<del>2823</del>	<del>\$1,320,369</del> <del>\$1,420,304</del>	<del>5 (22%)</del> <del>9 (32%)</del>	<del>\$755,257</del> <del>\$922,996</del>	<del>12 (52%)</del> <del>14 (50%)</del>	<del>\$8,781,405</del> <del>\$3,196,948</del> <del>\$1,063,567</del> <del>\$2,924,175</del>	<del>\$293,479</del> <del>\$86,714</del> <del>\$305,503</del> <del>\$120,388</del>
Franchisees – 85-120 months	<del>2528</del>	<del>\$1,014,419</del> <del>\$1,006,320</del>	<del>9 (36%)</del> <del>13 (46%)</del>	<del>\$910,935</del> <del>\$968,416</del>	<del>13 (52%)</del> <del>14 (50%)</del>	<del>\$3,230,344</del> <del>\$2,097,760</del> <del>\$3,445,770</del> <del>\$2,045,766</del>	<del>\$238,189</del> <del>\$178,614</del> <del>\$207,303</del> <del>\$98,017</del>
Franchisees – 61-84 months	<del>4041</del>	<del>\$867,093</del> <del>\$965,763</del>	<del>15 (38%)</del> <del>14 (34%)</del>	<del>\$740,652</del> <del>\$616,368</del>	<del>20 (50%)</del> <del>21 (51%)</del>	<del>\$2,699,732</del> <del>\$2,447,084</del> <del>\$3,085,125</del> <del>\$2,897,648</del>	<del>\$106,014</del> <del>\$21,883</del> <del>\$140,795</del> <del>\$99,855</del>
Franchisees – <del>3749-60</del> months	<del>4826</del>	<del>\$730,915</del> <del>\$872,444</del>	<del>4 (22%)</del> <del>11 (42%)</del>	<del>\$414,510</del> <del>\$588,050</del>	<del>9 (50%)</del> <del>13 (50%)</del>	<del>\$2,750,595</del> <del>\$2,279,577</del> <del>\$2,033,347</del> <del>\$1,878,738</del>	<del>\$162,812</del> <del>\$130,089</del> <del>\$206,129</del> <del>\$64,887</del>
Franchisees – <del>2537-3648</del> months	<del>4417</del>	<del>\$601,427</del> <del>\$499,348</del>	<del>6 (43%)</del> <del>7 (41%)</del>	<del>\$549,321</del> <del>\$453,378</del>	<del>7 (50%)</del> <del>9 (53%)</del>	<del>\$1,226,134</del> <del>\$1,030,922</del> <del>\$2,041,076</del> <del>\$968,573</del>	<del>\$280,369</del> <del>\$162,095</del> <del>\$67,469</del> <del>\$28,264</del>
Franchisees – <del>1325-2436</del> months	<del>4517</del>	<del>\$708,501</del> <del>\$333,855</del>	<del>7 (47%)</del> <del>6 (35%)</del>	<del>\$672,402</del> <del>\$323,635</del>	<del>8 (53%)</del> <del>9 (53%)</del>	<del>\$1,693,720</del> <del>\$1,394,880</del> <del>\$1,064,661</del> <del>\$961,733</del>	<del>\$130,208</del> <del>\$112,099</del> <del>\$28,383</del> <del>\$0</del>
Franchisees – <del>12-24</del> months	<del>20</del>	<del>\$268,387</del>	<del>9 (45%)</del>	<del>\$180,282</del>	<del>10 (50%)</del>	<del>\$1,072,204</del> <del>\$873,684</del>	<del>\$2,227</del> <del>\$0</del>
Total/Average	<del>455157</del>	<del>\$825,706</del> <del>\$919,680</del>	<del>56 (36%)</del> <del>59 (38%)</del>	<del>\$642,008</del> <del>\$610,993</del>	<del>78 (50%)</del> <del>79 (50%)</del>	n/a	n/a

**Table B Notes**

- (a) Table B provides the annual gross sales reported by individual franchise territory for those operating at least one full year.
- (b) The financial data in this table excludes the results of two franchisees that each own two territories but each report sales and royalty information only as a single unit for all territories owned. They do not maintain separate operational and sales records for each of their territories.

The two excluded franchisees attained gross sales of ~~\$2,402,340~~~~\$2,430,508~~ and ~~\$1,413,521~~~~\$1,392,841~~ respectively, for the 12 months ended December 31, ~~2015~~~~2014~~.

- (c) The ~~2823~~ franchise territories operating for 121 months and greater in this table includes gross sales of ~~\$2,924,175~~~~\$3,196,948~~ for the first franchisee who originally began operations on May 1, 1996, which is a sister company to ComForCare and who is affiliated through a common owner.
- (d) This table includes territories opened in each year from 1996 through December 31, ~~2014~~~~2013~~ with the distribution of start dates as follows: ~~2014 - 17~~, 2013 – ~~1720~~, 2012 – 15, 2011 – ~~124~~, 2010 – ~~148~~, 2009 – ~~269~~; 2008 – ~~104~~; 2007 – 7; 2006 – 11; 2005 – 7; 2004 – 8; 2003 - ~~940~~; 2002 – ~~34~~ and 1996 – 1. We consider a territory to be open once they have completed their training, their assigned door opening tasks and are able to provide, at least, unlicensed homemaker/companionship services within their exclusive area.

### Average Gross Margin Percentage (%) - Table C

The information contained in the table below is historical, based on unaudited reporting by individual franchisees and may not be relied upon as a projection or forecast of what Gross Sales, Cost of Goods Sold or Gross Margins a new franchisee may experience. The franchised offices that reported data for Table C below may not be the same as those reporting under Tables A and B above. These are not the only metrics associated with the operation of your business. There is no assurance that your metrics will be comparable to our other franchisees. The data in Table C below was generated from our internal ~~2015~~~~2014~~ Benchmarking Survey. Only owners whose offices that were open as of January 1, ~~2015~~~~2014~~ received the Benchmarking Survey and all figures reported were only through the first six months of ~~2015~~~~2014~~ ending June 30, ~~2015~~~~2014~~. Not all offices that were open prior to January 1, ~~2015~~~~2014~~ participated in the ~~2015~~~~2014~~ Benchmarking Survey. Specifically, ~~7184~~ franchise owners provided both information on their Gross Sales and Costs of Goods Sold (as defined below) and were thus included in Table C. These figures were not independently audited.

TABLE C – <del>2015</del> <del>2014</del> AVERAGE GROSS MARGIN % - FROM FRANCHISE OWNERS (INCLUDING THOSE WITH MULTIPLE TERRITORIES)			
Franchise Owner's Annualized Gross Sales	Total Owners	Average Gross Margin %	Number/Percent Attained or Exceeded Average
Up to <del>\$5</del> <del>400,000</del>	<del>231</del>	<del>31.56</del> <del>33.95</del> %	<del>106</del> ( <del>48</del> <del>26</del> %)
<del>\$5</del> <del>400,000</del> to <del>\$1,000,000</del>	<del>2033</del>	<del>33.31</del> <del>34.50</del> %	<del>117</del> ( <del>55</del> <del>24</del> %)
<del>\$1,000,000</del> and Over	<del>3028</del>	34. <del>42</del> <del>65</del> %	<del>179</del> ( <del>57</del> <del>32</del> %)
<b>Total/Average</b>	<del>7184</del>	<del>33.98</del> <del>34.57</del> %	<del>3420</del> ( <del>48</del> <del>24</del> %)

### Table C Notes

- a. Gross Margin means total revenue (gross sales) less the Cost of Goods Sold (COGS). COGS, for purposes of this disclosure, includes direct costs related to direct care staff including wages, state and federal related payroll taxes and workers' compensation insurance. Gross Margin % means the percentage derived by dividing Gross Margins by Gross Sales.
- b. Table C provides the average gross margin percentages reported by certain individual franchise owners and aggregates gross margin results for owners with multiple territories, regardless of the number of territories owned by those individual owners and the number of physical offices from which these individual franchisees operate. As a result, the average gross margin

percentages reported above may vary slightly if such data was reported by individual franchise territory.

The disclosure figures for Table A, B and C do not reflect all 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 costs and expenses you will incur in operating your franchise business. Current franchisees or former franchisees listed in the disclosure document may be one source of this information.

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. We suggest strongly that you consult your financial advisor or personal accountant concerning financial projections and federal, provincial and local income taxes and any other applicable taxes that you may incur in owning and operating a franchised business. We will provide written substantiation for the financial performance representation to any prospective franchisee upon reasonable request.

Other than the preceding financial performance representation, we do 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 Philip LeBlanc at ComForCare Health Care Holdings, Inc., 2520 Telegraph Road, Suite 201, Bloomfield Hills, MI 48302, 248-745-9700, the Federal Trade Commission and the appropriate state regulatory agencies.

**Item 20**  
**Outlets and Franchisee Information**

**Table No. 1**  
**Systemwide Outlet Summary**  
**For Years ~~2012 to 2014~~ 2013 to 2015**

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	<del>2013</del> 2012	<del>449</del> 160	<del>460</del> 177	<del>+11</del> +17
	<del>2014</del> 2013	<del>460</del> 177	<del>477</del> 182	<del>+17</del> +5
	<del>2015</del> 2014	<del>477</del> 182	<del>482</del> 187	<del>+5</del> +5
Company-Owned (a)	<del>2013</del> 2012	1	1	0
	<del>2014</del> 2013	1	1	0
	<del>2015</del> 2014	1	1	0
Total Outlets	<del>2013</del> 2012	<del>450</del> 161	<del>464</del> 178	<del>+14</del> +17
	<del>2014</del> 2013	<del>464</del> 178	<del>478</del> 183	<del>+14</del> +5
	<del>2015</del> 2014	<del>478</del> 183	<del>483</del> 188	<del>+5</del> +5

- (a) This one location listed as Company Owned is the original ComForCare Home Care business that was incorporated January 1, 1996, converted to a franchise on April 1, 2001 and which is a sister company to ComForCare, affiliated through a common owner. However, ComForCare itself is not in the line of business being franchised.

**Table No. 2**  
**Transfers of Outlets From Franchisees to New Owners (other than the Franchisor)**  
**For Years ~~2012 to 2014~~ 2013 to 2015**

Column 1 State	Column 2 Year	Column 3 Number of Transfers
<u>Arizona</u>	<u>2013</u>	<u>0</u>
	<u>2014</u>	<u>0</u>
	<u>2015</u>	<u>1</u>
California	<del>2012</del> <u>2013</u>	<del>21</del> <u>21</u>
	<del>2013</del> <u>2014</u>	<del>40</del> <u>40</u>
	<del>2014</del> <u>2015</u>	<del>42</del> <u>42</u>
Georgia	<del>2013</del> <u>2012</u>	<del>0</del> <u>0</u>
	<del>2014</del> <u>2013</u>	<del>0</del> <u>01</u>
	<del>2015</del> <u>2014</u>	<del>40</del> <u>40</u>
Illinois	<del>2013</del> <u>2012</u>	<del>1</del> <u>1</u>
	<del>2014</del> <u>2013</u>	<del>40</del> <u>40</u>
	<del>2015</del> <u>2014</u>	<del>0</del> <u>0</u>
Indiana	<del>2013</del> <u>2012</u>	<del>0</del> <u>0</u>
	<del>2014</del> <u>2013</u>	<del>0</del> <u>01</u>
	<del>2015</del> <u>2014</u>	<del>40</del> <u>40</u>
Maryland	<del>2013</del> <u>2012</u>	<del>0</del> <u>0</u>
	<del>2014</del> <u>2013</u>	<del>0</del> <u>01</u>
	<del>2015</del> <u>2014</u>	<del>40</del> <u>40</u>
Michigan	<del>2013</del> <u>2012</u>	<del>1</del> <u>1</u>
	<del>2014</del> <u>2013</u>	<del>40</del> <u>40</u>
	<del>2015</del> <u>2014</u>	<del>0</del> <u>01</u>
Minnesota	<del>2013</del> <u>2012</u>	<del>0</del> <u>0</u>
	<del>2014</del> <u>2013</u>	<del>0</del> <u>01</u>
	<del>2015</del> <u>2014</u>	<del>40</del> <u>40</u>
New Jersey	<del>2013</del> <u>2012</u>	<del>31</del> <u>31</u>
	<del>2014</del> <u>2013</u>	<del>40</del> <u>40</u>
	<del>2015</del> <u>2014</u>	<del>0</del> <u>0</u>
Pennsylvania	<del>2013</del> <u>2012</u>	<del>0</del> <u>02</u>
	<del>2014</del> <u>2013</u>	<del>20</del> <u>20</u>
	<del>2015</del> <u>2014</u>	<del>0</del> <u>0</u>
Tennessee	<del>2013</del> <u>2012</u>	<del>0</del> <u>0</u>
	<del>2014</del> <u>2013</u>	<del>0</del> <u>01</u>
	<del>2015</del> <u>2014</u>	<del>40</del> <u>40</u>
Texas	<del>2013</del> <u>2012</u>	<del>0</del> <u>02</u>
	<del>2014</del> <u>2013</u>	<del>21</del> <u>21</u>
	<del>2015</del> <u>2014</u>	<del>1</del> <u>1</u>
Wisconsin	<del>2013</del> <u>2012</u>	<del>0</del> <u>0</u>
	<del>2014</del> <u>2013</u>	<del>0</del> <u>01</u>
	<del>2015</del> <u>2014</u>	<del>40</del> <u>40</u>
Total	<del>2013</del> <u>2012</u>	<del>78</del> <u>78</u>
	<del>2014</del> <u>2013</u>	<del>8</del> <u>8</u>
	<del>2015</del> <u>2014</u>	<del>85</del> <u>85</u>

**Table No. 3**  
**Status of Franchised Outlets**  
**For Years ~~2012 to 2014~~ 2013 to 2015**

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations - Other Reasons	Column 9 Outlets at End of the Year
Alabama	<del>2013</del> 2012	1	0	0	0	0	0	1
	<del>2014</del> 2013	1	<del>0</del> 1	0	0	0	<del>0</del> 1	1
	<del>2015</del> 2014	1	<del>0</del> 1	0	0	0	<del>0</del> 1	1
Arizona	<del>2013</del> 2012	<del>45</del>	<del>40</del>	0	0	0	0	5
	<del>2014</del> 2013	5	0	0	0	<del>0</del> 1	0	5
	<del>2015</del> 2014	<del>54</del>	0	0	0	<del>40</del>	0	4
California	<del>2013</del> 2012	<del>2425</del>	<del>22</del>	0	0	0	1	<del>2526</del>
	<del>2014</del> 2013	<del>2526</del>	<del>24</del>	0	0	0	<del>43</del>	<del>2627</del>
	<del>2015</del> 2014	<del>2627</del>	4	<del>10</del>	0	0	<del>37</del>	<del>2723</del>
Colorado	<del>2013</del> 2012	6	0	0	0	0	0	6
	<del>2014</del> 2013	6	0	0	0	<del>0</del> 1	0	<del>65</del>
	<del>2015</del> 2014	<del>65</del>	0	0	0	<del>40</del>	0	5
Connecticut	<del>2013</del> 2012	<del>43</del>	0	0	0	0	<del>40</del>	<del>43</del>
	<del>2014</del> 2013	3	<del>0</del> 1	0	0	0	0	<del>34</del>
	<del>2015</del> 2014	<del>34</del>	<del>40</del>	<del>10</del>	0	0	0	<del>43</del>
Florida	<del>2013</del> 2012	9	<del>0</del> 2	0	0	0	<del>0</del> 1	<del>910</del>
	<del>2014</del> 2013	<del>910</del>	<del>20</del>	0	0	0	<del>40</del>	10
	<del>2015</del> 2014	10	0	<del>10</del>	0	0	0	<del>409</del>
Georgia	<del>2013</del> 2012	<del>43</del>	0	<del>40</del>	0	0	0	3
	<del>2014</del> 2013	3	0	0	0	0	0	3
	<del>2015</del> 2014	3	<del>0</del> 1	0	0	0	0	<del>34</del>
Idaho	<del>2013</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>
	<del>2014</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>
	<del>2015</del>	<del>0</del>	<del>2</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>2</del>
Illinois	<del>2013</del> 2012	<del>811</del>	<del>31</del>	0	0	0	0	<del>4412</del>
	<del>2014</del> 2013	<del>4412</del>	<del>40</del>	0	0	0	<del>0</del> 2	<del>4210</del>
	<del>2015</del> 2014	<del>4210</del>	<del>0</del> 2	0	0	0	<del>20</del>	<del>4012</del>
Indiana	<del>2013</del> 2012	3	0	0	0	0	0	3
	<del>2014</del> 2013	3	<del>0</del> 1	0	0	0	<del>0</del> 1	3
	<del>2015</del> 2014	3	<del>0</del> 1	0	0	0	<del>0</del> 1	3
Kansas	<del>2013</del> 2012	1	0	0	0	0	0	1
	<del>2014</del> 2013	1	0	0	0	0	0	1
	<del>2015</del> 2014	1	0	0	0	0	0	1
Kentucky	<del>2013</del> 2012	0	<del>0</del> 1	0	0	0	0	<del>0</del> 1
	<del>2014</del> 2013	<del>0</del> 1	<del>40</del>	0	0	0	0	1
	<del>2015</del> 2014	1	0	0	0	0	0	1
Louisiana	<del>2013</del> 2012	4	0	0	0	0	0	4
	<del>2014</del> 2013	4	0	0	<del>0</del> 1	0	<del>0</del> 1	<del>42</del>
	<del>2015</del> 2014	<del>42</del>	0	0	<del>40</del>	0	<del>40</del>	2
Maryland	<del>2013</del> 2012	<del>34</del>	<del>42</del>	0	0	0	0	<del>46</del>
	<del>2014</del> 2013	<del>46</del>	<del>20</del>	0	0	0	<del>0</del> 1	<del>65</del>
	<del>2015</del> 2014	<del>65</del>	<del>0</del> 1	0	0	0	1	5
Massachusetts	<del>2013</del> 2012	1	<del>0</del> 2	0	0	0	0	<del>43</del>
	<del>2014</del> 2013	<del>43</del>	<del>21</del>	0	0	0	0	<del>34</del>
	<del>2015</del> 2014	<del>34</del>	<del>40</del>	0	0	0	0	4

Michigan	<del>20132012</del>	<del>4011</del>	1	0	0	0	0	<del>4412</del>
	<del>20142013</del>	<del>4112</del>	<del>43</del>	0	0	<del>01</del>	0	<del>4214</del>
	<del>20152014</del>	<del>4214</del>	<del>31</del>	0	0	1	0	14
Minnesota	<del>20132012</del>	<del>23</del>	<del>40</del>	0	0	0	<del>01</del>	<del>32</del>
	<del>20142013</del>	<del>31</del>	0	0	0	0	<del>40</del>	2
	<del>20152014</del>	2	0	0	0	0	0	2
Mississippi	<del>20132012</del>	1	0	0	0	0	0	1
	<del>20142013</del>	1	0	0	0	0	0	1
	<del>20152014</del>	1	0	0	0	0	0	1
Missouri	<del>20132012</del>	3	0	0	0	0	0	3
	<del>20142013</del>	3	0	0	0	0	0	3
	<del>20152014</del>	3	0	0	0	0	0	3
Nevada	<del>20132012</del>	0	<del>01</del>	0	0	0	0	<del>01</del>
	<del>20142013</del>	<del>01</del>	<del>40</del>	0	0	0	0	1
	<del>20152014</del>	1	0	0	0	0	0	1
New Hampshire	<del>2012</del>	<del>4</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>4</del>	<del>0</del>
	<del>2013</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>
	<del>2014</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>
New Jersey	<del>20132012</del>	<del>4920</del>	<del>40</del>	0	0	0	<del>01</del>	<del>2019</del>
	<del>20142013</del>	<del>2019</del>	0	0	0	0	<del>40</del>	19
	<del>20152014</del>	19	0	0	0	0	<del>01</del>	<del>4918</del>
New York	<del>20132012</del>	1	1	0	0	0	<del>40</del>	<del>42</del>
	<del>20142013</del>	<del>42</del>	<del>40</del>	0	0	0	0	2
	<del>20152014</del>	2	<del>04</del>	0	0	0	0	<del>26</del>
North Carolina	<del>20132012</del>	9	0	0	0	0	0	9
	<del>20142013</del>	9	0	0	0	0	0	9
	<del>20152014</del>	9	0	0	0	<del>02</del>	0	<del>97</del>
Oklahoma	<del>2013</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>
	<del>2014</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>
	<del>2015</del>	<del>0</del>	<del>2</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>2</del>
Ohio	<del>20132012</del>	7	<del>01</del>	0	0	0	0	<del>78</del>
	<del>20142013</del>	<del>78</del>	<del>40</del>	0	0	0	0	8
	<del>20152014</del>	8	<del>01</del>	0	0	0	0	<del>89</del>
Oregon	<del>20132012</del>	<del>02</del>	<del>20</del>	0	0	0	0	2
	<del>20142013</del>	2	<del>01</del>	0	0	0	0	<del>23</del>
	<del>20152014</del>	<del>23</del>	<del>40</del>	0	0	0	0	3
Pennsylvania	<del>20132012</del>	<del>89</del>	1	0	0	0	<del>01</del>	9
	<del>20142013</del>	9	<del>40</del>	0	0	0	1	<del>98</del>
	<del>20152014</del>	<del>98</del>	0	0	0	0	<del>40</del>	8
South Carolina	<del>20132012</del>	<del>23</del>	<del>42</del>	0	0	0	0	<del>35</del>
	<del>20142013</del>	<del>35</del>	<del>21</del>	0	0	0	0	<del>56</del>
	<del>20152014</del>	<del>56</del>	1	0	0	0	<del>01</del>	6
Tennessee	<del>20132012</del>	2	<del>01</del>	0	0	0	0	<del>23</del>
	<del>20142013</del>	<del>23</del>	<del>40</del>	0	0	0	0	3
	<del>20152014</del>	3	<del>01</del>	0	0	0	0	<del>34</del>
Texas	<del>20132012</del>	7	2	<del>40</del>	0	0	<del>40</del>	<del>79</del>
	<del>20142013</del>	<del>79</del>	<del>24</del>	0	0	0	0	<del>913</del>
	<del>20152014</del>	<del>913</del>	<del>43</del>	0	0	0	<del>01</del>	<del>4315</del>
Utah	<del>20132012</del>	0	<del>01</del>	0	0	0	0	<del>01</del>
	<del>20142013</del>	<del>01</del>	<del>40</del>	0	0	0	<del>01</del>	<del>40</del>
	<del>20152014</del>	<del>40</del>	0	0	0	0	<del>40</del>	0
Virginia	<del>20132012</del>	1	<del>01</del>	0	0	0	0	<del>42</del>
	<del>20142013</del>	<del>42</del>	<del>42</del>	0	0	0	0	<del>24</del>
	<del>20152014</del>	<del>24</del>	<del>20</del>	0	0	0	<del>01</del>	<del>43</del>
Washington	<del>20132012</del>	1	<del>01</del>	0	0	0	<del>01</del>	1
	<del>20142013</del>	1	<del>40</del>	0	0	0	<del>40</del>	1
	<del>20152014</del>	1	0	0	0	0	0	1

Wisconsin	<del>2013</del> 2012	<del>34</del>	<del>40</del>	0	0	0	0	4
	<del>2014</del> 2013	4	<del>01</del>	0	0	0	0	<del>45</del>
	<del>2015</del> 2014	<del>45</del>	<del>40</del>	0	0	0	0	5
Total	<del>2013</del> 2012	<del>149160</del>	<del>1823</del>	<del>20</del>	0	0	<del>56</del>	<del>160177</del>
	<del>2014</del> 2013	<del>160177</del>	<del>2320</del>	0	<del>01</del>	<del>03</del>	<del>611</del>	<del>177182</del>
	<del>2015</del> 2014	<del>177182</del>	<del>2023</del>	<del>30</del>	<del>40</del>	3	<del>112</del>	<del>182187</del>

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**Table No. 4**  
**Status of Company-Owned Outlets**  
**For Years ~~2013 to 2015~~~~2012 to 2014~~**

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisees	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisees	Column 8 Outlets at End of the Year
Michigan	<del>2013</del> 2012	1	0	0	0	0	1
	<del>2014</del> 2013	1	0	0	0	0	1
	<del>2015</del> 2014	1	0	0	0	0	1
Total	<del>2013</del> 2012	1	0	0	0	0	1
	<del>2014</del> 2013	1	0	0	0	0	1
	<del>2015</del> 2014	1	0	0	0	0	1

**Table No. 5**  
**Projected Openings as of December 31, ~~2015~~2014**

Column 1 State	Column 2 Franchise Agreements Signed but Centers Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlets in the Current Fiscal Year
Alabama	0	1	0
Arizona	0	1	0
California	<del>2</del> 1	6	0
Colorado	<del>0</del> 1	1	0
Delaware	0	0	0
Florida	0	6	0
Georgia	<del>2</del> 0	2	0
Idaho	<del>4</del> 0	1	0
Illinois	<del>4</del> 0	1	0
Indiana	0	1	0
Kentucky	0	1	0
Maryland	<del>4</del> 0	1	0
Massachusetts	0	2	0
Michigan	<del>4</del> 0	2	0
Minnesota	0	2	0
New Jersey	<del>0</del> 1	1	0
New York	0	0	0
Oklahoma	<del>2</del> 0	0	0
Ohio	0	2	0
Oregon	<del>0</del> 1	0	0
Pennsylvania	0	2	0
South Carolina	0	1	0
Texas	<del>4</del> 0	3	0
Tennessee	0	1	0
Virginia	0	2	0
Wisconsin	0	1	0
Washington	<del>0</del> 1	1	0
<b>Total</b>	<del>11</del> 5	42	0

We do not have any trade-mark specific franchisee organizations associated with the franchise system.

Exhibit H lists the names of all current franchisees and the address and telephone numbers of their outlets as of December 31, ~~2015~~2014.

Exhibit I lists the name, city, state and last known 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 has not communicated with us within 10 weeks of the issuance date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers if you leave the franchise system. No current or former Franchisee has signed any type of confidentiality clause within the last three (3) fiscal years that restricts their ability to speak openly about their experience with the ComForCare system.

**Item 21  
Financial Statements**

Exhibit A includes our financial statements as of December 31, ~~2015~~2014 and December 31, ~~2014~~2013 audited by an independent certified public accountant using U.S. generally accepted accounting principles.

**Item 22  
Contracts**

The following contracts are attached as Exhibits:

- Exhibit B - Franchise Agreement
- Exhibit E - Power of Attorney – Telephone and Internet
- Exhibit G – Release Agreement
- Exhibit J - State Addenda
- Exhibit K - Acknowledgment Addendum

**Item 23  
Receipts**

Exhibit L is a detachable document to use for acknowledging receipt of the Franchise Disclosure Document, including all exhibits, of the ComForCare Home Care business.

**COMFORCARE HEALTH CARE HOLDINGS, INC.**

**FINANCIAL STATEMENTS**

**AS OF**

**DECEMBER 31, 2015, 2014 and 2013**

Together with Independent Auditor's Report



## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors and Stockholder  
ComForCare Health Care Holdings, Inc.  
Bloomfield Hills, Michigan

We have audited the accompanying financial statements of ComForCare Health Care Holdings, Inc. (a Michigan S corporation), which comprise the balance sheets as of December 31, 2015 and 2014, and the related statements of income, changes in stockholder's equity, and cash flows for each of the three years in the period ended December 31, 2015, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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 the financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the 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 Company'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 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 financial statements referred to above present fairly, in all material respects, the financial position of ComForCare Health Care Holdings, Inc. as of December 31, 2015 and 2014, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2015 in accordance with accounting principles generally accepted in the United States of America.

*MRPR Group P.C.*

Southfield, Michigan  
March 9, 2016

**COMFORCARE HEALTH CARE HOLDINGS, INC.**

**BALANCE SHEETS**  
**DECEMBER 31, 2015 AND 2014**

**ASSETS**

	<b>2015</b>	<b>2014</b>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 1,319,617	\$ 1,325,193
Royalty receivables, net	1,603,494	1,445,579
Franchise fees receivable	5,000	27,000
Other receivables	85,232	21,372
Notes receivable	33,400	60,000
Settlement agreement receivable	157,994	-
Prepaid advertising and supplies	52,019	71,022
Other prepaid expenses	120,321	52,195
Prepaid broker fees	105,000	170,000
Total current assets	3,482,077	3,172,361
<b>PROPERTY:</b>		
Furniture and computers, net	12,203	14,893
<b>OTHER ASSETS:</b>		
Settlement agreement receivable	92,006	-
Notes receivable	-	20,000
Total other assets	92,006	20,000
Total	\$ 3,586,286	\$ 3,207,254

**LIABILITIES AND STOCKHOLDER'S EQUITY**

<b>CURRENT LIABILITIES:</b>		
Accounts payable - trade	\$ 81,306	\$ 81,222
Franchisee fee deposits	150,500	240,800
Accrued wages	57,825	194,423
Accrued expenses	16,457	-
Total current liabilities	306,088	516,445
<b>STOCKHOLDER'S EQUITY:</b>		
Common stock, par value \$1; authorized 60,000 shares, 100 shares issued	100	100
Paid-in capital	49,900	49,900
Retained earnings	3,230,198	2,640,809
Total stockholder's equity	3,280,198	2,690,809
Total	\$ 3,586,286	\$ 3,207,254

**COMFORCARE HEALTH CARE HOLDINGS, INC.**

**STATEMENTS OF INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013**

	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>REVENUES:</b>			
Franchise fees	\$ 1,055,151	\$ 922,249	\$ 1,044,550
Franchise royalties	6,476,293	5,942,408	5,143,945
Settlement income	250,000	-	-
Other revenue	610,401	386,500	104,464
Total revenues	8,391,845	7,251,157	6,292,959
<b>EXPENSES:</b>			
General and administrative	5,983,312	5,371,173	4,196,614
Franchise broker commissions	460,000	473,000	596,500
Total expenses	6,443,312	5,844,173	4,793,114
<b>OPERATING INCOME</b>	1,948,533	1,406,984	1,499,845
<b>OTHER INCOME:</b>			
Interest income	856	1,114	1,350
Total other income	856	1,114	1,350
<b>NET INCOME</b>	\$ 1,949,389	\$ 1,408,098	\$ 1,501,195

**COMFORCARE HEALTH CARE HOLDINGS, INC.**

**STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013**

	<u>Common Stock</u>	<u>Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
<b>Balance at December 31, 2012</b>	\$ 100	\$ 49,900	\$ 2,011,516	\$ 2,061,516
Net income	-	-	1,501,195	1,501,195
Distributions to stockholder	-	-	<u>(1,080,000)</u>	<u>(1,080,000)</u>
<b>Balance at December 31, 2013</b>	100	49,900	2,432,711	2,482,711
Net income	-	-	1,408,098	1,408,098
Distributions to stockholder	-	-	<u>(1,200,000)</u>	<u>(1,200,000)</u>
<b>Balance at December 31, 2014</b>	100	49,900	2,640,809	2,690,809
Net income	-	-	1,949,389	1,949,389
Distributions to stockholder	-	-	<u>(1,360,000)</u>	<u>(1,360,000)</u>
<b>Balance at December 31, 2015</b>	<u>\$ 100</u>	<u>\$ 49,900</u>	<u>\$ 3,230,198</u>	<u>\$ 3,280,198</u>

**COMFORCARE HEALTH CARE HOLDINGS, INC.**

**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013**

	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net income	\$ 1,949,389	\$ 1,408,098	\$ 1,501,195
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation	10,146	12,613	8,938
Provisions for doubtful accounts	56,028	75,000	78,000
Changes in operating assets and liabilities:			
Royalty receivables	(213,943)	(55,036)	(134,288)
Other receivables	(63,860)	(85,034)	15,996
Franchise fees receivable	22,000	72,000	(91,500)
Notes receivable	46,600	(80,000)	8,689
Settlement agreement	(250,000)	-	-
Prepaid advertising and supplies	19,003	9,662	(45,495)
Prepaid broker fees	65,000	(79,000)	-
Other prepaid expenses	(68,126)	(28,945)	22,154
Accounts payable	84	(10,481)	86,316
Accrued wages	(136,598)	113,047	4,572
Accrued expenses	16,457	-	-
Franchisee fee deposits	(90,300)	84,800	9,900
	<u>1,361,880</u>	<u>1,436,724</u>	<u>1,464,477</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of furniture and computers	(7,456)	-	(22,465)
	<u>(7,456)</u>	<u>-</u>	<u>(22,465)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Distributions to stockholder	(1,360,000)	(1,200,000)	(1,080,000)
	<u>(1,360,000)</u>	<u>(1,200,000)</u>	<u>(1,080,000)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(5,576)	236,724	362,012
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>1,325,193</u>	<u>1,088,469</u>	<u>726,457</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 1,319,617</u>	<u>\$ 1,325,193</u>	<u>\$ 1,088,469</u>

**COMFORCARE HEALTH CARE HOLDINGS, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015, 2014 AND 2013**

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**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Line of Business**

ComForCare Health Care Holdings, Inc. (the "Company") is a franchisor of certain non-medical home health care services and business operations primarily in North America and the United Kingdom. The Company provides a systematic method for starting and operating a home health care business under the trade name "ComForCare Home Care" and "At Your Side Home Care" (hereinafter collectively "CHC").

The Company provides its franchisees territorial rights for operation of their CHC businesses. The Company also provides initial training and ongoing support for franchisees to assure continuity and growth of their business operations.

**Company History and Basis of Presentation**

ComForCare Health Care Holdings, Inc. was incorporated on July 6, 2000 for the sole purpose of providing franchised non-medical home health care services. The Company began operations on February 1, 2001 and on that same date contracted with its first franchisee ("First Franchisee") for licensing of the CHC business model. This contract was effective as of April 1, 2001. First Franchisee is a sister company to ComForCare Health Care Holdings, Inc. and both companies have a common owner. First Franchisee initially began operations as a home health care company in 1996.

**Cash and cash equivalents**

The Company maintains its cash balances in a financial institute. At times such balances may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit. The Company had approximately \$865,000 and \$930,000 in cash balances held at a financial institution that was in excess of FDIC insurance limits at December 31, 2015 and 2014, respectively.

**Royalty Receivables**

Royalty receivables represent amounts due from franchisees pursuant to their individual franchise agreements. Royalty receivables are stated at historical value which approximates fair value. Management provides for probable uncollectible amounts through a charge to earnings and a credit to an allowance account based on the history of past write-offs and collections and its assessment of the current status of individual accounts. The Company routinely assesses the financial strength of its customers and, as a consequence, believes that its trade accounts receivable credit risk exposure is limited to the allowances provided.

The Company has deducted an estimated amount for accounts that will not be collected based on experience, historical payment patterns on amounts invoiced and the aging of outstanding balances. As of December 31, 2015 and 2014, royalty receivables were reduced by allowances for doubtful accounts of \$300,000 and \$375,000, respectively.

**COMFORCARE HEALTH CARE HOLDINGS, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015, 2014 AND 2013**

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**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**Franchise Fees Receivable**

The Company has franchise fees receivable due from certain franchisees pursuant to agreements to purchase additional territories. The balances are due either in lump sums or pursuant to monthly payment schedules.

**Franchisee Fee Deposits**

The Company receives deposits from franchisees for certain territories and future rights to the CHC business model. The Company recognizes deposits as franchise fee revenue when contracts have been signed and all material services or conditions have been performed.

**Revenue Recognition**

The Company contracts with franchisees to provide them business startup and ongoing consultation pursuant to the terms of a definitive franchise agreement in the U.S. and Canada. The standard franchise agreement provided the Company an initial franchisee fee of \$45,000 for 2015 and \$42,000 for 2014 and 2013.

Franchise fee revenue is recognized subsequent to signing of the franchise agreement and upon completion of the initial training session. All franchise fees received by the Company are non-refundable subsequent to signing of the franchise agreement. The Company earns ongoing franchise royalty revenue at standard descending rates of between 5% and 3% of the sales revenue of its franchisees.

The Company also secures international master franchise agreements that allow development of the CHC system in other countries. Franchise fees from master franchise agreements are recognized when determinable in relation to the completion of training commitments. Franchise royalties from master franchise agreements have a range of net rates from 1% to 3% of gross revenue and are recognized on an accrual basis as reported.

The Company earns a monthly marketing fee and health manager services fees from its franchisees. This revenue is recognized on an accrual basis and is recorded as other revenue in the income statement.

**Franchise Broker Commissions**

The Company pays franchise broker commissions for sales referrals to sell new franchises. The total cost of franchise broker commissions was \$460,000, \$473,000, and \$596,500 in 2015, 2014, and 2013, respectively.

**COMFORCARE HEALTH CARE HOLDINGS, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015, 2014 AND 2013**

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**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**Use of Accounting Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Advertising**

All costs associated with advertising services are expensed in the year incurred. Advertising expense was \$251,809, \$411,805 and \$143,503 for 2015, 2014 and 2013, respectively.

**Events occurring after reporting date**

The Company has evaluated events and transactions that occurred between December 31, 2015 and March 9, 2016, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

**Reclassifications**

Certain reclassifications were made to the 2014 financial statement amounts to conform to the 2015 presentation.

**(2) RELATED PARTY TRANSACTIONS**

The Company and First Franchisee signed a franchise agreement on February 1, 2001 that was effective as of April 1, 2001. The Company receives franchise royalty and marketing fee revenue from First Franchisee based on a descending formula from 5% to 3% of bi-weekly sales revenue. For the years ended December 31, 2015, 2014 and 2013, the Company earned \$145,051, \$124,879 and \$157,778, respectively, in franchise royalty and marketing fee revenue from First Franchisee.

Included in royalty receivables are amounts receivable from the First Franchisee in the amounts of \$24,580 and \$65,038 at December 31, 2015 and 2014, respectively.

There was no balance due to First Franchisee in accounts payable - trade at December 31, 2015. The balance due to First Franchisee in accounts payable - trade at December 31, 2014 was \$47,608.

**COMFORCARE HEALTH CARE HOLDINGS, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015, 2014 AND 2013**

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**(2) RELATED PARTY TRANSACTIONS – (Continued)**

The Company paid no management fees to the First Franchisee in 2015 and 2013. The Company paid management fees to the First Franchisee in the amount of \$113,892 in 2014, for general management services.

The Company paid rent to a related party in the amounts of \$192,000, \$162,000 and \$72,000 for 2015, 2014 and 2013, respectively.

**(3) LINE-OF-CREDIT**

The Company has a line-of-credit note agreement with a bank which provides for borrowings of up to \$100,000. The note is collateralized by all assets of the Company. The note bears interest at the bank's prime rate plus 2%. At December 31, 2015 and December 31, 2014 there were no advances outstanding under this agreement.

**(4) INCOME TAXES**

The Company has elected S-Corporation status with the Internal Revenue Service. As a result, all income is reported by, and all taxes paid by, the Company's stockholder.

The Company has adopted the Income Taxes Topic of the FASB Accounting Standards Codification. As a result the Company applied a more-likely-than-not recognition threshold for all tax uncertainties. Generally accepted accounting principles only allows the recognition of those tax benefits that have a greater than fifty percent likelihood of being sustained upon examination by the taxing authorities. The Company's management has reviewed the Company's tax positions and determined there were no outstanding, or retroactive tax positions with less than a 50% likelihood of being sustained upon examination by the tax authorities, therefore the implementation of this standard has not had a material affect on the Company. Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements.

The Company is subject to U.S. Federal tax return examinations by the IRS for 2012, 2013 and 2014 which are open under a three year statute of limitations. The State of Michigan return for 2011 is open under a four year statute of limitations.

The Companies policy is to recognize interest and penalties related to income tax issues as components of income tax expense. The Companies did not incur any interest or penalties relating to income taxes for the years ending December 31, 2015, 2014 or 2013.

**COMFORCARE HEALTH CARE HOLDINGS, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015, 2014 AND 2013**

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**(5) PROPERTY**

At December 31, 2015 and 2014, the Company's furniture and computer assets were as follows:

	<u>2015</u>	<u>2014</u>
Furniture and fixtures	\$ 23,826	\$ 16,370
Computer equipment	<u>71,519</u>	<u>83,789</u>
	95,345	100,159
Less: Accumulated depreciation	<u>(83,142)</u>	<u>(85,266)</u>
Furniture and computers, net	\$ <u>12,203</u>	\$ <u>14,893</u>

Depreciation expense was \$10,146, \$12,613 and \$8,938 during 2015, 2014 and 2013, respectively. Capital assets are depreciated on a straight line basis over a period of five years for furniture and fixtures and three years for computers.

**(6) SETTLEMENT INCOME**

The Company was awarded a settlement from a franchise in the amount of \$250,000 for failure to pay reported royalty fees, failure to report gross revenues, failure to comply with audit requirements, failure to maintain proper records, and underreported royalty fees. The terms of the agreement call for \$150,000 lump sum payments to be paid in 2016 and the remaining \$100,000 to be paid in monthly payments of over three years accruing interest at 3% per annum, maturing in 2019.

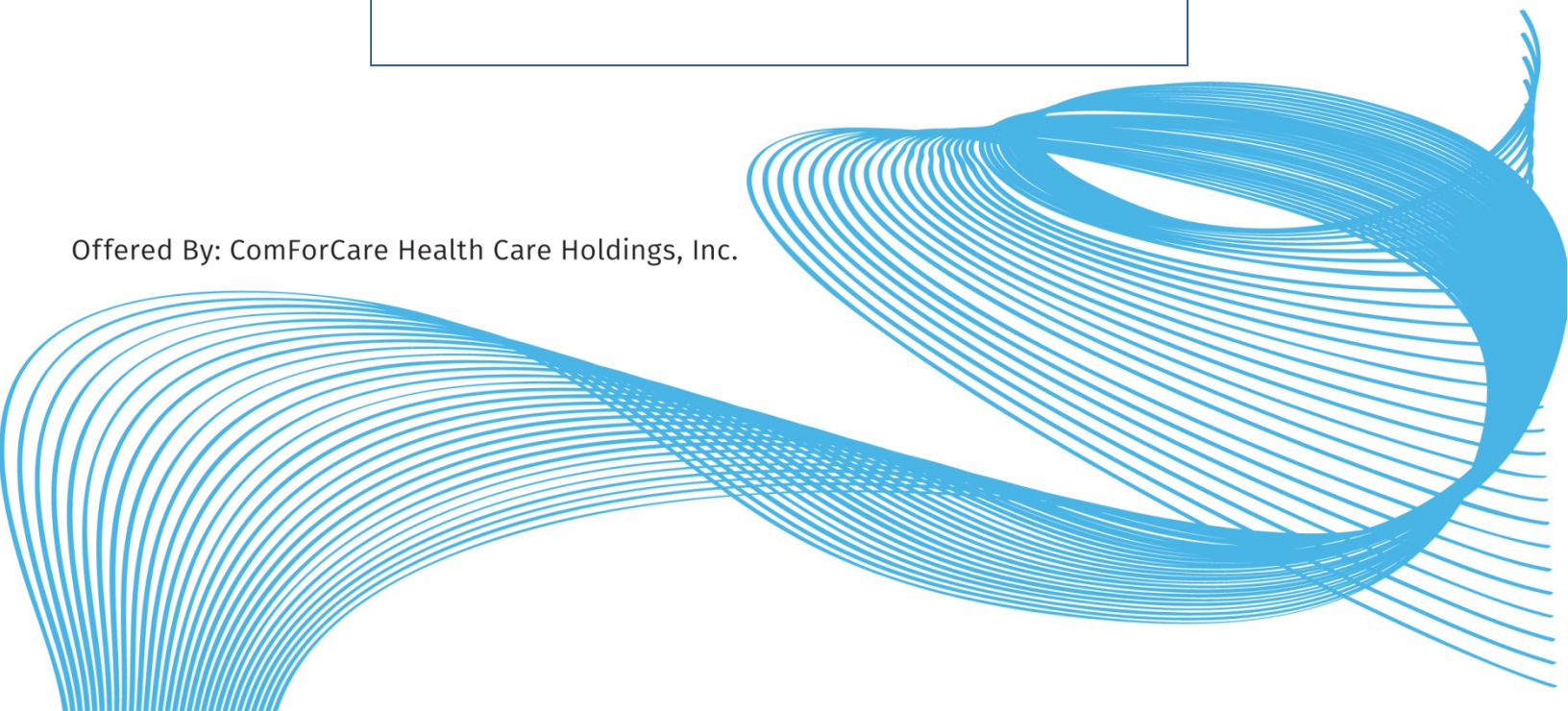
# COMFORCARE HEALTH CARE HOLDINGS, INC. FRANCHISE AGREEMENT



**FRANCHISEE:**

**DATE OF AGREEMENT:**

Offered By: ComForCare Health Care Holdings, Inc.



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## COMFORCARE HOME CARE FRANCHISE AGREEMENT

THIS AGREEMENT is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, (the "Effective Date"), by and between ComForCare Health Care Holdings, Inc., a corporation formed and operating under the laws of the State of Michigan and having its principal place of business at 2520 S. Telegraph Road, Suite 201, Bloomfield Hills, MI, 48302 (the "Franchisor") and \_\_\_\_\_ formed and operating under the laws of the State of \_\_\_\_\_, and \_\_\_\_\_, an individual, and having its principal place of business at \_\_\_\_\_ (the "Franchisee").

### 1. PREAMBLES

Franchisor has acquired and developed a management and business methodology for the operation of a business that provides: (1) affordable, efficient companionship and personal/domestic care services, and other special needs services, primarily on a non-medical basis, for seniors and people of all ages so that they may remain in their residences, (2) private duty nursing services (skilled, medical services), and (3) supplemental healthcare staffing services under certain trademarks, service marks, logos and other commercial symbols, including ComForCare Home Care (collectively the "Marks") and in accordance with certain confidential information, trade secrets, formats, designs, systems, methods, specifications, standards and procedures, all of which may be improved, further developed or otherwise modified by Franchisor (the "System"). Franchisor grants to others the right to, and may itself, operate businesses under the System ("ComForCare Business").

NOW, THEREFORE, the parties hereto intending to be legally bound, and in consideration of the mutual agreements, covenants and promises contained herein, do hereby agree as follows:

### 2. GRANT OF FRANCHISE

- A. Franchisor hereby grants to Franchisee and Franchisee accepts, pursuant to the terms and conditions of this Agreement, the right to own and operate a ComForCare Business (the "Franchise", "Franchised Business" or "Franchisee's Franchised Business") and to use the Marks in the operation of the Franchise within the granted geographic area (the "Exclusive Area"). The Exclusive Area will be delineated in Addendum A and defined by Zip codes as they exist in your Exclusive Area at the time you sign this Agreement. Zip codes are a system of postal codes used by the United States Postal Services ("USPS") and are changed by it from time to time. Changes by the USPS will affect the Zip codes and area that make up your Exclusive Area. For example, if the USPS moves certain addresses in your Exclusive Area into a Zip code in another franchisee's area or into an unassigned area, those addresses will no longer be part of your Exclusive Area. However, Franchisor will work with Franchisee to minimize the impact of such a change.
- B. The street address of the location of the Franchised Business accepted by Franchisor under this Agreement is specified in Addendum A to this Agreement, and is referred to as the "Approved Location".
- C. Except as otherwise provided herein, the Term of this Agreement ("the Term") will expire ten (10) years from the Effective Date, unless this Agreement is earlier terminated in accordance with its provisions.
- D. Except as provided in this Agreement, and subject to Franchisee's full compliance with this Agreement and any other agreement between Franchisee or any of its affiliates and Franchisor or any of its affiliates, neither Franchisor nor any of its affiliates shall establish or authorize any

person or entity other than Franchisee to establish a ComForCare Business in the Exclusive Area during the Term.

- E. If Franchisee is unable to continue to operate the Franchised Business office at the Approved Location in the Exclusive Area because of circumstances beyond the control of Franchisee, then Franchisee may request Franchisor's approval to relocate the Franchise Business office to another site in the Exclusive Area, and this approval will not be unreasonably withheld. Any other request to relocate the Franchised Business office is subject to Franchisor's approval, which can be withheld at the discretion of Franchisor.
- F. The exclusive right to operate the Franchise within the Exclusive Area is contingent upon Franchisee achieving and maintaining minimum gross sales of \$5000 in each standard two week billing period by the end of the first year of operation ending on the anniversary date of the Effective Date. You must attain and maintain minimum gross sales of \$7,500 in each standard two week billing period by the end of the second year of operation ending on the anniversary date of the Effective Date. You must attain and maintain minimum gross sales of \$10,000 in each standard two week billing period by the end of the third year of operation ending on the anniversary date of the Effective Date. You must attain and maintain gross sales of \$15,000 in each standard two week billing period by the end of the fourth year of operation ending on the anniversary date of the Effective Date. You must attain and maintain minimum gross sales of \$20,000 in each standard two week billing period by the end of the fifth year of operation ending on the anniversary date of the of the Effective Date and through the end of the Term of this Agreement, or any renewal term. Failure to achieve and maintain the minimum gross sales shall automatically result in the forfeiture of the right of exclusivity granted Franchisee to the Exclusive Area and provide Franchisor the absolute right to grant additional ComForCare franchises or operate ComForCare Businesses within the Exclusive Area. In addition, the failure of Franchisee to achieve and maintain these minimum gross sales constitutes a material default of this Franchisee Agreement and provides Franchisor with the absolute right to terminate this Franchise Agreement. For any renewal term, Franchisee must attain and maintain the highest gross minimum sales indicated above for the operation of the Franchised Business by the first month of the renewal term. The designated levels of minimum gross sales do not imply that you will achieve these amounts or any other amounts within any certain time frame.
- G. The right and license granted by this Agreement is limited to the right to provide companionship, personal/domestic care, and other special needs services, primarily on a non-medical basis, for seniors and people of all ages so that they may remain in their residences; private duty nursing services (skilled, medical services); supplemental healthcare staffing services; ~~and~~ healthcare certification training courses; state and federal governmental programs (i.e., Medicaid Waiver programs, Veterans programs, mental health programs, etc.), as determined by Franchisor in its sole and absolute discretion (the "Approved Services"), throughout the Term of this Agreement and in compliance with Franchisor's standards, specifications and procedures. Franchisor has the absolute right to determine the scope of permissible Approved Services to be offered by Franchisee. Approved Services will include without limitation, the right to provide: companionship, personal/domestic care, and other special needs services, primarily on a non-medical basis, for seniors and people of all ages, so that they may remain in their residences and supplemental healthcare staffing services as determined and defined by Franchisor. Additionally, Franchisor may permit Franchisee to provide private duty nursing services (skilled, medical services) and healthcare provider certification training courses as determined and defined by Franchisor.
- H. Except as provided in this Agreement and contingent upon Franchisee's full compliance with the terms of this Agreement and with any other agreement between Franchisee or any of its

affiliates and Franchisor or any of its affiliates, neither Franchisor, nor any affiliate, shall establish or authorize any other person or entity other than Franchisee to operate a ComForCare Business within the Exclusive Area during the Term of this Agreement. Franchisor retains all other rights, in its sole discretion and without granting any rights to Franchisee, and notwithstanding the proximity of the businesses and sales to the Approved Location or their actual or threatened impact on sales at Franchisee's Franchise Business, including, but not limited to:

1. itself operate, or to grant any other person the right to operate, a ComForCare Business at locations and on terms Franchisor deems appropriate outside the Exclusive Area;
  2. market and sell the same products and services authorized under this Agreement under other trademarks, service marks and commercial symbols through similar or dissimilar channels of distribution and pursuant to terms Franchisor deems appropriate outside the Exclusive Area (unless Franchisee is in default under this Agreement);
  3. market and sell the products authorized or associated with a ComForCare Business, under the Marks, through any alternative channel of distribution, including, without limitation, by electronic means such as the Internet and websites Franchisor establishes and pursuant to terms Franchisor deems appropriate, within and outside the Exclusive Area;
  4. advertise the System on the Internet and to create, operate, maintain and modify or discontinue the use of one or more websites using the Marks, additionally, Franchisor may in the future start offering for sale products and services that are ancillary or related to the services and needs of customers of ComForCare Businesses and these ancillary products and services may be offered through Franchisor's current website or through other Franchisor owned website(s) or through any channel of distribution as determined by Franchisor; and
  5. acquire (and be acquired by) and subsequently operate any business of any kind, whether located within or outside the Exclusive Area (but not a ComForCare Business (i.e., operating under the Marks) within the Exclusive Area).
- I. Franchisor will not be required to pay Franchisee any compensation whatsoever if Franchisor exercises any of the rights specified in Section 2.H. 1-5 above, whether inside or outside the Exclusive Area.
- J. Franchisee has no options or rights of first refusal or similar rights to acquire additional franchises.

### **3. SITE SELECTION, PLANS AND CONSTRUCTION**

- A. Franchisee assumes all costs, liability, expense and the responsibility for locating, selecting, procuring, obtaining and developing a site for the Franchised Business, that is centrally located, within the Exclusive Area and for constructing and equipping the Franchised Business at the site. Franchisee acknowledges that Franchisor's rendering of assistance in the selection of a site does not constitute a representation, promise, warranty or guarantee, expressed or implied, by Franchisor that the Franchise operated at that site will be profitable or otherwise successful.
- B. Acquisition or lease of the site premises and opening your Franchised Business must take place within 30 days after the completion of Phase Three of the ~~four phase~~-training program. Franchisee shall acquire the site by purchase or lease, at Franchisee's expense, as the location

for the Franchise Business. Franchisee's failure to acquire the site for the Franchised Business within 30 days of completion of the third phase of the training program, constitutes a material breach of this Agreement. After Franchisee acquires the site, pursuant to this Agreement, the approved Location shall be within the Exclusive Area as described in Addendum A.

- C. Franchisee is responsible for obtaining all zoning classifications and clearances which may be required by state or local laws, ordinances or regulations or which may be necessary as a result of any restrictive covenants related to the office premises. Before beginning the construction of the office, Franchisee shall (i) obtain all permits, licenses and certifications required for the lawful construction or remodeling and operation of the Franchised Business, and (ii) certify in writing to Franchisor that the insurance coverage, specified in this Agreement, is in full force and effect and that all required approvals, clearances, permits and certifications have been obtained. Upon request, Franchisee must provide to Franchisor additional copies of Franchisee's insurance policies or certificates of insurance and copies of all approvals, clearances, permits and certifications.

#### **4. DEVELOPMENT AND OPENING OF THE FRANCHISE**

##### **A. DEVELOPMENT OF FRANCHISE**

Promptly after obtaining possession of the premises, Franchisee will do or cause to be done the following:

- (a) construct the premises in compliance with all applicable ordinances, building codes, permit requirements and lease or deed requirements and restrictions;
- (b) establish systems conforming to the requirements prescribed by Franchisor.

##### **B. EQUIPMENT, FURNITURE AND USE OF OUTSIDE COMPUTER CONSULTANTS**

Franchisee agrees to use, in the operation of the Franchised Business, only those types of furniture, equipment and outside computer consultants that meet reasonable specifications and standards for appearance, function and performance as determined by Franchisor. However, Franchisee must purchase at least one (1) Apple iPad Air® table with a separate keyboard. Franchisee may purchase approved types of furniture, equipment and outside computer consultants from any supplier. Franchisee is responsible for any fees or expenses incurred in obtaining these items or services.

Franchisees who purchase their franchise via a resale will be required to update their equipment and furniture, at their own expense, to the then current Franchisor's brand status within six (6) months of the Effective Date of this Agreement.

##### **C. SIGNAGE**

Franchisee agrees to use signage for the exterior and interior as may be required by Franchisor to identify the business in compliance with Franchisor's standards and specifications. Franchisee ~~must~~shall identify the business office and operate it as an independently owned and operated Franchised Business and must place the independently owned and operated sign identified in Exhibit D in a prominent position within their reception area.

Franchisees who purchase an existing franchised business via resale will update their signage, at their own expense, within three (3) months of the Effective Date of this Agreement.

**D. FRANCHISE LICENSING**

If Franchisee is required to obtain any form of a license to operate the Franchised Business, Franchisee must submit the application for licensure within 45 days of the Effective Date. Failure to do so constitutes a material breach of this Franchise Agreement and provides Franchisor the absolute right to terminate this Franchise Agreement.

**ED. FRANCHISE OPENING**

If Franchisee's state requires that Franchisee obtain a home care license in order to provide home care services, Franchisee must apply for that license.

Franchisee agrees to complete the development and open the office ~~as follows: within the time period set forth in Addendum A.~~

<b><u>State Requires Home Care License</u></b>	<b><u>State Requires Companion Care License</u></b>	<b><u>Required Date to Open</u></b>
<u>Yes</u>	<u>Yes</u>	<u>Within 30 days of receipt of the home care license or companion care license, whichever is granted first.</u>
<u>Yes</u>	<u>No</u>	<u>Within 30 days of completion of Phase Four Training</u>
<u>No</u>	<u>No</u>	<u>Within 30 days of completion of Phase Four Training</u>

**FE. RELOCATION OF FRANCHISE**

Franchisee shall not relocate the Franchised Business office without the express written consent of Franchisor. If Franchisee's lease for the premises expires or terminates without fault of Franchisee, or if in the judgment of Franchisor there is a change in the character of the location of the office sufficiently detrimental to its business potential to warrant its relocation, Franchisor will grant permission for relocation of the Franchised Business office to a location approved by Franchisor. Any relocation must be at Franchisee's sole expense.

**GF. USE OF APPROVED LOCATION**

Franchisee may use the Approved Location only for the purpose of operating the Franchised Business and for no other purpose, unless Franchisor in its sole discretion approves otherwise. Franchisee will not co-brand or permit any other business to operate at the Approved Location without Franchisor's prior written approval.

**5. TRAINING AND OPERATING ASSISTANCE**

**A. INITIAL TRAINING**

Before the opening of the Franchised Business, Franchisor furnishes, and Franchisee (or if Franchisee is a partnership or corporation, a partner or shareholder who has been approved by Franchisor) and any proposed manager or key employee of the Franchised Business ~~must~~shall

participate in and successfully complete the first four phases of the training program on the operation of the franchised business, furnished at a place and time Franchisor designates. Phase One, ~~and~~ Phase Two, Phase Four and Phase Five occur at the Franchisee's location.

The third phase of the training program lasts approximately two (2) weeks and is held in our corporate office. However, Franchisor may require Franchisee to continue training for a longer period of time, up to 14 days. Franchisee shall be solely responsible for the compensation, travel, hotel and living expenses incurred in connection with attending the training program or any supplemental training programs.

The fourth phase of the training program lasts approximately two (2) weeks and occurs within the Franchisee's Exclusive Area. Franchisee is responsible for all expenses incurred in connection with this phase of training.

If, during any training program, Franchisor determines that any proposed manager is not qualified to manage the Franchised Business, Franchisor shall notify Franchisee and Franchisee shall select and enroll a substitute manager, that is suitable to Franchisor, in the training program.

Phase ~~Five~~Four occurs within the Franchisee's Exclusive Area.

After the opening of the Franchise, if Franchisor provides training (subject to reasonable limitations prescribed by Franchisor as to frequency and time) to any new manager or other employee of the Franchised Business, Franchisor has the right to assess Franchisee reasonable charges of \$300 per day for the additional training. Franchisor has the right to require that Franchisee (or a managing partner or shareholder) and any manager(s) attend supplemental training programs during the Term to be furnished at a time and place Franchisor designates.

~~Franchisee must commence operation of the Franchise within 30 days after completion of phase three (3) of their training unless otherwise specified in Addendum A.~~

## **B. PRIVATE DUTY NURSING TRAINING**

If Franchisee reaches a minimum gross sales of \$500,000 per year, Franchisee may request approval from Franchisor to begin providing private duty nursing services within its exclusive area. This statement is not meant, nor is any subsequent Franchisor approval (if so granted), as a representation that Franchisee will achieve, or should expect to achieve, gross sales of \$500,000 per year or any other particular level of revenue.

If Franchisee is approved by Franchisor to provide private duty nursing services, Franchisor may require that Franchisee, along with certain key employees, attend additional training programs and/or refresher courses as Franchisor may deem appropriate. As of the date of this Agreement, Franchisor is not able to state or estimate the location, duration or frequency of these private duty nursing training courses as these courses will vary depending on Franchisee needs and the needs of other ComForCare franchisees at the time the training is offered. However, Franchisor currently anticipates that the private duty nursing training program will require five to seven business days to complete. Franchisee is responsible for all Franchisee and Franchisee employee travel, meal, lodging and payroll expenses while attending this, or any other training program.

## **C. HIRING AND TRAINING OF EMPLOYEES BY FRANCHISEE**

The following ~~mentioned~~ requirements have been implemented in order to protect Franchisor's trademarks, goodwill and brand consistency.

Franchisee shall hire all employees of the Franchised Business, be exclusively responsible for the terms of their employment and compensation and implement a training program for employees of the Franchised Business in compliance with Franchisor's requirements. Franchisee agrees to maintain at all times a staff of trained employees sufficient to operate the Franchised Business in compliance with Franchisor's standards. Franchisee shall be responsible for compliance with all applicable employment laws, including all federal and state minimum wage and overtime requirements.

Franchisee shall obtain a signed confidentiality and ancillary covenants not to compete from all administrative, sales and marketing employees.

~~The aforementioned requirements have been implemented in order to protect Franchisor's trademarks, goodwill and brand consistency.~~

Franchisee shall comply with specified operating standards and procedures prescribed by Franchisor as indicated in the Operations Manuals and as conveyed to Franchisee in writing by Franchisor from time-to-time during the Term of this Agreement. Failure to comply with the operating standards and procedures will be a material default of this Agreement and good cause for termination under this Agreement (under Section 17 below). Franchisee agrees that Franchisor does not assume any responsibility or liability for the hiring or training of the employees of the Franchise nor responsibility for compliance with labor laws affecting the Franchisee, which Franchisee acknowledges is the sole responsibility of Franchisee.

#### **D. OPERATING ASSISTANCE**

Franchisor will furnish Franchisee assistance in connection with the operation of the Franchised Business as Franchisor deems appropriate. Any assistance provided is intended to protect Franchisor's Marks, goodwill and brand consistency. Franchisor may provide operating assistance which may consist of guidance for:

- (1) consultation on promotional, business and operational problems and analysis of marketing and financial data;
- (2) selection, purchasing and marketing of services and supplies;
- (3) marketing assistance and sales promotion programs;
- (4) formulating and implementing advertising and promotional programs;
- (5) the establishment and operation of administrative, bookkeeping, accounting and general operating procedures for the proper operation of the Franchised Business;
- (6) initial training on, and ongoing support of, HealthManager software only if HealthManager is the then current ComForCare approved client and billing software;
- (7) certain advertising and promotional materials and information developed by Franchisor for use by Franchisee in marketing and conducting local advertising for the Franchise, at Franchisor's discretion;
- (8) advice concerning techniques of marketing and merchandising the Franchise; and
- (9) Within the first twelve months after the Franchised Business is officially open for business and is listed on the corporate website, spend at least 32-40 hours (may be non-contiguous) with Franchisee at Franchisee's office or within Franchisee's territory to review your operations and assist you and train you while answering any questions you may have. If you have purchased multiple single units franchises, we are only obligated to spend at least 32-40 hours for all your territories combined. If you currently own a ComForCare Home Care franchise, the purchase of an additional territory does not include the operational office visit referred to above. This on-site assistance may be reduced if you or your manager refuse to accept visits based on the travel

schedule made available by ComForCare's corporate staff. If the Franchisee cancels a scheduled visit, this cancellation will count towards eight (8) of the 32-40 hours.

Guidance, in the sole discretion of Franchisor, is furnished to Franchisee in the form of Operations Manuals (defined below), bulletins, emails or other written materials, telephonic consultations and/or consultations at the offices of Franchisor or at the Franchised Business.

#### **E. OPERATIONS MANUALS**

Franchisor will ~~provide access to~~ Franchisee, during the Term of the Franchise, one copy of the Franchisor's operations manuals, which may consist of one or more handbooks or manuals, including without limitation the Franchise Administration Manual and Business Manual, any Policies and Procedures created, whether required by the Franchisee's state or not, for the licensure, accreditation, if applicable, and operation of the Franchisee's franchised business and other written materials (collectively, the "Operations Manuals") for the Franchised Business, containing specifications, standards and operating procedures prescribed by Franchisor or information relative to other obligations of Franchisee. In order to protect the reputation and goodwill of Franchisor and to maintain high standards of operation under the Marks, Franchisee will conduct its business in accordance with the Operations Manuals, to which Franchisee will receive access from Franchisor for Franchisee's use only in connection with the Franchised Business during the Term of this Agreement. Franchisor has the right to add to, and otherwise modify, the Operations Manuals to reflect changes in authorized products and services, and specifications, standards and operating procedures, provided that no addition or modification alters Franchisee's fundamental status and rights. Franchisee shall keep his/her copy of the Operations Manuals current, and the master copy of the Operations Manuals maintained by Franchisor controls if there is a dispute regarding the contents of the Operations Manuals.

Franchisor will have the right to provide the Operations Manuals in any format it determines is appropriate, including paper format or by making the Operations Manuals available to Franchisee in electronic form (such as through an internet website). If Franchisor elects to provide the Operations Manuals electronically, Franchisee will immediately return to Franchisor any and all physical copies of the Operations Manuals. The Operations Manuals will at all times remain the sole property of Franchisor and will promptly be returned upon the expiration or termination of this Agreement.

The Operations Manuals contain proprietary information of Franchisor and will be kept confidential by Franchisee both during the Term and subsequent to the expiration and/or termination of this Agreement. Franchisee will not make any unauthorized use, disclosure or duplication of any portion of the Operations Manual.

Franchisor may from time to time revise the contents of the Operations Manual, and Franchisee expressly agrees to make corresponding revisions to its copy of the Operations Manuals and to comply with each new or changed standard.

Franchisee recognizes and agrees that from time to time, Franchisor may change or modify the System and that Franchisee will accept and use for the purpose of this Agreement any such change in the System, included new or modified Marks or copyrighted materials, new Approved Services, new equipment or new techniques, as if they were part of this Agreement at the time of execution hereof. Franchisee will make such expenditures and such changes or modifications as Franchisor may reasonably require pursuant to this Agreement.

Franchisee acknowledges that your compliance with the Operations Manual is vitally important to Franchisor and other franchisees and is necessary to protect our reputation and the goodwill of the

Trademarks and to maintain the uniform quality of operation through the System. However, while the Operations Manual is designed to protect our reputation and the goodwill of the Trademarks, it is not designed to control the day-to-day operation of the Business.

Franchisee agrees and understands that Franchisor is not obligated to provide Franchisee employment related forms and documents and, therefore, any such forms so provided by Franchisor to Franchisee are only suggestions, templates and samples. Franchisee is solely responsible for compliance with all federal and state ~~labor wage and hour~~ matters including, but not limited to, wage and hour compliance. Franchisor neither dictates nor controls labor or employment matters for Franchisee and its employees.

#### **F. CONFERENCES, MEETINGS AND BENCHMARKING**

Franchisor may in its sole discretion, plan and promote both an Annual Meeting and a Regional Meeting for its ComForCare Businesses. Franchisor does not currently charge Franchisees an Annual Meeting attendance fee, but reserves the right to do so at any time. The assessed fee will be no higher than \$1,000 per territory owned for two attendees and \$350 for each additional attendee. Any attendance fee charged is due and payable 60 days prior to the Annual Meeting. If Franchisee has indicated they will attend the annual training conference, but has not remitted to Franchisor the appropriate attendance fees by the due date, then such fees will be withdrawn from Franchisee's bank account through ~~ACH Electronic Funds Transfer~~. Franchisor requires all Franchisees to send an approved representative to the Annual Meeting. All Annual Meeting attendees must pay their own travel, room and board. Franchisee is responsible for all salaries paid to employees who attend the Annual Meeting. If an approved representative does not attend the Annual Meeting, Franchisee will be assessed a fee of \$3,000 per territory owned that is payable 10 days after missing the Annual Meeting. If the non-attendance fee is not remitted to Franchisor by the due date, then such fee will be withdrawn from Franchisee's bank account through Electronic Funds Transfer.

Franchisee does not currently charge Franchisee a Regional Meeting attendance fee, but reserves the right to do so at any time. The assessed fee will be no higher than \$250 per territory for two attendees. All Regional Meeting attendees must pay their own travel, room and board to attend the Regional Meeting. Franchisee is responsible for all salaries paid to employees who attend the meetings. Any attendance fee charged is due and payable 60 days prior to the Regional Meeting. Franchisor requires Franchisee to attend the Regional Meetings and this event must be attended by business owners and/or key employees to learn new methods for growing and managing the business. If an approved representative does not attend the Regional Meeting, Franchisee will be assessed a fee of \$1,000 per territory owned that is payable 10 days after missing the Regional Meeting. This fee is imposed only if Franchisee does not send a business owner(s) and/or key employee to the Regional Meeting.

Franchisees that arrive late or leave early may be assessed a non-attendance fee proportional to their actual absence.

Franchisor requires Franchisee, if open for at least six (6) months (and thereafter), to participate in an annual benchmarking survey. The survey is comprised of, but is not limited to, questions regarding the franchise business' operational standards, marketing efforts, referral sources and financial performance. If Franchisee does not participate in and accurately complete the benchmarking survey 60 days prior to the Annual Meeting, Franchisee will be assessed a fee of \$1,000 per territory owned that is payable 30 days before the Annual Meeting. If the benchmarking non-participation fee is not remitted to Franchisor by the due date, then such fee will be withdrawn from Franchisee's bank account through ~~ACH Electronic Funds Transfer~~. Benchmarking surveys are requested of franchisees

once a calendar year (usually after June 30), but Franchisor expressly reserves the right to require the participation in a second survey during a calendar year with 30 day written notice.

## **6. LICENSED MARKS**

### **A. OWNERSHIP AND GOODWILL OF MARKS**

Franchisee acknowledges and agrees that Franchisee has no interest, title or ownership rights whatsoever in or to the Marks and that Franchisee's limited right to use the Marks is derived solely from this Agreement. Franchisee may only use the Marks in connection with and is limited to the conduct of his/her business according to and in compliance with this Agreement and all applicable specifications, standards and operating procedures prescribed by Franchisor during the Term. Any unauthorized use of the Marks by Franchisee constitutes a material breach of this Agreement and is an infringement of the exclusive rights of Franchisor in the Marks.

Franchisee shall follow Franchisor's standards and procedures in the use of the licensed Marks, including, without limitation, displaying proper notices of trademark and service mark registration and obtaining fictitious or assumed named registrations to the extent required by law. Franchisee shall not oppose, seek to cancel, interfere with the use of, or take any other legal action against any foreign or United States trademark, trademark registration or trademark application incorporating the Marks. Franchisee shall cooperate and execute any documents deemed necessary by Franchisor to apply for or obtain registration or other legal protection for the Marks or to maintain their continued validity and enforceability.

Franchisee acknowledges that all use of the Marks by Franchisee and any goodwill established, exclusively benefits Franchisor and its licensor, and Franchisee acknowledges that this Agreement does not confer any goodwill or other interests in the Marks upon Franchisee. Franchisee specifically acknowledges that any customers of the Franchised Business are an important part of the goodwill of the Franchisor's System and, therefore, Franchisee has no ownership interest in any customers or customer lists of the Franchised Business; and all such customers and customer lists are the sole and exclusive property of the Franchisor (regardless of how or when such customer became a customer of the Franchised Business). Franchisee may not gift or sell any customers, to any other person or entity, without the express written consent of the Franchisor (email permission is sufficient). Franchisee shall not, at any time during the Term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Marks or assist any other person in contesting the validity or ownership of any of the Marks.

All provisions of this Agreement applicable to the Marks apply to any additional trademarks, trade dress, service marks, logo forms and commercial symbols authorized for use by and licensed to Franchisee.

### **B. TEST MARKETING**

If Franchisor requests or permits Franchisee to participate in any new service or product concept test, Franchisee agrees to do so in compliance with Franchisor's standards and requirements.

### **C. DUAL BRANDING**

Franchisor may co-brand one or more concepts with ComForCare ("Dual Branding"). Dual Branding may involve changes to the Marks and to the Franchise. If Dual Branding occurs, the scope and type of Dual Branding may vary in different markets. If Franchisor elects to conduct Dual Branding in the market in which Franchisee's Franchised Business is located, Franchisor will give Franchisee notice

regarding the contemplated Dual Branding. Franchisee will be required to implement Dual Branding at the Franchised Business within the time period specified in the notice, but not earlier than 120 days from the date of notice, and Franchisee must at its expense make the modifications necessary to implement the Dual Branding. Notwithstanding anything in this Agreement to the contrary, however, Franchisor may elect not to make the Dual Branding opportunity available to Franchisee.

#### **D. LIMITATIONS ON FRANCHISEE'S USE OF MARKS**

Franchisee agrees to use the Marks as the sole identification of the Franchise, provided that Franchisee identifies himself/herself as the independent owner in the manner prescribed by Franchisor. Franchisee shall use the Marks only for the operation of the Franchised Business and only at the Approved Location, or in Franchisor approved marketing for the business conducted at or from the Approved Location. Franchisee shall not use the Marks to incur any obligation or indebtedness on behalf of Franchisor. Franchisee shall not use any Mark as part of any corporate or other legal name, or as part of any email address, domain name or other identification of Franchisee in any electronic medium or with any prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form, nor may Franchisee use any Mark in the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by Franchisor. Franchisee agrees to display the Marks prominently and in the manner prescribed by Franchisor on signs and forms. Further, Franchisee agrees to provide Franchisor notices of any trademark and service mark registrations or copyrights and to obtain fictitious or assumed name registrations as may be required under applicable law.

#### **E. RESTRICTIONS ON INTERNET AND WEBSITE USE**

Franchisor retains the sole right to advertise the System and to sell products and services on website. The term "Website" means an interactive electronic document contained in a network of computers linked by communications software, commonly referred to as the Internet or World Wide Web, including, but not limited to, any account, page or other presence on a social or business networking media site, such as, Facebook, Twitter, Linked In and other blogs and forums (See Section 12, Networking Media Site).

Franchisee shall not in any way: (i) link or frame Franchisor's website; (ii) conduct any business or offer to sell or advertise any products or services on the worldwide web; or (iii) create or register any Internet domain name in connection with the Franchised Business.

Franchisor has registered domain names and will continue to register additional domain names as it deems necessary. Franchisee acknowledges the Franchisor is the lawful and sole owner of all domain names listed in Addendum G to this Agreement and any other domain names registered by Franchisor. Franchisee agrees not to register any of the Marks now or hereafter owned by Franchisor or any abbreviation, acronym or variation of the Marks, or any other name that could be deemed confusingly similar, as Internet domain names including, but not limited to, generic and country code top level domain names available at the present time or in the future.

#### **F. NOTIFICATION OF INFRINGEMENTS AND CLAIMS**

Franchisee shall promptly notify Franchisor immediately in writing of any suspected or apparent infringement of, or challenge to, Franchisee's use of any Mark, or claim by any person of any rights in any Mark or any similar trade name, trademark or service mark of which Franchisee becomes aware.

Franchisee shall not communicate with any person other than Franchisor and its counsel in connection with any infringement, challenge or claim. Franchisor has sole discretion to take action it

deems appropriate and the right to exclusively direct and control any litigation, U.S. Patent and Trademark Office proceeding or other administrative proceeding arising out of any infringement, challenge or claim or otherwise relating to any Mark. Franchisee agrees to execute all instruments documents, render assistance and do acts and things as may, in the opinion of Franchisor's counsel, be necessary or advisable to protect and maintain the interests of Franchisor in any litigation, U.S. Patent and Trademark Office proceeding or other administrative proceeding or to otherwise protect and maintain the interests of Franchisor in the Marks. Franchisor will use its best efforts to remove prior franchisee internet listings from such sites as Google® and Yahoo®.

#### **G. INDEMNIFICATION OF FRANCHISEE/DISCONTINUANCE OF USE OF MARKS**

Franchisor agrees to indemnify Franchisee against, and to reimburse Franchisee for, damages for which Franchisee is found liable in any proceeding in which Franchisee's use of any Mark is adjudicated and found to constitute trademark infringement, unfair competition, or dilution, and for all costs reasonably incurred by Franchisee, excluding salary costs for Franchisee's employees, in the defense of any claim brought against Franchisee or in any proceeding in which Franchisee is named as a party, provided that Franchisee immediately notifies Franchisor of the claim or proceeding and has otherwise complied with this Agreement. Franchisor, in its sole discretion, has the right to defend any claim. If Franchisor defends the claim, Franchisor shall have sole control over Franchisee's defense, and Franchisee agrees to cooperate with Franchisor in the defense. Franchisor will not indemnify or reimburse Franchisee with respect to any fees or disbursements of any attorney retained by Franchisee. To the extent that the claim, demand, challenge or proceeding is caused by or related to Franchisee's unauthorized use of the Marks or material breach of the terms of this Agreement, Franchisee shall indemnify, defend and hold harmless Franchisor for any and all damages of any sort, judgments, settlement payments, costs and fees (or, upon Franchisor's written request, pay Franchisor's legal fees directly), including attorney's fees.

Franchisor reserves the right to use or substitute different Marks for use in connection with the System and the businesses operating thereunder if the Marks that are currently used no longer can be used, or if Franchisor, exercising its right to do so, determines that substitution of different Marks will be beneficial to the System. In such circumstances, Franchisee will implement at its expense such substituted Marks in such ways as Franchisor may direct, and the use of the substituted proprietary marks will be governed by the terms of this Agreement.

#### **7. CONFIDENTIAL INFORMATION – COVENANTS AND GUARANTY**

- A. Franchisor possesses certain confidential information consisting of the methods, techniques, formats, specifications, procedures, information, systems, and knowledge of and experience in the operation and franchising of a Franchised Business (the "Confidential Information"). Franchisor discloses the Confidential Information to Franchisee in furnishing Franchisee the training program, the Operations Manuals and in guidance furnished to Franchisee during the Term.
- B. Franchisee and the Principals (collectively the business owner, LLC member or sole proprietors who sign this Agreement) as well as any of Principals immediate family members acknowledge and agree that they will not acquire any interest in the Confidential Information, other than the right to utilize it in the development and operation of the Franchise during the Term, and that the use or duplication of the Confidential Information in any other business would constitute an unfair method of competition. Franchisee and the Principals acknowledge and agree that the Confidential Information is proprietary and is a trade secret of Franchisor and is disclosed to Franchisee and the Principals solely on the condition that Franchisee and the Principals agree during the Term and thereafter that they: (1) will not use the Confidential Information in any other

business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information during and after the Term; (3) will not make unauthorized copies of any portion of the Confidential Information disclosed in written or electronic form; and (4) will adopt and implement all reasonable procedures prescribed by Franchisor to prevent unauthorized use or disclosure of the Confidential Information, including restrictions on disclosure to employees of the Franchised Business. Franchisee shall require all the Franchisee's managers and key employees to sign confidentiality, non-solicitation and non-compete agreements, in a form prescribed by Franchisor, unless expressly prohibited by state law or regulation. Franchisee and the Principals acknowledge and agree that all of the Confidential Information to which they now have access or obtain in the future concerning the System and the methods of operation and the concepts and method of promoting the Franchised Business are derived from Franchisor pursuant to this Agreement and Franchisee and the Principal shall not, without the written consent of Franchisor, disclose such information or use it for their own benefit except to operate the Franchised business during the Term of this Agreement and thereafter, unless such information constitutes Trade Secrets (as defined below) of Franchisor, in which case, such information will be treated in confidence for as long as such information or data shall constitute a "Trade Secret". Notwithstanding the foregoing, Franchisee and the Principals may disclose such Confidential Information and Trade Secrets to those employees who need access to perform their employment duties to Franchisee (and then only to the extent necessary to enable them to perform their employment duties). For purposes of this Agreement, "Trade Secrets" shall mean information or data about Franchisor or any of its products, services, technical or non-technical data, formulas, methods, techniques, drawings, processes, financial data, financial plans, product and promotional plans, lists of actual or potential advertisers, list of customers or suppliers, that: (a) derives economic value, actual or potential, from not being generally known to, or generally ascertainable by proper means by other persons who can obtain economic value from their disclosure or use; and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

- C. Franchisee acknowledges and agrees that Franchisor would be unable to protect its Trade Secrets and confidential information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among ComForCare Businesses if the Franchisee's Principals (or any of their immediate family members) were permitted to hold interests in any other business as described in Section 1 to this Agreement. Therefore, during the Term of this Agreement, neither Franchisee nor any Principal nor any member of their immediate families shall, directly or indirectly:
1. Divert or attempt to convert any business or customer of any ComForCare Business to (including without limitation, the Franchised Business) any Competitive Business (as defined below), by direct or indirect inducement or otherwise, including divulging any customer name or list to any competitor, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System;
  2. Employ or recruit any person who is employed by Franchisor or by its affiliates or by any franchisee (including, if applicable, any developer of Franchisor) of Franchisor, or otherwise directly or indirectly induce such person to leave that person's employment, unless released in writing by the employer; or
  3. Own, maintain, operate, engage in or have any financial or beneficial interest in (including any type of interest in corporations, partnerships, limited liability companies, trusts, unincorporated associations, joint ventures or other entities), advise, assist or make loans to any Competitive Business. For purposes of this Franchise Agreement, the term "Competitive Business" means any business that provides companionship and domestic

care services, skilled services, supplemental staffing services and health care provider certification training. A Competitive Business may provide one or more of the following services: light housekeeping, meal preparation, errands, incidental transportation, assistance with laundry, reminders to take medication (both prescription and over-the-counter), assistance in grooming, bathing, personal hygiene, assistance with problems such as incontinence, other personal care services and other similar activities for the benefits of the customer, including assistance with mental or physical disabilities.

- D. All inventions, discoveries, improvements, writings or other works subject to copyright protection, that relate to the business of Franchisor that you conceive, develop or reduce to practice during or after the period of the Agreement (collectively "Work Product") are the sole property of Franchisor. You shall inform Franchisor of all inventions, discoveries and improvements and shall assign, and hereby do assign, all right, title and interest in them to Franchisor. You shall assign to Franchisor, and hereby do assign, all interest in any patents, patent applications or other intellectual property rights related to such inventions, discoveries and improvements and will assist Franchisor in obtaining, maintaining and prosecuting such patents, patent applications and intellectual property rights. If, for any reason, any Work Product does not qualify as work made for hire, you shall assign and do hereby assign to Franchisor all such Work Product (including, but not limited to, all patent rights, copyrights and rights of authorship therein), free and clear of any claims, claims or encumbrances. You, your agents and representatives agree to assist (at no personal financial expense) Franchisor in every necessary way to perfect Franchisor's title in the Work Product, or obtain or enforce any patents, copyrights or any proprietary rights relating to the Work Product, or execute all documents necessary to give to Franchisor full legal ownership to such work Product, and you shall continue this assistance after the term of the Agreement. You represent that you are not a party to any agreement that would limit your ability to assign inventions as provided for in this Section.

Franchisee hereby grants Franchisor a non-exclusive, perpetual, full paid-up, worldwide license to use any and all pre-existing intellectual property created, owned or licensed by Franchisee prior to the term of this Agreement for use in connection with or related to the ComForCare business.

Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, will not constitute a defense to the enforcement by Franchisor of the covenants in this paragraph. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in enforcing this paragraph in connection with a material breach by Franchisee.

Franchisee acknowledges that Franchisee's violation of the terms of this paragraph would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Franchisee accordingly consents to the issuance of an injunction prohibiting any conduct by Franchisee in violation of the terms of this paragraph.

- E. Franchisee acknowledges and agrees that they shall personally guaranty and assume all obligations of this Agreement.

## 8. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION

- A. This Agreement does not create a fiduciary or other special relationship between the parties. No agency, employment or partnership is created or implied by the terms of this Agreement, and you are not and shall not hold yourself out as our (or our affiliates') agent, legal representative, partner, subsidiary, joint venture or employee. Neither this Agreement nor our course of conduct is intended, nor may anything in this Agreement (nor our course of conduct) be construed, to

~~state or imply that we are the employer of your employees and/or independent contractors, nor vice versa. Franchisor does not nor cannot make any employment related decisions for or on behalf of Franchisee. It is understood and agreed by the parties that this Agreement does not create a fiduciary relationship between them, that Franchisor and Franchisee are independent contractors and that nothing in this Agreement is intended to make either party or its employees a general or special agent, legal representative, subsidiary, joint venturer, joint employer, partner, employee or servant of the other for any purpose whatsoever. Franchisor does not nor cannot make any employment related decision for or on behalf of Franchisee.~~

- B. Franchisee shall identify himself/herself at the premises of the Franchise and in all dealings with employees, customers, lessors, contractors, suppliers, public officials and others as an independent contractor operating the business pursuant to a franchise from Franchisor and prominently post a sign indicating that franchisee is an independently owned and operated business. Franchisee agrees to take such action as may be necessary to do so, including displaying a notice of that fact in a conspicuous place at the Approved Location, the content of which Franchisor has the right to specify.

You shall have no right or power to, and shall not, bind or obligate us or our affiliates in any way or manner, nor represent that you have any right to do so. You are an independent contractor, and you are solely responsible for all aspects of the development and operation of the Franchised Business, subject only to the conditions and covenants established by this Agreement. Without limiting the generality of the foregoing, you acknowledge that we have no responsibility to ensure that the Franchised Business is developed and operated in compliance with all applicable laws, ordinances and regulations and that we shall have no liability in the event the development or operation of the Franchised Business violates any law, ordinance or regulation.

- C. Franchisor has not authorized or empowered Franchisee to use the Marks except as provided by this Agreement, and Franchisee shall not employ any Mark in signing any contract, lease, mortgage, check, purchase agreement, negotiable instrument or other legal obligation without the prior written consent of Franchisor, or employ any Mark in a manner that is likely to result in liability of Franchisor for any indebtedness or obligation of Franchisee.
- D. Neither Franchisor nor Franchisee may make any express or implied agreements, guaranties or representations, or incur any debt, in the name of or on behalf of the other or represent that their relationship is other than franchisor and franchisee, and neither Franchisor nor Franchisee are obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized, nor is Franchisor obligated for any damages to any person or property directly or indirectly arising out of the operation of the Franchise, whether or not caused by Franchisee's negligent or willful action or failure to act.
- E. Franchisor has no liability for any sales, use, excise, gross receipts, property or other taxes, whether levied upon Franchisee, the Franchise or its assets, or upon Franchisor in connection with sales made, services performed or business conducted by Franchisee.
- F. Franchisee agrees to indemnify and hold Franchisor and its subsidiaries, affiliates, stockholders, directors, officers, employees, agents, successors and assignees harmless against, and to reimburse them for, any loss, liability, taxes or damages (actual or consequential) and all reasonable costs and expenses of defending any claim brought against any of them or any action in which any of them is named as a party (including reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses) which any of them may suffer, sustain or incur by

reason of, arising from or in connection with Franchisee's ownership or operation of the Franchised Business, including, but not limited to, any wage and hour claims brought against Franchisor by Franchisee's employees and/or any state or federal agencies and any acts or omissions of Franchisee or Franchisee's employees.

- G. The Franchisee's indemnity and assumptions of liabilities and obligations shall survive after the expiration or termination of this Agreement.

## **9. FRANCHISE FEES**

### **A. INITIAL FRANCHISE FEE**

Franchisee shall pay Franchisor a nonrecurring initial franchise fee in the amount of \$485,000 for a new franchised business, payable upon execution of this Agreement. If Franchisee is new to the system and purchases an existing franchised business within the system, Franchisee shall pay Franchisor a nonrecurring initial resale franchise fee (Resale Fee) in the amount of \$20,000 ~~for a resale purchase of an existing franchised business,~~ payable upon execution of this Agreement. If Franchisee is currently a member of the system (an existing franchisee) and purchases another existing franchised business within the system, Franchisee shall pay Franchisor a nonrecurring initial acquisition franchise fee (Acquisition Fee) in the amount of \$20,000, payable upon execution of this Agreement. The initial franchise fees are fully earned and are nonrefundable in consideration of administrative and other expenses incurred by Franchisor in granting this franchise.

### **B. ROYALTY AND SERVICE FEE**

Franchisee agrees to pay Franchisor a non-refundable royalty and service fee of between 3% and 5% of Franchisee's total Gross Sales as outlined on attached Addendum F.

The ongoing and continuing royalty and service fee is due and payable 28 days subsequent to the end of each two week billing cycle, based on the Gross Sales for that billing period. All ComForCare Franchisees will utilize bi-weekly billing cycles.

In addition to the royalty and service fees as described above, Franchisor has the right to collect from Franchisee monthly an amount equal to any taxes, including corporate income tax and license fees that the federal government or the state government in which the Franchisee is located imposed on the royalty fees payments paid by Franchisee to Franchisor. This payment is in addition to the royalty and service fee payments described above.

### **C. DEFINITION OF "GROSS SALES"**

The term "Gross Sales" means the aggregate amount of all sales of services, and the aggregate of all charges for all services performed (including service charges in lieu of gratuity), whether for cash, on credit or otherwise, made and rendered in, about or in connection with the Franchised Business including revenue derived from sales of personal response systems, mileage charged to clients and all proceeds from any business interruption insurance. The term "Gross Sales" does not include any federal, state, municipal or other sales, value added or retailer's excise taxes paid or accrued by Franchisee. The term "Gross Sales" shall not be modified for uncollected accounts. "Gross Sales" is further defined to mean all revenues or receipts of any kind derived from the operation of the Franchise, including all services provided as a direct or indirect consequence of use of Franchisor's Marks or any aspect of the System. For purposes of the royalty and service fee, the sale is made at the earlier of delivery of service, or receipt of payment. In the absence of Franchisor's retrieval from the HealthManager operating software, the royalty fee and royalty report based on Gross Sales in

form and in detail as Franchisor specifies shall be mailed to Franchisor and postmarked on or before the 10th day following each bi-weekly payroll and billing cycle, or such other methods as outlined in Section 9D below. Gross sales shall include all proceeds of any business interruption insurance covering loss of sales, revenue or expenses, after the satisfaction of any applicable deductibles.

#### **D. ROYALTY FEE REPORTS**

Each royalty fee payment shall be accompanied or preceded by a royalty report, as may be required by Franchisor, itemizing the Gross Sales for the preceding reporting period and any other reports required. Franchisee shall provide Franchisor with the Gross Sales information and royalty report on or before the 28th day following each bi-weekly billing cycle for the previous reporting period by facsimile transmission, internet, telephone, or other method of delivery Franchisor reasonably directs. Franchisee shall maintain continuous online internet connectivity, including hardware and software access, such that Franchisor can poll Gross Sales and other royalty report information from Franchisee's computer at any time.

#### **E. ELECTRONIC FUNDS TRANSFER**

Franchisee agrees that Franchisor will withdraw funds from Franchisee's designated bank account by electronic funds transfer via the automated clearing house ("ACH") ("EFT") in the amount of the royalty and service fee and/or any other amounts due to Franchisor in accordance with this Agreement. Franchisor shall debit Franchisee's bank account through ACH Electronic Funds Transfer on the 28<sup>th</sup> day following each bi-weekly billing period for the previous reporting period. For any other monetary obligation that Franchisee does not pay when due, Franchisor may withdraw such amounts due, and the late fees, two business days after the amount became due in accordance with the terms of this Agreement. Franchisor may withdraw interest on any unpaid amount on a monthly basis or as otherwise provided in this Agreement.

In the event Franchisor implements an automated royalty and service fee reporting system, Franchisor shall automatically deduct the royalty and service fees indicated on the auto-report(s) from the Franchisee's bank account via ACH EFT one week from the date the auto-report(s) were generated unless Franchisee notifies Franchisor, in writing, of a believed discrepancy. However, Franchisor shall still be authorized, if applicable, to deduct the greater of the uncontested amount or the minimum royalty and service fee due.

Franchisee shall execute other documents Franchisor's or Franchisee's bank requires to implement the foregoing procedure. It is a material event of default if Franchisee closes the designated bank account without first notifying Franchisor, establishing another account and executing all documents necessary for Franchisor to process payments by ACH EFT for the new designated account. Franchisee shall maintain at all times, in the designated bank account, an amount sufficient to pay ongoing royalty fees, but in no event shall the account balance fall below a \$2,500 minimum.

#### **F. EMAIL HOSTING FEE**

Franchisee and all employees of Franchisee must use Franchisor's approved third party email hosting vendor due to requirements of the Health Insurance and Portability Act of 1996 (HIPAA), The Health Information Technology for Economic and Clinical Health (HITECH) provisions of the American Recovery and Reinvestment Act of 2009, and the regulations promulgated there under. Current third party fees range from \$4.00 to \$25.00 per month, per email account. Franchisee must obtain dedicated "ComForCare.com" email accounts for each employee whose responsibilities include client or caregiver contact and coordination. The approved third party vendor will invoice you directly and may raise their fee with 30 days' notice.

## **G. HEALTHMANAGER SERVICE FEES**

Beginning thirteen (13) months from the effective date of your Franchise Agreement, Franchisee will pay to ComForCare on a bi-weekly basis, a HealthManager Service and Maintenance Fee of \$115, for each territory owned by Franchisee. Beginning twenty-five (25) months and thereafter from the effective date of your Franchise Agreement, Franchisee will pay to Franchisor, on a bi-weekly basis, a HealthManager Service Fee of \$160, for each territory owned by Franchisee. Franchisor shall deduct from Franchisee's bank account via electronic funds transfer the HealthManager service fee on the same schedule as franchisee's royalty and service fee are deducted.

If this Agreement is the result of a resale of an existing franchised business, Franchisee will begin paying this fee immediately upon the execution of this Agreement at the same level and schedule as the transferring franchisee.

Upon renewal of the franchise and beginning from that renewal's effective date, Franchisee shall pay a HealthManager Service Fee that is the greater of \$160 bi-weekly or the then standard bi-weekly HealthManager Service fee of those franchisee's open at least twenty-five (25) months.

In the event Franchisor chooses to discontinue the utilization of HealthManager, you may be required to purchase and/or license, at your own expense, a Franchisor approved third party operating system.

HealthManager may not be sufficient for private duty nursing operations due to, but not exclusively, government or insurance related billing requirements. Therefore, you may need to purchase an approved third party software system.

## **H. ELECTRONIC DATABASE ACCESS AND BACKUP FEE**

A third party vendor assesses a \$30 monthly fee for electronic backup, data storage and access to the HealthManager software. This fee is invoiced directly by the vendor. This fee may increase in the future with 30 days' notice.

## **I. INFORMATION SECURITY SYSTEM FEES**

Franchisor expressly reserves the right to implement further policies or guidelines regarding information security including, but not limited to: email encryption standards, firewall security, document retention procedures, PCI compliance and the use of third party security advisors and their security systems/products. Franchisee understands that either Franchisor, or their approved third party information security system provider(s), may charge Franchisee both initial and ongoing fees for the creation, implementation and maintenance of any information security system Franchisor, in its sole discretion, deems is necessary.

## **J. RISK MANAGEMENT FEES**

Franchisor expressly reserves the right to implement further policies, guidelines or software regarding risk management including, but not limited to, workers' compensation claims avoidance and management, general insurance claims avoidance and management, employment practices claims avoidance and management and the use of third party risk management advisors and their risk management systems and products. Franchisee understands that either Franchisor, or their approved third party risk management provider(s), may charge Franchisee both initial and ongoing fees for the creation, implementation and maintenance of any risk management system that Franchisor deems necessary, in Franchisor's sole discretion.

#### **KJ. GENERAL MARKETING FEE**

Beginning 24 months after the Effective Date of this Agreement, Franchisee will remit General Marketing Fees to Franchisor of 1% of Gross Sales (as defined in this section) for general corporate marketing purposes such as, but not necessarily including or limited to, graphic design, public relations consultants and National Alliance relationship development and account maintenance. The General Marketing Fees are not directly applied to any national or regional advertising initiative. Such fees will be due 28 days after the end of each bi-weekly billing period and will be deducted from your bank account via ~~electronic funds transfer~~ACH. Beginning in the 24<sup>th</sup> month after the Effective Date of your Agreement, the bi-weekly minimum General Marketing Fee will be assessed at an amount of \$100 or 1% of Gross Sales, whichever is greater. Beginning in the 36<sup>th</sup> month after the effective date of your Agreement, the bi-weekly minimum General Marketing Fee will be assessed at an amount of \$200 or 1% of your Gross Sales, whichever is greater.

If this Agreement is the result of a resale of an existing franchised business, Franchisee will begin paying this fee immediately upon the execution of this Agreement at the same level and schedule as the transferring franchisee.

#### **LK. REFERRAL PROGRAM**

Franchisor ~~may~~has developed a referral program to be, detailed in the Operations Manuals, which provides an incentive to our current Franchise Owners and their employees, to attract new franchisees who will contribute to the ongoing growth of our franchise system. The referral program is not available for the resale of existing Franchised Businesses and may be cancelled or modified by Franchisor at any time.

#### **ML. LATE FEES AND INTEREST ON LATE PAYMENTS**

Franchisee is not entitled to withhold payments due Franchisor under this Agreement on grounds of alleged nonperformance by Franchisor. Any payment or royalty report not actually received by Franchisor on or before the date due shall be deemed late and overdue. Franchisor shall debit from Franchisee through ~~ACH~~Electronic Funds Transfer a late fee of up to \$150 if a royalty report is not submitted on its due date or if a royalty fee, or any other fee, is not paid when due. All unpaid obligations under this Agreement also bear interest plus 2% from the date due until paid at the lesser of (i) the prime commercial rate of interest as reported by J.P. Morgan Chase Bank of New York or by any other bank designated by Franchisor (but in no event less than 10% per annum), or (ii), the maximum allowed by applicable law. Notwithstanding anything to the contrary contained in this Agreement, no provision of this Agreement requires the payment or permits the collection of interest in excess of the maximum rate allowed by applicable law. If any excess of interest in this respect is provided for in this Agreement, or is adjudicated to be so provided in this Agreement, the provisions of this paragraph govern and prevail and neither Franchisee nor its shareholders are obligated to pay the excess amounts of the interest. If for any reason interest in excess of the maximum rate allowed by applicable law is deemed charged, required or permitted, any excess shall be applied as a payment and reduction of any other amounts which may be due and owing, and if no payments are due and owing then the excess shall be repaid to the party that paid the interest.

Franchisee acknowledges that this Paragraph L does not constitute Franchisor's agreement to accept payments after they become due or a commitment by Franchisor to extend credit to, or otherwise finance Franchisee's operation of, the Franchised Business. Further, Franchisee acknowledges that Franchisee's failure to pay all amounts when due shall constitute grounds for termination of this Agreement, as provided in Paragraph C of Section 17.

## **NM. APPLICATION OF PAYMENTS**

Franchisor has sole discretion to apply any payments received from Franchisee or any indebtedness of Franchisor or its affiliates to Franchisee to any past due indebtedness of Franchisee for royalty and service fees, HealthManager services fees, information security fees, marketing fees, purchases from Franchisor or its affiliates, interest or any other indebtedness of Franchisee to Franchisor or its affiliates, despite any other allocation designated by Franchisee.

## **ON. NONSUBORDINATION**

Franchisee will not subordinate to any other obligation, its obligation to pay Franchisor the Royalty and Service Fee, advertising fees, HealthManager service fees and/or any other fee or charge payable to Franchisor, whether under this Agreement or otherwise.

## **PO. ANNUAL INCREASE OF FIXED FEES OR FIXED PAYMENTS**

Franchisor reserves the right to increase the amount of any fixed fee or fixed payment including, but not limited to HealthManager service fees, information security fees or marketing fees due Franchisor or an affiliate under the Franchise Agreement or a related agreement. An annual increase to each particular fixed fee or fixed payment may occur only once during any calendar year and may not exceed the corresponding cumulative percentage increase in the Index since the date of the Franchise Agreement or, as the case may be, the date that the last Annual Increase became effective for the particular fixed fee or fixed payment being increased. Annual increases will be made at the same time during the calendar year. "Annual Increase" means the increase in the amount of a fixed fee or fixed payment due Franchisor or an affiliate under a franchise agreement, area development agreement or a related agreement. "Index" means the Consumer Price Index for All Urban Consumers (CPI-U) for the U.S. City Average for all Items (1982-1984=100), not seasonally adjusted, as published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the term of this Agreement, the other governmental index or computation with which it is replaced shall be used to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised.

## **10. BUSINESS IMAGE AND OPERATING STANDARDS: FRANCHISEE REQUIREMENTS**

### **A. MAINTAINING UNIFORMITY**

Franchisee understands the importance of maintaining uniformity among all of the ComForCare Businesses and the importance of complying with all of Franchisor's standards and specifications relating to the operation of the Franchised Business.

### **B. CONDITION AND APPEARANCE OF BUSINESS/REBUILDING OF BUSINESS**

Franchisee shall maintain and operate the Franchised Business office in the highest degree of service, appearance, condition and sanitation. Franchisee must also obtain, at Franchisee's cost and expense, any new or additional equipment (including computer software systems) as Franchisor reasonably requires in the manner Franchisor specifies. Except as may be expressly provided in the Operations Manuals, no alterations or improvements or changes of any kind in design, equipment or signage, may be made in or about the Franchised Business or its premises without Franchisor's prior written approval.

### **C. REMEDIES FOR NONCOMPLIANCE WITH APPEARANCE OF BUSINESS**

Subject to Franchisor's other termination rights under Section 17 , if at any time in Franchisor's reasonable judgment, the general state of repair, appearance or cleanliness of the Franchised Business, furnishings and signs does not meet Franchisor's standards, Franchisor shall notify Franchisee specifying the action to be taken by Franchisee to correct the deficiency. If Franchisee fails or refuses to initiate within ten (10) days after receipt of notice, Franchisor has the right, but is not obligated, to enter upon the premises of the Franchisee and effect maintenance and refurbishing on Franchisee's behalf and Franchisee shall pay the entire cost to Franchisor on demand.

Franchisee agrees to maintain the condition and appearance of the Franchised Business consistent with the image of a ComForCare Business as an attractive, clean, and efficiently operated Franchise.

### **D. DAMAGE CAUSED BY CASUALTY**

If the Franchised Business premises office are damaged or destroyed by fire or any other casualty, Franchisee shall, within 30 days, initiate repairs or reconstruction, and thereafter in good faith and with due diligence continue (until completion) repairs or reconstruction, in order to restore the premises of the Franchise to its original condition before casualty.

### **E. UNIFORM IMAGE**

Franchisee understands and acknowledges that every detail of the Franchised Business is important to Franchisee, Franchisor, and other ComForCare Businesses in order to develop and maintain high operating standards, to increase the demand for the products and Approved Services sold by all ComForCare Businesses, and to protect Franchisor's reputation and goodwill and that the presentation of a uniform image to the public is an essential element of a successful franchise system.

Franchisee agrees to use its best efforts to have the Franchised Business' telephone answered by a live person during normal daytime working hours and implement a program to manage after business hours phone coverage.

Franchisee shall use the Franchised Business premises solely for the operation of the Franchised Business; will keep the Franchised Business open and in normal operation for such hours and days as Franchisor may otherwise approve in writing; and will refrain from using or permitting the use of the Franchised Business premises for any other purpose or activity at any time. As used in this paragraph, the term "premises" will include the grounds surrounding the Franchised Business.

If Franchisee deviates or proposes to deviate from Franchisor's standards and specifications, whether or not such deviation is approved by Franchisor, such deviation will become the property of Franchisor, if Franchisor so desires.

### **F. CUSTOMER AND LOCATION RESTRICTION**

For the purposes of this Section 10.F., "customers" mean: (1) either individual clients receiving Approved Services within their residence, and/or (2) facilities in which Franchisee has a relationship to provide services to clients therein.

1. Franchisee agrees to limit sales and marketing activities to the Exclusive Area. Franchisee may accept orders for service from customers residing outside Franchisee's Exclusive Area only if the customer: (1) then resides in an area not then within the Exclusive Area of another Franchised Business, or (2) is within the Exclusive Area of a new Franchised Business unable to

service that customer due to state licensing or other restrictions (such as, but not limited to: contract signing, Medicaid waiver provider approval, office opening, etc.). However, in situations where there is a new Franchised Business, prior to servicing a new customer, Franchisee must notify the new Franchised Business, in writing, of the potential customer and verify that the new Franchised Business is still unable to service customers. Such notification must be placed in the customer's file (email permission is acceptable).

2. If an existing ComForCare Business services customers within Franchisee's Exclusive Area prior to Franchisee's ability (contract signing, licensing, Medicaid waiver accreditation, office opening or procurement of caregivers) to provide service to customers, then Franchisee will allow the other operating ComForCare Business to permanently retain those customers within the Exclusive Area, as long as: (1) service to those customers remain continuous. (2) if the customer ends services, but subsequently restarts services within one year from the last day of the previous service period (i.e., customers that reside within the territory on seasonal basis or if that customer's service is interrupted due to that customer receiving treatment in a health care facility), or (3) if that customer changes local agency programs, (i.e. from a Medicaid waiver respite care program to a Medicaid waiver personal care program).
3. Franchisee understands that this limitation to soliciting and servicing customer's within another franchisee's exclusive area includes the servicing of Franchisee's family members and friends and without express written permission to service that customer by the Franchised Business whose Exclusive Area in which customer resides, Franchisee may not service that customer. Such permission, if granted, must be placed in the customer's file (email permission is acceptable).
4. Franchisee understands that if a customer they service moves into the Exclusive Area of another Franchised Business, Franchisee may not continue to service that customer without the permission of that other Franchised Business. Such permission, if granted, must be placed in the customer's file (email permission is acceptable).
5. In the event Franchisee is contacted by a potential customer who resides in the Exclusive Area of a neighboring Franchised Business, Franchisee should: (1) inform that customer (or the customer's representative) that they (Franchisee) are not the office that will provide care for the customer, (2) conduct a thorough customer intake on behalf of the appropriate Franchised Business, and (3) "handoff" (or refer) that customer to the correct Franchised Business as soon as practical, utilizing the customer handoff policies and procedures delineated in the Operations Manuals. ~~Such permission must be in writing and placed in the customer's file (email permission is acceptable).~~
6. If Franchisee is referred a customer within their territory by a neighboring Franchised Business and Franchisee does not want to service that customer (or does not have the ability to service) for any reason, then Franchisee will allow the other referring Franchised Business to permanently retain that customer as long as: (1) service to that customer remains continuous, (2) if the customer ends services but subsequently restarts services within one year from the last day of the previous service period (i.e., customers that reside within the Exclusive Area on a seasonal basis or if that customer's service is interrupted due to that customer receiving treatment in a medical facility), or (3) if that customer changes local agency programs (i.e., from a Medicaid waiver respite care program to a Medicaid waiver personal care program). Franchisee will use good faith in providing the referring Franchised Business permission to service those customers. Such permission must be in writing and placed in the customer's file (email permission is acceptable).

## 7. Referral Sources

- a. Franchisee understands that upon the sale by Franchisor of an open area to a new Franchised Business in which Franchisee has established referral sources, Franchisee shall use best efforts to introduce the new Franchised Business owner to those referral sources, and if so requested, ~~create a joint~~discontinue the relationship with those referral sources.
  - b. If Franchisee is introduced to a referral source within their Exclusive Area by a neighboring Franchised Business and Franchisee does not want to call on (maintain a relationship with) that referral source for any reason, the referring Franchised Business may call on (maintain a relationship with) that referral source until (and unless) Franchisee notifies that Franchised Business, in writing (email is sufficient), that they are willing and able to call on (maintain a relationship with) that referral source. Any existing customers derived from that referral source shall remain the customers of the neighboring Franchised Business as long as: (1) service to that customer remains continuous, (2) if the customer ends services but subsequently restarts services within one year from the last day of the previous service period (i.e., customers that reside within the Exclusive Area on a seasonal basis or if that customer's service is interrupted due to that customer receiving treatment in a health care facility), or (3) if that customer changes local agency programs (i.e., from a Medicaid waiver respite program to a Medicaid waiver personal care program).
  - c. Franchisee shall permit neighboring Franchised Businesses to contract with and, therefore, call on (maintain a relationship with) local and/or county based governmental programs (i.e., Area Agency on Aging) located within their Exclusive Area if those local and/or county based governmental program's customer base overlaps Franchisee's and the Franchised Business' Exclusive Area.
  - d. Neighboring Franchised Businesses that have approval to call on (maintain a relationship with) referral sources within Franchisee's Exclusive Area must still refer all new customers obtained from that referral source to a Franchisee if such customers reside in Franchisee's Exclusive Area.
8. Franchisee understands that third party advertising, marketing, and/or recruiting sources (such as, but not limited to, phone book advertising, penny savers, direct marketing) do not necessarily recognize territorial designations. However, where possible by the third party advertiser, marketing, and/or recruiting source, Franchisee must limit their advertising, marketing, and/or recruiting activities to the zip codes in their Exclusive Area, (e.g. a Franchisee's Google Ad Words or Pay-Per-Click campaign must be delineated by their zip codes within their Exclusive Area). Moreover, Franchisee may not list open zip codes with third party advertisers, marketing and/or recruiting sources.
  9. It is highly encouraged, though not required, that neighboring Franchised Businesses conduct joint marketing and advertising campaigns, as appropriate.
  10. Franchisee understands that the provisions of this Section have been implemented in order to protect Franchisor's trademarks, goodwill and brand.
  11. A violation of the customer and location restriction policy may subject franchisee to a payment to the affected franchisee (or franchisees) if franchisee services clients in other franchisee's territories without permission or authorization. The payment may be as much as the full gross

margin (less royalties and service fees) that would have been earned by the violated franchisee. In addition, a penalty of up to \$5,000 may be payable to Franchisor. Franchisee is responsible (rather than Franchisor) for any payments or penalties owed to other franchisees for such infractions. ComForCare has no obligation to investigate or enforce this provision.

12. In the event Franchisor assists in resolving an issue between two or more franchisees regarding a violation of the customer and location restriction policy, Franchisor may charge the involved parties a client resolution fee that is the greater of \$500 or \$50/hour. This fee shall be invoiced and payable via electronic funds transfer 10 days from receipt of corresponding invoice. ComForCare has no obligation to assist in the investigation of such matters.
13. Franchisee agrees that, if Franchisee violates any provision of this Section, Franchisee may be liable to any affected franchisee for such violation. Franchisee, therefore, agrees to defend, indemnify and hold Franchisor harmless from all liability, cause of action, loss, cost, legal defense, expense or any other damage arising out of, or as a result of, any violation of this Section.

#### **G. STANDARDS OF SERVICE**

The Franchisee shall at all times give prompt, courteous and efficient service to its customers. The Franchisee shall, in all dealings with its customers and suppliers and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. Franchisee shall maintain a competent, conscientious, trained staff in numbers sufficient to promptly service customers and shall take steps as necessary to insure that its employees preserve good customer relations and comply with Franchisor's uniform standards.

The Franchisee shall not disparage other Franchised Business Owners, Franchisor, Franchisor's agent, employees or vendors to any party within or outside of the system.

#### **H. OPERATIONS, STANDARDS AND PROCEDURES**

Franchisee acknowledges and agrees that each and every detail of the operation of the Franchise is important to Franchisor and other ComForCare Businesses. Franchisee agrees to maintain the highest standards of quality and service in the Franchise and agrees to comply with all specifications, standards and operating procedures (whether contained in the Operations Manuals or any other written or oral communication to Franchisee) relating to the operation of a Franchised Business, including, but not limited to:

- (1) type of procedures and services;
- (2) quality and uniformity of services and sales of all services;
- (3) methods and procedures relating to marketing, dealing with customers and providing services;
- (4) hours and days during which the Franchised Business office is open;
- (5) the safety, maintenance, cleanliness, function and appearance of the Franchised Business premises and its fixtures, equipment and signs;
- (6) qualifications, dress, general appearance and demeanor of Franchise employees;
- (7) use of Marks, or those marks pending registration;
- (8) use and retention of standard forms;
- (9) use and illumination of exterior and interior signs, posters, displays, standard formats and similar items;
- (10) advertising and promotion;
- (11) use of criminal background check services as prescribed by Franchisor in the Operations Manuals; and
- (12) Utilizing HealthManager or the then current client/caregiver operational software.

Specifications, standards and operating procedures prescribed by Franchisor in the Operations Manuals for the Franchise or otherwise communicated to Franchisee in writing, constitute provisions of this Agreement. All references to this Agreement include all specifications, standards and operating procedures.

## **I. COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES**

Franchisee must obtain and maintain all required licenses, accreditation, permits and certificates relating to the operation of the Franchise and shall operate the Franchise in full compliance with all applicable laws, ordinances and regulations. Franchisee is responsible for paying all fees associated with any licensure or accreditation. Franchisor will, but is not required to, provide Franchisee guidance and/or templates to assist them with their licensing, accreditation or employment related matters. Franchisor cannot ensure that HealthManager is compliant with all relevant wage and hour requirements. Franchisee should seek local counsel on all licensing and wage and hour matters.

Franchisee agrees to comply with the then-current Payment Care Industry Data Security Standards as those standards may be revised and modified by the PCI Security Standards Council, LLC (see [www.pcisecuritystandards.org](http://www.pcisecuritystandards.org)), or any successor organization or standards that we may reasonably specify. Among other things, Franchisee agrees to implement the enhancements, security requirements and other standards that the PCI Security Standards Council (or its successor) requires of a merchant that accepts payment by credit and/or debit cards.

Franchisee shall notify Franchisor in writing within 5 days of the commencement of any action, suit, proceeding or investigation, and of the issuance of any order, writ, injunction, award of decree, by any court, agency, or other governmental instrumentality which may adversely affect the operation or financial condition of Franchisee or the Franchised Business, or give rise to liability or claim against Franchisee or Franchisor.

All advertising and promotion by Franchisee shall be completely factual and shall conform to the highest standards of ethical advertising. Franchisee agrees to refrain from any business or advertising practice which may be injurious to the business of Franchisor and the goodwill associated with the Marks and other franchised businesses.

Franchisees located in California shall enroll in the Cal Chamber of Commerce's "HR California" program/website. Franchisees located in all states other than California shall enroll in The Society for Human Resources Management (SHRM) program/website.

## **J. LICENSING AND ACCREDITATION**

Failure to submit the initial state licensure application, if applicable, within 45 days of the Effective Date of this Agreement will be deemed a material default of this Agreement.

1. Franchisee's state of operation may require that Franchisee obtain some form of licensure, registration, accreditation or certification before being allowed to provide the Approved Services. Obtaining licensure and/or accreditation can be a lengthy process, generally ranging from three to nine months or even longer. Initial license fees as well as license renewal fees vary, but traditionally range anywhere from \$25 to \$3,000 per year and are Franchisee's sole responsibility. Initial accreditation fees (as well as renewal accreditation fees) can range from \$3,000 to \$5,000 and are Franchisee's sole responsibility. Franchisee may use a third-party consultant to help obtain licensure and/or accreditation and such fees can range from \$500 to \$18,000. ~~Franchisor will provide guidance to Franchisee in this matter, but ultimately,~~

~~Franchisee understands that determining the franchised business' state of operation requirements to provide the Approved Services is Franchisee's sole responsibility. In addition, Franchisee's state of operation may require that Franchisee, or a direct employee, have health-care experience either in a professional or management capacity.~~

~~Obtaining licensure and/or accreditation can be a lengthy process, ranging from 3 to 8 months or longer.~~

~~Failure to submit the initial state licensure application, if applicable, within 45 days of the Effective Date of this Agreement will be deemed a material default of this Agreement.~~

## 2. Home Care Accreditation

a. Home Care Accreditation in New Jersey. In August 2014, the State of New Jersey amended the laws that related to the licensure Health Care Services Firms. In particular, but not exclusively, licensed Health Care Services Firms will need to become accredited via New Jersey approved third-party accrediting company. The effective date of this requirement is believed to be February 1, 2017 however; the law specifically stated that the effective date may be accelerated by the state's licensing authority. Please be sure to independently verify these new requirements and timelines.

b. Home Care Accreditation in States/Territories/Provinces/Districts other than New Jersey: Currently Franchisor does not require franchisees in States/Territories/Provinces/Districts other than New Jersey to obtain accreditation. ~~However,~~ Franchisor expressly reserves the right to require that Franchisee obtain third party accreditation. Franchisee will be expected to begin the process within six (6) months of written notification by Franchisor.

## 3. Franchisor Assistance with Initial Licensing

a. License Applications. Franchisee is solely responsible for researching and understanding their individual state's requirements as they relate to obtaining the necessary licenses (including, but not limited to, the timeline to obtain said licenses) to provide the Approved Services. In addition, Franchisee is responsible for completing and submitting any necessary licenses. Franchisor will assist franchisee by reviewing completed applications and make best practice suggestions. However, Franchisor makes no assurances that upon review, the application will be approved by the relevant licensing body. Franchisee should see the advice of local counsel/advisors to ensure compliance with all licensing requirements and obligations.

b. Policies and Procedures and Related Documents and Forms. Franchisee is responsible for the customization, implementation, and/or updates of any policies and procedures manuals and related documents and forms required to comply with any local, state federal and/or licensing body requirements. Franchisor will assist the Franchisee by providing template policy and procedure manuals, documents and forms. In addition, where possible, Franchisor will work with Franchisee to align their specific policy and procedure manuals, documents and forms with Franchisor best practices and operational software(s). However, Franchisor makes no assurances that upon review, the policies and procedures and related documents and forms will be approved by the relevant licensing body. Franchisee should see the advice of local counsel/advisors to ensure compliance with all licensing requirements and obligations.

Franchisor reserves the right to require the Franchisee to seek the guidance of an outside Third Party Consultant related to licensing and/or policy and procedure creation.

4. Franchisor Assistance with Governmental Programs Provider Enrollment:

- a. Provider Enrollment. Franchisee is solely responsible for researching and understanding available government programs (i.e., Medicaid waiver) that the Franchisee feels may be beneficial to the growth of their Franchised Business and comply with the terms and conditions of the Approved Services. In addition, Franchisee is responsible for completing and submitting any necessary provider enrollment forms and documents. Franchisor will assist franchisee by reviewing completed provider enrollment forms and documents and make best practice suggestions. However, Franchisor makes no assurances that upon review, the provider enrollment forms and documents will be approved by the relevant governmental agency. Franchisee should seek the advice of local counsel/advisors to ensure compliance with all governmental program's requirements and obligations.
- b. Policies and Procedures and Related Documents and Forms. Franchisee is responsible for the customization, implementation, and/or updates of any policies and procedures manuals and related documents and forms required to comply with governmental programs. Franchisor will assist the Franchisee by providing template policy and procedure manuals, documents and forms. In addition, where possible, Franchisor will work with Franchisee to align their specific policy and procedure manuals, documents and forms with Franchisor's best practices and operational software(s). However, Franchisor makes no assurances that upon review, the policies and procedures and related documents and forms will be approved by the relevant governmental agency. Franchisee should seek the advice of local counsel/advisors to ensure compliance with all governmental program's requirements and obligations.

Franchisor reserves the right to require the Franchisee to seek the guidance of an outside Third Party Consultant related to licensing and/or policy and procedure creation.

5. Private Duty Nursing Accreditation

- a. Unless required by Franchisee's state of operation, Franchisor recommends, but does not require, that Franchisee obtain third party accreditation to provide private duty nursing services. In the event Franchisee is either required to or elects to obtain third party accreditation, Franchisee is solely responsible for researching and understanding their individual state's requirements as the relate to obtaining third party accreditation (including, but not limited to, the timeline to obtain said accreditation) to provide the Approved Services. In addition, Franchisee is responsible for completing and submitting any necessary applications, information or forms required to obtain third party accreditation. Franchisor will assist Franchisee by reviewing completed application, information or forms and make best practice suggestions. However, Franchisor makes no assurances that upon review, the applications, information or forms will be approved by the relevant accrediting body. Franchisee should seek the advice of local counsel/advisors to ensure compliance with all accrediting requirements or obligations.
- b. Policies and Procedures and Related Documents and Forms. Franchisee is responsible to obtain compliance policies and procedures and related documents and forms from the accrediting body's suggested third party vendor. Where possible, Franchisor will work with Franchisee to align their specific policy and procedure manuals, documents and forms with Franchisor's best practices and operational software(s). Franchisee should seek the advice

of local counsel/advisors to ensure compliance with all governmental program's requirements and obligations.

Franchisor reserves the right to require the Franchisee to seek the guidance of an outside Third Party Consultant related to licensing and/or policy and procedure creation.

#### 6. Franchisor Assistance with Plans of Correction

a. Franchisee is responsible for compliance with any and all rules and regulations required by any licensing body, accrediting body or governmental agency programs for which they participate. Upon request by the Franchisee, the Franchisor may assist with the completion of any Plans of Correction imposed on the Franchisee by said agency or body. Franchisee must provide ample notice (preferably as soon as the Plan of Correction is received) in order to ensure timely completion and it remains the Franchisee's responsibility to create and submit it in a timely manner. Franchisor makes no assurances that upon review, the Plan of Correction will be approved by the relevant licensing body, accrediting body or governmental agency. Franchisee should seek the advice of local counsel/advisors to ensure compliance with all Plans of Correction.

#### **K. MANAGEMENT OF THE FRANCHISED BUSINESS/CONFLICTING INTERESTS**

The Franchise shall, at all times, be under the direct, day-to-day, full-time supervision of Franchisee (or, if Franchisee is a partnership or corporation, a partner or shareholder who has been approved by Franchisor as the managing partner or shareholder and who has satisfactorily completed the training program) as well as employ, full-time, at least one other employee. Either the Franchisee or the employee must function as the full-time sales and marketing manager. If the Franchised Business has multiple owners, the other owner may work as the other required full-time employee. Franchisee shall also employ, on a part-time, contingent basis, a nurse for the purpose of performing initial and supervisory client assessments. ~~Franchisee may contract with an approved third party administrative outsourcing provider to fulfill one half of the administrative staffing obligations under this Agreement.~~ If Franchisee operates more than one ComForCare Business, a separate and distinct operating manager and sales and marketing manager will be required for each ComForCare Business. Full-time is defined as the expenditure of at least 35 hours of work per week, including vacation, sick leave and other excused absences.

Franchisee shall at all times faithfully, honestly and diligently perform his/her obligations and continuously exert Franchisee's best efforts to promote and enhance the operation of the Franchised Business. The person who is responsible for the day-to-day supervision of the Franchise (i.e., the managing partner or shareholder, or the approved manager) shall assume responsibilities on a full-time basis and shall not engage in any other business or other activity, directly or indirectly, that requires any significant management responsibility, time commitments, or otherwise may conflict with Franchisee's obligations.

If at any time the Franchise is not being managed by Franchisee (or, if Franchisee is a partnership or corporation, the managing partner or shareholder) or an approved manager who has satisfactorily completed Franchisor's training program, Franchisor is authorized, but is not required, to immediately appoint a manager to maintain the operations of the Franchise for and on behalf of Franchisee. Franchisor's appointment of a manager of the Franchised Business does not relieve Franchisee of Franchisee's obligations or constitute a waiver of Franchisor's right to terminate this Agreement pursuant to Paragraph B of Section 17. Franchisor shall not be liable for any debts, losses, costs or expenses incurred in the operations of the Franchise or to any creditor of Franchisee for any products, materials, supplies or services purchased by the Franchise while it is managed by Franchisor's

appointed manager. Franchisor reserves the right to charge a reasonable fee for management services and to cease to provide management services at any time.

## L. INSURANCE

Franchisee must at all times during the term of the Franchise maintain in force, at its sole expense, on a primary basis with Franchisor, the following insurance:

- (1) Commercial general liability insurance, including bodily injury, property damage, personal injury, products and completed operations liability coverage with a combined single limit of not less than \$1,000,000 (\$3,000,000 in aggregate);
- (2) Worker's compensation and employer's liability to meet statutory requirements of Franchisee's state(s) of operation. Franchisee shall maintain Worker's Compensation and employers' liability insurance coverages regardless if mandated by state law;
- (3) Commercial property insurance written on a special cause of loss at replacement value;
- (4) Automobile liability insurance for all owned, non-owned and hired automobiles with a single limit coverage of not less than \$ 1,000,000;
- (5) An umbrella or excess liability policy in the amount of not less than \$1,000,000;
- (6) Professional liability insurance with a combined single limit of not less than \$1,000,000 (\$3,000,000 in aggregate) including sexual molestation and abuse with a minimum sub-limit of \$250,000;
- (7) Third-party liability bond with a minimum per-occurrence limit of \$25,000;
- ~~(8) Business interruption insurance; and~~
- (9) Employment practices liability insurance (EPLI) with a minimum aggregate of \$500,000 including sub-limits of at least: \$100,000 for FLSA/wage and hour claims, \$100,000 for violation of employee privacy claims and \$25,000 for work eligibility (I-9) claims. In addition, the policy should include: independent contractors in the definition of potential employees as well as third-party coverage; and
- (109) Other insurance as may be required by the state or locality in which the Franchised Business is located and operated.

At this time, Franchisor suggests, but does not require, that Franchisee obtain network security insurance (cyber insurance)~~employment practices liability insurance.~~

If Franchisee obtains "claims made" insurance or switches from "claims made" to "occurrence made" insurance, Franchisee must obtain an extended reporting endorsement ("tail") of no less than three years in the event you sell or close your franchise. Franchisee agrees to indemnify and hold harmless Franchisor, its directors, officers and employees, from and against all loss or expense (including costs and attorney's fees) by reason of liability imposed by law for damages because of personal injury sustained by any person or persons or damage to property, including loss of use thereof, arising out of the performance of this contract, except only damages due to the sole negligence of the Franchisor.

Franchisor may reasonably increase the minimum liability protection requirement annually and require, at any time on reasonable prior notice to Franchisee, different or additional kinds of insurance to reflect inflation, changes in standards of liability or higher damage awards in public, product or motor vehicle liability litigation or other relevant changes in circumstances.

Franchisee shall submit to Franchisor annually a copy of the certificate or endorsement of, or other evidence request by Franchisor of, the renewal or extension of, each insurance policy. If Franchisee at any time fails or refuses to maintain in effect any insurance coverage required by Franchisor, or to furnish satisfactory evidence, Franchisor, at its option and in addition to its other rights and remedies,

may obtain insurance coverage on behalf of Franchisee, and Franchisee must promptly execute any applications or other forms or instruments required to obtain any insurance and pay to Franchisor, on demand, any costs and premiums incurred by Franchisor.

All insurance policies shall be issued by the insurance carrier or insurance carriers acceptable to Franchisor and must list Franchisor, ComForCare Health Care Holdings, Inc., as an additional insured, shall contain a waiver of insurance company's right of subrogation against Franchisor and shall provide that Franchisor will receive thirty (30) days prior written notice of expiration or cancellation of policy or material change of the policy, and shall also contain a provision that Franchisor, although named as an insured, will nevertheless be entitled to recover under said policies on any loss occasioned to Franchisor or its servants, agents, or employees by reason of the negligence of Franchisee or its servants, agents, or employees.

Franchisee is required to submit to Franchisor within sixty (60) days of execution of the Franchise Agreement a copy of the Endorsement of Insurance in compliance with the requirements and such other documentation as Franchisor may reasonably request to confirm that Franchisee has satisfied the insurance regulations hereunder. Franchisee is required to submit copies annually thereafter. In addition, in order to monitor claims activity on a national level, and to most effectively assess program exposures, each franchisee is required, as requested, to collect Loss History Statements ("Loss Runs") from the carriers and remit to Franchisor.

#### **M. APPROVED SERVICES**

Franchisee agrees that the Franchised Business shall offer, sell and provide only the Approved Services. Franchisor has the absolute right to determine the scope of permissible Approved Services to be offered by Franchisee. Franchisor's determination that a specific service cannot be provided by Franchisee shall control and be binding on Franchisee, regardless of whether Franchisee has complied with any state law or regulation that is relevant to providing that service. Franchisee is responsible for compliance with all state or local laws, ordinances or regulations and with all state or local licensing requirements required to offer the Approved Services.

#### **N. APPROVED SUPPLIERS**

Franchisee is prohibited from purchasing unapproved products and services or from purchasing approved products and services from suppliers not previously approved by Franchisor. Franchisor will provide Franchisee with a list of approved manufacturers, suppliers and distributors ("Approved Suppliers List") and approved inventory, products, fixtures, furniture, equipment signs, supplies and other items or services necessary to operate your Franchised Business ("Approved Suppliers List"). The Approved Suppliers List may list particular suppliers from which Franchisee must purchase certain supplier, equipment, materials fixtures or other items for use in Franchisee's Franchised Business. For example, Franchisee must use the HealthManager software or the then current Franchisor approved client and billing software. The Approved Suppliers List may include specific brands or types of furnishing, equipment or products that Franchisee may buy from any source, provided that the items conform to the standards and specifications for the ComForCare System. Franchisor, an affiliate or a third party supplier periodically may be the only approved supplier for certain products or services. Franchisor may revise these lists and provide Franchisee with a copy as Franchisor deems advisable. Franchisor may publish these lists online.

Except for HealthManager and the then current SEO provider, Franchisee may request Franchisor approve an alternative supplier if the supplier complies with Franchisor's standards and specifications for any product or service and the supplier satisfies Franchisor's supplier criteria. If Franchisee requests approval to purchase approved products and services from a supplier not previously

approved by Franchisor, the Franchisee shall first notify Franchisor in writing and submit sufficient information, specifications and samples concerning the product or service to Franchisor for its determination whether the product or service complies with Franchisor's specifications and standards and whether the supplier meets with Franchisor's approved supplier criteria. Franchisor will notify Franchisee whether or not the proposed supplier is approved with thirty (30) days from Franchisor's receipt of the samples of product or services from the supplier Franchisee requests for approval. Franchisor may establish procedures for the submission of requests for approved suppliers. In the event the supplier is approved, Franchisor may withdraw the approval if supplier fails to produce products or services in compliance with Franchisor's standards and specification, or in compliance with approved supplier criteria established by Franchisor which may include price considerations and whether the supplier meets the requirements for delivery. Nothing in the foregoing will be construed to require Franchisor to approve any particular supplier, nor to require Franchisor to make available to prospective suppliers Franchisor's standards and specifications, which Franchisor will have the right to deem confidential. Franchisee may propose additional suppliers for approved products and services at any time throughout the Term. Once the supplier is approved, Franchisee may purchase the product or service from the duly approved supplier or previously approved suppliers.

Franchisor may, at some future date, require Franchisee to use approved accounting software in the operation of the Franchised Business, which shall be purchased or leased by Franchisee from an approved supplier selected by Franchisor in its sole and absolute discretion. Throughout the Term, Franchisee may be required by Franchisor to pay an approved supplier an initial license fee and ongoing monthly license and/or maintenance fees for any approved product or service.

#### **O. NATIONAL ALLIANCES**

Franchisor will have the exclusive right, unless otherwise specifically delegated in writing, on behalf of itself, Franchisee, and/or other franchisees utilizing the Marks, to negotiate and enter into agreements or approve forms of agreement to provide services to "National Alliance" customers, including any affiliate, company owned or franchised locations with the Exclusive Area granted to the Franchised Business. The term "National Alliance" means any customer which on its own behalf or through agents, franchisees or other third party owns, manages, services, controls or otherwise has responsibility for a business in more than one (1) location in more than one (1) state including, but not limited to, institutional customers such as hospital chains, insurance companies, referral sources, nursing homes, senior citizen centers, hospice facilities, facilities for the mentally and physically impaired and elder and/or child daycare facilities or facilities providing homecare services to individuals whose presence is not confined within any one particular franchisee's Exclusive Area regardless of the aggregate contract amount of the services the Franchisee wishes to perform. Any dispute as to whether a particular customer is a National Alliance will be determined by Franchisor and Franchisor's determination will be final and binding.

If Franchisee meets the operational and performance standards (as determined by Franchisor in its sole discretion), has obtained its license to provide personal care services (if applicable) and has completed appropriate sections of the franchise training program, Franchisee may enroll to receive National Alliance business. Once enrolled, Franchisee must service any National Alliance account referred to Franchisee in accordance with the National Alliance contract and the guidelines set forth in the Operations Manual. Franchisee understands that certain National Alliances may charge an enrollment fee and/or ongoing enrollment fees and that the payment of such fees are solely the obligation of Franchisee. If Franchisee is in default of any terms of this Agreement or if Franchisee fails to meet the operational and performance standards (as determined by Franchisor in Franchisor's sole discretion), Franchisor may remove Franchisee from the specific National Alliance accounts or the entire National Alliance program.

Following the execution of a contract with or the acceptance of a bid by a National Alliance customer which contemplates the provision of services to one or more National Alliance customer locations within or outside of the Exclusive Area, Franchisor will, if Franchisee is qualified to perform the services and conditioned upon Franchisee's substantial compliance with the terms of this Agreement and any addendum, refer the National Alliance to Franchisee, and Franchisee must perform such services pursuant to the terms and conditions of the National Alliance contract and the guidelines contained in the Operations Manual.

If Franchisee fails to provide services to a National Alliance customer in conformity with the terms and conditions of the National Alliance contract or the Operations Manual, Franchisor will have to right to:

1. Terminate this Agreement in accordance with Section 17; and/or
2. Provide directly or through any other licensee or Franchised Business utilizing the Marks, services to the National Alliance customer location(s) within the Exclusive Area on the terms and conditions contained in the National Alliance bid or contract; and/or
3. Contract with another party, including another Franchised Business, to provide such services to the National Alliance customer location(s) within the Exclusive Area on the terms and conditions contained in the National Alliance bid.

Neither the direct provision by Franchisor (or a franchisee, licensee or agent of Franchisor) of services to National Alliance customers as authorized in (2) above, nor Franchisor's contracting with another party to provide such services as authorized in (3) above, will constitute a violation of the franchisee's territorial exclusivity, even if such services are delivered from a location within the Exclusive Area. Franchisee disclaims any compensation or consideration for work performed by others in the Exclusive Area pursuant to this section. Further, Franchisor does not have any obligation to pursue National Alliance contracts nor does Franchisor guarantee that Franchisee will derive any revenue from National Alliances.

## 11. ADVERTISING

- A. Recognizing the value of uniform advertising to the goodwill and public image of a ComForCare Business, Franchisor has developed advertising materials which Franchisee may purchase from Franchisor or designated sources. Franchisor will provide Franchisee with an initial package of advertising materials.
- B. Franchisee shall maintain at least a business phone and advertise continuously in the Yellow Pages or in the leading local telephone directory.
- C. Each month during the Term of this Agreement, Franchisee shall spend at least two percent (2%) of its Gross Sales on local marketing, sales and promotion, including internet advertising (such as pay-per-click), e-newsletter distribution services and other promotional materials with a monthly minimum of not less than \$1,750. However, Franchisor recommends that the Franchisee spend at least \$2,000 per month on local marketing and sales expenses. From this, the Franchisor expects the Franchisee to spend at least \$750 per month for local internet marketing programs provided by third-party vendors approved by the Franchisor, and the payment for such programs is to be paid direct to the vendor. The Franchisor recommends that you spend, at a minimum, an additional \$1,500 a month during the first six (6) months of operation (\$9,000 total) on local marketing activities such as, but not limited to, pay-per-click advertising, TV/radio advertising, direct mailers, etc. in order to build local brand awareness. ~~In addition, the Franchisor recommends that you spend a minimum of \$10,000 for local television and radio advertising via third-party vendors approved by the Franchisor, and the payment for such programs is to be paid direct to the vendor by the Franchisee, during the first six (6)~~

~~months of operation in order to help build brand awareness programs.~~ Moreover, at a later date, the Franchisor may elect to create an Advertising Co-Sponsorship Program where in the Franchise may provide you certain reimbursements for any television and radio advertising the Franchisee conducts. Sales and promotion costs shall also include expenses for association dues, vendor fairs, signage, gifts, holiday cards, other theme specific stationary and employee mileage charges for travel only for sales and marketing professionals. Franchisee shall use its best efforts to confine the use of all promotional materials to its Exclusive Area. (Please see Section 10.F for more information) Such expenditures shall be made directly by Franchisee, typically to third party vendors. Franchisor may provide guidelines for conducting local marketing and promotional programs and any deviations from such guidelines shall be approved by Franchisor in writing prior to use. Within 45 days after the end of each calendar month, Franchisee shall furnish to Franchisor, in a manner approved by Franchisor, an accurate accounting of Franchisee's expenditures on local marketing, sales and promotions for the preceding calendar month just ended. Franchisee acknowledges and agrees that any and all copyright in and to advertising, marketing materials, and promotional plans developed by or on behalf of Franchisee will be the sole property of Franchisor, and Franchisee agrees to execute such documents (and, if necessary, require its independent contractors to execute such documents) as may be deemed reasonably necessary by Franchisor to give effect to this provision.

- D. All advertising and promotion by Franchisee in any medium shall be conducted in a professional manner and shall conform to the Franchisor's standards and requirements set forth in the Operations Manuals or otherwise. Franchisee shall obtain Franchisor's approval of all advertising and promotional plans and materials before using them if Franchisor has not prepared them or previously approved them during the 12 month period before Franchisee proposes to use them. Franchisee shall submit true copies of any unapproved plans and materials it proposes to use to Franchisor who will approve or disapprove the use of the plans and materials within 30 business days of receipt. Franchisee shall not use any unapproved plans or materials until Franchisor has approved them, and shall promptly discontinue using any advertising or promotional plans or materials, whether previously approved or not, upon Franchisor's notice.
- E. Franchisor may provide Franchisee with suggested prices for services offered by the Franchise; however, Franchisee has the absolute right to sell Approved Services at any price Franchisee determines and is not bound by any price which Franchisor may suggest or recommend. If Franchisee elects to sell any or all of its services at any price Franchisor recommends, Franchisee acknowledges that Franchisor has made no guarantee or warranty that offering the services at the recommended price will enhance Franchisee's sales or profits.
- F. National and Regional Advertising Fee. ComForCare does not currently charge this fee, however; at our discretion, we reserve the right to institute this fee upon 60 days' notice. Thereafter beginning with the:

- 61<sup>st</sup> day from the date of the notice and then for the next 12 months thereafter, Franchisee will remit to ComForCare, bi-weekly, a National and Regional Advertising Fee equal to 2% of their first \$40,000 in bi-weekly Gross Sales and then 1% of their bi-weekly Gross Sales between \$40,001 and \$80,000, or \$200 in total, whichever is greater.
- From the beginning of the 13<sup>th</sup> month until the completion of the 24<sup>th</sup> month, Franchisee will remit to ComForCare, bi-weekly, a National and Regional Advertising Fee equal to 2% of their first \$40,000 in bi-weekly Gross Sales and then 1% of their bi-weekly Gross Sales between \$40,001 and \$80,000, or \$400 in total, whichever is greater.

- From the beginning of the 25<sup>th</sup> month and thereafter, Franchisee will remit to ComForCare, bi-weekly, a National and Regional Advertising Fee equal to 2% of their first \$40,000 in bi-weekly Gross Sales and then 1% of their bi-weekly Gross Sales between \$40,001 and \$80,000, or \$600 in total, whichever is greater.

ComForCare will deposit any National and Regional Advertising Fees in the national and regional advertising fund (the "Fund") which ComForCare will manage through a separate account. ComForCare will, however, separate any National and Regional Advertising Fees it receives from franchisees operating under the "At Your Side Home Care" name into a separate fund. ComForCare may use the Fund to conduct national, regional and local advertising, marketing, promotional and public relations campaigns, including the cost of preparing and conducting print, radio, television, Internet, social media, electronic and billboard advertising. ComForCare will be reimbursed for reasonable administrative costs and overhead incurred in administering the Fund. ComForCare is not required to spend any particular amount on marketing, advertising or production in the area in which Franchisee's Franchised Business is located. Any amounts collected by ComForCare are in addition to any local marketing payments to third party vendors pursuant to Section 11\_C above. National and Regional Advertising Fees shall be debited via electronic funds transfer twenty-eight (28) days after the end of each two week billing period with regard to Gross Sales.

If this Agreement is the result of a resale of an existing franchised business, Franchisee will begin paying this fee immediately upon execution of this Agreement at the same level and schedule as the transferring franchisee.

## 12. NETWORKING MEDIA SITES

Notwithstanding Section 11, Advertising, Franchisee need not obtain prior approval from Franchisor to create and place information about Franchisee services and products on Franchisor approved Networking Media (social media) websites controlled by Franchisee. In addition, Franchisee must:

- Only use Franchisor approved Networking Media websites. If Franchisee wishes to provide content on non-approved Networking Media websites, prior to the placement of any content, Franchisee must obtain written permission from Franchisor to do so;
- Provide Franchisor with the administrative login information and passcodes for each Networking Media website utilized by Franchisee in its Franchised Business;
- Follow any policies, procedures and guidelines provided by Franchisor regarding the content and use of Networking Media websites including the use of any information or content that may be disseminated to Franchisee by Franchisor;
- If Franchisor so requests, for any reason, immediately remove any content Franchisor deems unacceptable;
- If Franchisor so requests, for any reason, immediately discontinue or assign to Franchisor any unique domain name assigned to Franchisee by a third party Networking Media website;
- Not use the assigned Networking Media website for personal use;
- Franchisee shall not make any posting or other contribution to a networking media website relating to Franchisor, the System, the Proprietary Marks, or the Franchised Business that (a) is derogatory, disparaging, or critical of Franchisor or another Franchised Business, (b) is offensive, inflammatory, or indecent, (c) harms the goodwill or public image of the System and/or Proprietary marks, or (d) violates Franchisor's policies relating to the use of networking media websites; and
- Franchisee shall take such steps as are necessary to ensure that its employees do not violate Franchisor's policies related to the use of networking media websites including, but not limited

to, prohibiting employees from posting any information relating to Franchisor, the System, the Proprietary Marks, or the Franchised Business on any networking media website that is inconsistent with such policies.

Franchisor reserves the right to approve or disapprove of any Networking Media website or posting.

### **13. RECORDS AND REPORTS**

#### **A. ACCOUNTING AND RECORDS**

During the Term, Franchisee will, at Franchisee's expense, maintain and preserve for at least five (5) years from the date of their preparation, full, complete and accurate books, records and accounts including, but not limited to, sales slips, coupons, purchase orders, payroll records, check stubs, bank statements, employment time records, financial statements, sales tax records and returns, cash receipts and disbursements, journals and ledgers, records of EFT or ACH transactions, backup or archive records of information maintained on any computer system, and accounting and other records in accordance with Generally Accepted Accounting Principles and any other information required in writing by Franchisor and in the form and manner Franchisor prescribes in the Operations Manuals or otherwise in writing.

#### **B. REPORTS AND TAX RETURNS**

1. Franchisee shall furnish to Franchisor copies of reports designated by Franchisor and other information and supporting records as Franchisor prescribes. All financial statements, reports and information shall be on forms approved by Franchisor and signed and verified by Franchisee.
2. Franchisee shall maintain readily available for inspection by Franchisor, and shall furnish to Franchisor upon its request, exact copies of all state sales tax returns and portions of Franchisee's federal and state income tax returns that reflect the operation of the Franchise. Even if the tax returns include information unrelated to the operations of the Franchise Business (i.e., spouse's tax returns combined). In addition, Franchisee, at Franchisee's expense, shall furnish to Franchisor (and its agents) for inspection or audit, forms, reports, records, financial statements and other information as Franchisor requires. Franchisee shall execute the latest Form 4506-T, Request for Transcript of Tax Return on behalf of Franchisor. (Please see Exhibit F). Franchisee shall make financial and other information available at locations Franchisor reasonably requests (including Franchisor's office), and shall afford Franchisor (and its agents) full and free access at the Franchise during regular business hours. Franchisor (and its agents) has the right to make extracts from, and copies of, all documents and information.

### **14. INSPECTION AND AUDITS**

#### **A. THE FRANCHISOR'S RIGHT TO INSPECT THE FRANCHISED BUSINESS**

To determine whether Franchisee is complying with this Agreement, Franchisor has the right at any time during business hours, and without prior notice to Franchisee, to inspect the Franchise Business office and records either in person or through electronic means such as, but not limited to mystery shopper programs. These calls may be monitored and recorded for record keeping, training and quality assurance purposes. Franchisee shall fully cooperate with designated representatives of Franchisor making any inspection.

## **B. THE FRANCHISOR'S RIGHT TO EXAMINE BOOKS AND RECORDS**

Franchisor has the right at any time during business hours, and without prior notice to Franchisee, to examine or audit, or cause to be examined or audited, the business records, HealthManager operating system and related records accounts, cash control devices, bookkeeping and accounting records, bank statements, sales and income tax records and returns and other books and records of the Franchise and the books and records of any corporation or partnership which holds the Franchise. Such examination or audit may be done by an on-site visit or through electronic means (or both.) Franchisee shall fully cooperate with representatives of Franchisor, and independent accountants hired by Franchisor, to conduct any examination or audit.

If any examination or audit discloses an understatement of Gross Sales, Franchisee shall pay to Franchisor, within 15 days after receipt of the examination or audit report, the royalty and services fees due on the amount of the understatement, ~~plus~~ interest based on the amount of the understatement (at the rate and on the terms provided in this Agreement), ~~a \$150 late fee and as well as pay~~ a \$5,000 under reporting penalty from the date originally due until the date of payment. Further, if the examination or audit is made necessary by the failure of Franchisee to furnish reports, supporting records, financial statements or other documents or information, as required, or failure to furnish reports, records, financial statements, documents or information on a timely basis, or if an understatement of Gross Sales for any month is determined by any examination or audit to be greater than 2%, Franchisee shall reimburse Franchisor for the cost of the audit or examination, including the charges of any independent accountants and the travel expenses, room and board and compensation of employees of Franchisor. The foregoing remedies are in addition to all other remedies and rights of Franchisor under applicable law.

By signing this Agreement, Franchisee appoints Franchisor its true and lawful attorney-in-fact with full power and authority, for the sole purpose of obtaining any and all returns and reports Franchisee files with any state and/or federal taxing authority. This power of attorney survives the expiration or termination of this Agreement. Franchisee also grants Franchisor the specific right to perform credit checks on Franchisee, as needed. If the aforementioned fees, charges or any other costs are not paid by the Franchisee within 15 days of receipt of the examination or audit report, then Franchisor may withdraw from Franchisee's bank account any monies owed by ~~ACHEFT~~.

## **C. UNAUDITED ANNUAL STATEMENT**

In addition to the foregoing statements, within 60 days after the close of each fiscal year of Franchisee, Franchisee must furnish to Franchisor financial statements which will include a statement of income and retained earnings, a statement of changes in financial position and a balance sheet of Franchisee, all as of the end of such fiscal year, which must be certified to by Franchisee as being true and correct.

### **15. TRANSFER OF INTEREST**

#### **A. BY THE FRANCHISOR**

Franchisor has the right to transfer or assign this Franchisee Agreement and all or any part of its rights or obligations to any person or legal entity without the consent of Franchisee or any Principal.

#### **B. FRANCHISEE MAY NOT ASSIGN WITHOUT APPROVAL OF THE FRANCHISOR**

Franchisee understands and acknowledges that the rights and duties created by this Agreement are personal to Franchisee and its owners and that Franchisor has granted the Franchise in reliance upon the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of

Franchisee or its owners. Unless otherwise provided with respect to an assignment to a corporation, neither the Franchisee nor the Franchise (or any interest) nor any part or all of the ownership of Franchisee may be voluntarily, involuntarily, directly or indirectly, assigned, sold, subdivided, subfranchised or otherwise transferred by Franchisee or its owners (including by merger or consolidation, by issuance of additional securities representing an ownership interest in Franchisee, by conversion of a general partnership to a limited partnership, by transfer or creation of an interest as a general partner of a partnership, by transfer of an interest in Franchisee or in this Agreement in a divorce proceeding, or if Franchisee or an owner of Franchisee dies, by will, declaration of or transfer in trust or the laws of the intestate succession) without the prior written approval of Franchisor, and any assignment or transfer without approval constitutes a breach and conveys no rights to or interests in the Franchise.

### **C. CONDITIONS FOR APPROVAL OF ASSIGNMENT**

If Franchisee and its owners are in full compliance with this Agreement, Franchisor shall not unreasonably withhold its approval of an assignment, provided that the proposed assignee is of good moral character and has sufficient business experience, aptitude and financial resources to own and operate the Franchise and otherwise meets Franchisor's then applicable standards for franchisees, and further provided that Franchisor may require that any one or more of the following conditions be met before, or concurrently with, the Effective Date of the assignment:

- (1) all of the accrued monetary obligations of Franchisee or any of its affiliates and all other outstanding obligations to Franchisor or any of its affiliates arising under this Agreement or any other Agreement shall be satisfied in a timely manner and Franchisee shall satisfy all trade accounts and other debts, of whatever nature or kind, in a timely manner;
- (2) Franchisee and its affiliate shall not be in default of any provisions of this Agreement, any amendment or any successor, or any other agreement between Franchisee or any of its affiliates and Franchisor or any of its affiliates, and Franchisee must have substantially and timely complied with all the terms and conditions of all agreements during the Term of this Agreement;
- (3) the transferee shall submit to a criminal and credit history background investigation;
- (4) the transferee shall enter into a written agreement, in a form satisfactory to Franchisor, assuming full, unconditional, joint and several liability for, and agreeing to perform from the date of the transfer, all obligations, covenants and agreements contained in this Agreement, and, if transferee is a corporation or partnership, transferee's shareholders, partners or other investors, as applicable, shall execute agreements franchisor's principals require and guarantee the performance of all obligations, covenants and agreements;
- (5) the transferee shall execute a new Franchise Agreement for the term established, the standard form Agreement then being offered to new franchisees by Franchisor and other ancillary agreements as Franchisor requires for the ComForCare Business which agreement supersedes this Agreement and its ancillary documents in all respects and the terms of which agreements may differ from the terms in this Agreement. If transferee is a corporation or partnership, transferee's shareholders, partners or other investors, as applicable, shall execute agreements as transferee's principals and guarantee the performance of all obligations, covenants and agreements;
- (6) the transferee, at its expense, shall renovate, modernize and otherwise upgrade the Franchise to conform to the then-current standards and specifications of a new franchise, and shall complete the upgrading and other requirements within the time period Franchisor reasonably specifies;
- (7) the transferor remains liable for all the obligations to Franchisor in connection to the business incurred before the effective date of the transfer and shall execute any and all instruments Franchisor reasonably requests to evidence that liability; transferor also agrees to remit any

amounts owed to Franchisor through the effective date of the transfer via either a direct payment to the Franchisor by the Transferor or via the proceeds of the transfer at closing. If the Transferor chooses to pay the amounts owed via the proceeds of the transfer at closing, such language will be required to be included in any purchase agreements between the Transferor and the Transferee and approved by the Franchisor prior to closing;

- (8) At the transferee's expense, the transferee, the transferee's operating principal, general manager and/or any other applicable Franchise personnel shall complete any training programs then in effect for franchisees upon terms and conditions Franchisor reasonably requires;
- (9) Franchisee shall pay a transfer fee to Franchisor of \$10,000 (if the transfer involves a 50% or more change in ownership), ~~plus any fees paid directly to a broker if buyer is found through a broker (approximately \$25,000-\$40,000 or more).~~ If the transfer reflects a 49% or less change in ownership, the transfer fee will be calculated based upon the percentage of ownership changed;
- (10) If Franchisee utilizes a third-party sales broker to sell or transfer their franchised business, Franchisee shall pay that third-party sales broker their fees (generally, 10% of the sale price or a minimum amount of \$35,000, whichever is greater);
- (11) If Franchisee utilizes the ComForCare Online Listing Program to sell or transfer their franchised business, Franchisee shall pay ComForCare a \$1,500 non-refundable deposit prior to being granted access to the program as well as an additional \$8,500 if, and only if, the franchise business is sold or transferred via the ComForCare Online Listing Program to the purchaser identified by the ComForCare Online Listing Program;
- ~~(120)~~ Franchisor approves the material terms and conditions of the assignment and determines that the price and terms of payment are not so burdensome as to materially affect the future operations of the Franchise by the transferee (included, but not limited to, reasonable terms as to assisting with the management of the Franchised Business while buyer is at Franchisor's training);
- ~~(134)~~ Franchisee and all owners of Franchisee must sign a general release of claims in the form designated by Franchisor;
- ~~(142)~~ Franchisee has entered into an agreement with Franchisor agreeing to subordinate to assignee's obligations to Franchisor, including any royalty and service fees, any obligations of assignee to make installment payments of the purchase price to Franchisee;
- ~~(153)~~ In the event of a resale, the transferee or assignee shall pay \$20,000 as an initial resale franchise fee if the transfer involves a 50% or more change in ownership. If the transfer involves a 49% or less change in ownership, the resale fee will be calculated based upon the percentage of ownership change.~~The transferee or assignee has paid \$20,000 as an initial franchise resale fee if the transfer involves a 50% or more change in ownership. If the transfer involves a 49% or less change in ownership, the resale fee will be calculated based upon the percentage of ownership change;~~ and
- (16) In the event of an acquisition, the transferee or assignee shall pay \$20,000 as an initial acquisition franchise fee if the transfer involves a 50% or more change in ownership. If the transfer involves a 49% or less change in ownership, the acquisition fee will be calculated based upon the percentage of ownership change; and
- ~~(174)~~ Franchisee and each Principal and owner of Franchisee shall execute a non-competition covenant in favor of Franchisor and the Transferee, agreeing that for a continuous, uninterrupted period of two (2) years, commencing on the effective date of the transfer to the effect that each of them and all members of their immediate families will not directly or indirectly:
  - a. Divert or attempt to convert any business or customer of any ComForCare Business (including, but not limited to, the Franchised Business) to any Competitive Business, 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 Licensed Marks and the System;

- b. Except as otherwise specifically permitted by the terms of this Franchise Agreement, employ or recruit any person who is employed by Franchisor or by its affiliates or by any franchisee (including as applicable, any developer of a franchisee or of Franchisor), or otherwise directly or indirectly induce such person to leave that person's employment; or
- c. Own, maintain, operate, engage in, or have any financial or beneficial interest (including the interest in corporations, partnerships, limited liability companies, trusts, unincorporated associations or joint ventures) or advise, assist or make loans to any Competitive Business that is located within or that is intended to be located within the Exclusive Area granted Franchisee or with the exclusive area granted any franchisee by Franchisor or within a seventy-five (75) mile radius, as of the date of such transfer, of the premises of the Franchised Business, or within a seventy-five (75) mile radius, as of the date of such transfer, of the location of any existing ComForCare Business, any ComForCare Business under construction or any planned ComForCare Business where land has been purchased or a lease has been executed by Franchisor, its affiliate or any franchisee.

Any monies owned to any party under this section must be managed and thereafter disbursed by either a licensed escrow agent or ComForCare.

Franchisor's consent to an assignment of any interest subject to the restrictions of this Agreement does not constitute a waiver of any claims it may have against the assignor, nor is it deemed a waiver of Franchisor's right to demand exact compliance with any of the terms or conditions of the Franchise by the assignee.

#### **D. DEATH OR DISABILITY OF FRANCHISEE**

Upon the death or permanent disability of Franchisee (or the managing shareholder or partner), the executor, administrator, conservator or other personal representative of that person, or the remaining shareholders or partners, shall appoint a competent manager within a reasonable time, not to exceed 30 days from the date of death or permanent disability. This appointment of a manager is subject to Franchisor's training program. If the Franchised Business is not being managed by a Franchisor approved manager within 30 days after death or permanent disability, Franchisor is authorized, but is not required, to immediately appoint a manager to ~~preserve the brand maintain the operations of the business for and on behalf of Franchisee~~ until an approved assignee is able to assume the Management and operation of the, business. Franchisor's appointment of a manager of the Franchise does not relieve Franchisee of Franchisee's obligations and Franchisor is not liable for any debts, losses, costs or expenses incurred in the operations of the Franchise or to any creditor of Franchisee for any products, materials, supplies or services purchased by the Franchise during any period in which it is managed by Franchisor's appointed manager. Franchisor has the right to charge a reasonable fee for management services and to cease to provide management services at any time.

Upon the death or permanent disability of Franchisee (or any shareholder or partner of Franchisee, if Franchisee is a corporation or partnership), the executor, administrator, conservator or other personal representative of that person shall transfer Franchisee's interest within a reasonable time, not to exceed 12 months from the date of death or permanent disability, to a person approved by Franchisor. Approval of a transfer will not be unreasonably withheld. Transfers including transfers by devise or inheritance are subject to all the terms and conditions for assignments and transfers contained in Paragraphs B and C of this Section 15. Failure to dispose of this interest within that period of time constitutes grounds for termination.

## **E. ASSIGNMENT TO A CORPORATION**

Upon 30 days prior written notice to Franchisor, the Franchise including the assets and liabilities of the Franchise may be assigned, by an agreement in form and substance approved by Franchisor, to a corporation that conducts no business other than the ComForCare Business (or any other franchise under franchise agreements granted by Franchisor), which is actively managed by Franchisee and in which Franchisee owns and controls not less than 51% of the shares and voting power of all issued and outstanding capital stock of the corporation. An assignment does not relieve Franchisee of Franchisee's obligations, and Franchisee remains jointly and severally liable for all obligations.

The articles of incorporation, by-laws and other organizational documents of any corporation shall recite that the issuance and assignment of any interest is restricted by the terms of Paragraphs B and C of Section 15 of this Agreement and all issued and outstanding stock certificates of the corporation shall bear a legend reflecting or referring to the restrictions of Paragraphs B and C. There is no assignment fee due for this transfer.

Any person who is or becomes a shareholder of Franchisee or has or acquires beneficial ownership of any shares of stock of Franchisee shall execute an agreement in form furnished or approved by Franchisor undertaking to be bound jointly and severally by all provisions of this Agreement. Franchisee shall furnish to Franchisor at any time upon request a certified copy of the articles of incorporation and a list, in a form Franchisor requires, of all shareholders of record and all persons having beneficial ownership of shares of stock, reflecting their respective interests in Franchisee.

## **F. PUBLIC OR PRIVATE OFFERINGS**

If Franchisee (or any of its owners), subject to the restrictions and conditions of transfer contained in this Section, attempts to raise or secure funds by the sale of securities (including common or preferred stock, bonds, debentures or general or limited partnership interests) in Franchisee or any affiliate of Franchisee, then Franchisee, recognizing that the written information used may reflect upon Franchisor, agrees to submit any written information to Franchisor before its inclusion in any registration statement, prospectus or similar disclosure document or memorandum. The written consent of Franchisor pursuant to this Paragraph F does not imply or constitute the approval of Franchisor with respect to the method of financing, the offering literature submitted or any other aspect of the offering. No information regarding Franchisor or any of its affiliates shall be included in any securities disclosure document, unless information has been furnished by Franchisor, in writing, pursuant to the written request of the Franchisee, in which the Franchisee states the specific purpose for which the information is to be used. Should Franchisor, in its sole discretion, object to any reference to Franchisor or any of its affiliates or any of their businesses in offering literature or prospectus, the literature or prospectus shall not be used unless and until the objections of Franchisor are withdrawn. Franchisor assumes no responsibility for the offering whatsoever.

The prospectus or other literature utilized in any offering shall contain the following language in bold-face type on the textual page:

**"NEITHER COMFORCARE HOME CARE NOR ANY OF ITS AFFILIATES IS DIRECTLY OR INDIRECTLY THE ISSUER OF THE SECURITIES OFFERED. NEITHER COMFORCARE HEALTH CARE HOLDINGS, INC. NOR ANY OF ITS AFFILIATES ASSUMES ANY RESPONSIBILITY WITH RESPECT TO THIS OFFERING AND/OR THE ADEQUACY OR ACCURACY OF THE INFORMATION SET FORTH, INCLUDING ANY STATEMENTS MADE WITH RESPECT TO ANY OF THEM. NEITHER COMFORCARE HEALTH CARE HOLDINGS, INC. NOR ANY OF ITS AFFILIATES ENDORSES OR MAKES ANY RECOMMENDATION WITH RESPECT TO THE INVESTMENT CONTEMPLATED BY THIS OFFERING."**

Franchisee and each of its owners agrees to indemnify, defend and hold harmless Franchisor and its affiliates, and their respective officers, directors, employees and agents, from any and all claims, demands, liabilities, and all costs and expenses (including reasonable attorneys' fees) incurred in the defense of claims, demands or liabilities, arising from the offer or sale of securities, whether asserted by a purchaser of any security or by a governmental agency.

#### **G. THE FRANCHISOR'S RIGHT OF FIRST REFUSAL**

If Franchisee or its owners at any time determines to sell or to transfer for consideration the Franchise (or an interest) or an ownership interest in Franchisee, then Franchisee or its owners shall obtain a bona fide, executed written offer from a responsible and fully disclosed purchaser and shall submit an exact copy of the offer to Franchisor. Franchisor has the right, exercisable by written notice delivered to Franchisee or its owners within 10 days from the date of delivery of an exact copy of an offer to Franchisor to purchase the interest in the Franchise or ownership interest in Franchisee for the price and on the terms and conditions contained in the offer, provided that Franchisor may substitute cash for any form of payment proposed in the offer and has a minimum of 30 days to prepare for closing. If Franchisor does not exercise its right of first refusal, Franchisee or its owners may complete the sale to purchaser if purchase is approved, according to and on the terms of the offer, in Paragraphs B and C of this Section, provided that if the sale to purchaser is not completed within 120 days after delivery of the offer to Franchisor, or if there is a material change in the terms of the sale, Franchisor shall again have the right of first refusal.

### **16. RENEWAL OF FRANCHISE**

#### **A. FRANCHISEE'S RIGHT TO RENEW**

If, upon expiration of the initial Term, Franchisee has during the Term of this Agreement substantially complied with all its material provisions and agrees to comply with the specifications and standards then applicable for new franchised businesses, then Franchisor, in its sole discretion, may provide Franchisee with ~~Franchisee has a the~~ right to renew the franchise for an additional term equal to the then customary initial term granted under Franchisor's then current form of the standard franchise agreement. Franchisor has the right to charge Franchisee a renewal fee of \$5,000 which is payable at the time of renewal.

#### **B. NOTICE OF RENEWAL AND NONRENEWAL**

Franchisee shall give Franchisor written notice of Franchisee's desire to exercise Franchisee's option to renew at least 180 days before the expiration of this Agreement. If Franchisor determines that Franchisee does not have the right to renew the Franchise, Franchisor agrees to give Franchisee written notice of its determination at least 120 days before the expiration of this Agreement. A notice of nonrenewal by Franchisor shall state the reasons for Franchisor's refusal to renew.

If the reasons cited by Franchisor for nonrenewal are curable, as determined by Franchisor in its sole discretion, and are then in fact cured by Franchisee, as reasonably determined by Franchisor within sixty (60) days of the date of Franchisor's notice of nonrenewal, the notice of nonrenewal will be of no further effect and Franchisee will be allowed to renew as provided in Section 16.A. If the reasons stated for nonrenewal are not curable, as determined by Franchisor, or if curable but are not cured by Franchisee within the sixty (60) days cure period, then the Franchise granted by the Agreement shall not be renewed and will expire at the end of the initial Term and be subject to Section 16.E. The reasons stated for nonrenewal which are curable, include, without limitation, the insolvency of Franchisee, the occurrence of an assignment for the benefit of creditors by Franchisee or

Franchisee's filing of a petition of bankruptcy or Franchisee's failure during the initial Term to comply with directives of the Franchisor or with Franchisor's standards.

In the event of a nonrenewal for any reason, either because Franchisee has not exercised its option to renew or the Franchisor has determined that the Franchisee may not renew, Franchisee shall thirty (30) days prior to the expiration of the initial Term provide Franchisor with a complete list of customers of the Franchised Business.

### **C. RENEWAL AGREEMENTS**

To renew the Franchise, Franchisor, Franchisee (and the owners of Franchisee, if Franchisee is a corporation) shall execute the form of and be bound by the franchise agreement and ancillary agreements Franchisor customarily uses, at that time, in the grant of franchises for the ownership and operation of a ComForCare Business, which agreement supersedes this Agreement and any ancillary documents in all respects and terms of which agreements may differ from the terms of this Agreement. Additionally, Franchisee, and all owners of Franchisee, must sign a general release of claims in the form designated by Franchisor. Failure by Franchisee and its owners to sign agreement(s) within 30 days after delivery to Franchisee is deemed an election by Franchisee not to renew the Franchise.

### **D. CONDITIONS FOR RENEWAL**

In addition to the conditions and requirements stated above in this Section, any or all of the following conditions shall be met by Franchisee, at Franchisor's discretion, before and at the time of renewal:

- (1) Franchisee shall not be in default of any provision of this Agreement, any amendment or successor or any other agreement between Franchisee or any of its affiliates and Franchisor or any of its affiliates; and Franchisee shall have substantially and timely complied with all the terms and conditions of all agreements;
- (2) Franchisee shall have satisfied all monetary obligations owed by Franchisee to Franchisor and its affiliates under this Agreement and any other agreement between Franchisee and any of its affiliates and Franchisor or any of its affiliates and shall have timely met those obligations throughout the terms of those agreements;
- (3) Franchisee shall present satisfactory evidence that Franchisee has the right to remain in possession of the Franchised Business premises or obtain Franchisor's approval of a new site for the operation of the Franchise Business office; and
- (4) Franchisee shall comply with Franchisor's then-current qualification and training requirements including attending Franchisor's then current training program.

### **E. EXPIRED AGREEMENT**

If Franchisee does not sign a new franchise agreement and initiate and comply with the renewal procedures outlined in this Section 16, prior to the expiration of this Franchisee Agreement and continues to accept the benefits of this Franchise Agreement after the expiration of this Franchise Agreement, then at the option of Franchisor this Franchise Agreement may be treated either as:

1. expired as of the date of expiration with Franchisee then operating without a Franchise to do so and in violation of Franchisor's rights; or
2. continued on a month-to-month basis (the "Interim Period") until Franchisor or Franchisee provides the other party with written notice of such party's intention to terminate the Interim Period, in which case the Interim Period will terminate thirty (30) days after receipt of the notice to terminate the Interim Period. In the latter case, all obligations of Franchisee shall remain in

full force and effect during the Interim Period as if this Agreement had not expired, and all obligations and restrictions imposed upon Franchisee on the expiration of this Agreement shall be deemed to take effect upon the termination of the Interim Period.

## 17. TERMINATION

- A. Franchisee acknowledges and agrees that each of Franchisee's obligations described in this Agreement is a material and essential obligation of Franchisee; that non-performance of the obligations adversely and substantially affect the Franchisor and the System; and that the exercise by Franchisor of the rights and remedies set forth is appropriate and reasonable.
- B. Franchisee shall be in default under this Agreement, and all rights granted by this Agreement shall automatically terminate without notice to Franchisee if:
1. Franchisee becomes insolvent or makes a general assignment for the benefit of creditors; or
  2. Franchisee files a voluntary petition under any section or chapter of the Federal Bankruptcy Law or under any similar law or statute of the United States or any state, or admits in writing to its inability to pay its debts when due; or
  3. Franchisee is adjudicated as bankrupt or insolvent in proceedings filed against Franchisee under any section or chapter of Federal Bankruptcy Law or under any similar law or statute of the United States or any state; or if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian of Franchisee's business or assets is filed and consented to by Franchisee; or if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part of Franchisee's assets or property, is appointed by any court of competent jurisdiction; or
  4. Proceedings for a composition with creditors under any state or federal law are instituted by or against Franchisee; or
  5. A final judgment remains unsatisfied or of record for 30 days or longer (unless supersedes bond is filed); or
  6. Franchisee is dissolved; or
  7. Execution is levied against Franchisee's business or properties; or
  8. The real or personal property of Franchisee is sold after levy by any sheriff, marshal or law enforcement official.
- C. Franchisee is deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted without granting Franchisee any opportunity to cure the default, effective immediately upon notice to Franchisee, upon the occurrence of any of the following events:
1. If Franchisee operates the Franchise or sells services authorized by Franchisor for sale at the Franchise at a location Franchisor has not approved;
  2. If Franchisee fails to acquire an Approved Location for the Franchise within the time and in the manner specified in this Agreement;
  3. If Franchisee fails to construct or remodel the Franchised Business office in accordance with the terms of this Agreement.
  4. If Franchisee fails to open the Franchise as a ComForCare Business within the period specified in this Agreement;
  5. If Franchisee fails to submit its state licensure application within ~~30~~45 days of the Effective Date (if applicable);
  6. If Franchisee at any time ceases to operate or otherwise abandons the Franchise, or loses the right to possession of the office premises, or otherwise forfeits the right to do or

transact business in the jurisdiction where the Franchise is located; provided, however, that this provision does not apply in cases of Force Majeure (acts of God, strikes, lockouts or other industrial disturbances, war, riot, epidemic, fire or other catastrophe or other forces beyond Franchisee's control), if through no fault of Franchisee, the office premises are damaged or destroyed by an event as described above, provided Franchisee applies within 30 days after the event, for Franchisor's approval to relocate or reconstruct the office premises (which approval shall not be unreasonably withheld) and Franchisee diligently pursues reconstruction or relocation;

7. If Franchisee or any of its controlling principals is convicted of, or enters a plea of no contest to, a felony, a crime involving moral turpitude, or any other crime or offense Franchisor believes is reasonably likely to have an adverse effect on the System the Marks, the goodwill or Franchisor's interests;
8. If a threat or danger to public health or safety results from the operation of the Franchised Business;
9. If Franchisee fails to propose a qualified replacement or successor operating principal (or his/her designee, as applicable) or a qualified replacement or successor general manager within the time required by this Agreement;
10. If Franchisee or any of the controlling principals purports to transfer any rights or obligations under this Agreement or any interest in Franchisee or the Franchise to any third party without Franchisor's prior written consent, without offering Franchisor a right of first refusal with respect to the transfer, contrary to the terms of this Agreement;
11. If Franchisee or any of its affiliates fails, refuses, or neglects promptly to pay any monies owing to Franchisor or any of its affiliates, when due under this Agreement or any other agreement, or to submit the financial or other information Franchisor requires under this Agreement and does not cure the default within 30 days following notice from Franchisor (or other cure period specified in the agreement, unless no cure period is stated or the period is less than 30 days, in which case the 30 day cure period applies);
12. If Franchisee fails to use the HealthManager software, or the then current Franchisor approved client and billing software, as required under this Agreement within 30 days after requested to do so by Franchisor;
13. If Franchisee violates the terms of their territorial restrictions and fails to make reparations per this Agreement;
14. If Franchisee or any of the controlling principals fails to comply with the in-term covenants in this Agreement or Franchisee fails to obtain execution of the covenants and related agreements required under this Agreement within 30 days after being requested to do so by Franchisor;
15. If, contrary to the terms of this Agreement, Franchisee or any of the controlling principals discloses or divulges any confidential information provided to Franchisee or the controlling principals by Franchisor, or fails to obtain execution of covenants and related agreements required under this Agreement within 30 days after being requested to do so by Franchisor;
16. If a transfer upon death or permanent disability is not made according to with this Agreement and within the time periods specified;
17. If Franchisee knowingly maintains false books or records, or submits any false reports to Franchisor;
18. If Franchisee breaches, in any material respect any of the covenants set forth in this Agreement or falsely makes any of the representations or warranties set forth in this Agreement;
19. If Franchisee fails to procure and maintain insurance policies required by this Agreement and Franchisee fails to cure this default within 7 days following notice from Franchisor;
20. If Franchisee misuses or makes any unauthorized use of the Marks or otherwise materially impairs the goodwill associated with the Marks or Franchisor's rights; provided that,

notwithstanding the above, Franchisee is entitled to notice of this event of default and has 24 hours to cure this default;

21. If Franchisee or any of the controlling principals repeatedly commits a material event of default under this Agreement, whether or not the defaults are of the same or different nature and whether or not the defaults have been cured by Franchisee after notice by Franchisor; or
22. If Franchisee, or any of its controlling principals, fail to comply with any applicable federal, state or local regulations or laws relating to the business.

D. Except as provided in this Agreement, Franchisor has the right to terminate this Agreement by giving Franchisee 30 days prior written notice of termination stating the nature of the default which constitutes good cause for termination. Franchisee may avoid termination by immediately initiating a remedy to cure the default and curing it to Franchisor's satisfaction within the 30 day notice period and by promptly providing proof of the satisfaction to Franchisor. If any default is not cured, at Franchisor's sole discretion, within the specified time or a longer period as ~~applicable~~ may be required, this Agreement terminates without further notice to Franchisee effective immediately upon the expiration of the 30 day notice period or longer period as applicable law may require.

## 18. DISPUTE RESOLUTION

### A. MEDIATION

Except as otherwise stated in this Section 18\_A, the parties agree to submit any claim, controversy or dispute arising out of or relating to this Agreement (and attachments) or the relationship created by this Agreement to non-binding mediation before bringing such claim, controversy or dispute to a court. The mediation will be conducted either through an individual mediator or a mediator appointed by a mediation services organization, experienced in the mediation of disputes between franchisors and franchisees, agreed upon by the parties. If the parties do not agree upon a mediator or mediation services organization with fifteen (15) days after either party has notified the other of its desire to seek mediation, the dispute will be mediated by the American Arbitration Association pursuant to its rules governing mediation, in the city in which Franchisor's corporate headquarters are located at the time of the mediation. Each party will bear their own costs of mediation and the parties will share equally any filing fee imposed by the mediation services organization and the mediator's compensation. If the parties cannot resolve the claim, controversy or dispute within forty-five (45) days after conferring with the mediator, either party may submit such claim, controversy or dispute to ~~arbitration~~litigation under Section 18\_B below. Either party may bring an action under the applicable provisions of this Section 18 without first submitting the action to mediation under this Section 18\_A; (i) for monies owed, (ii) for injunctive relief, (iii) claims involving the possession or disposition of, or other relief relating to, real property or (iv) claims or disputes regarding territorial infraction determination per Section 10\_F of this Agreement.

### B. ARBITRATION~~LITIGATION~~

Except to the extent Franchisor elects to enforce the provisions of this Agreement by injunction as provided in Section 18 C below, all disputes, claims and controversies between the parties, whether arising under or in connection with this Agreement or the negotiation, making, performance, breach or interpretation thereof (including claims of fraud in the inducement and other claims of fraud in the arbitrability of any matter) that have not been settled by or are not otherwise subject to mediation as described in Section 18 A above will be resolved by arbitration under the authority of the Federal Arbitration Act in the city in which our headquarters are located at the time of the arbitration. The proceedings will be conducted under the Commercial Arbitration Rules of the American Arbitration

Association, or the rule of such other arbitration services organization as the parties otherwise may agree upon in writing, to the extent such rules are not inconsistent with the provisions of this arbitration provision. The arbitrator will have a minimum of five (5) years' experience in franchising or distribution law and will have the right to award specific performance of this Agreement. The arbitration will be on an individual basis only and not consolidated with any other proceeding. As part of the arbitration proceedings, each party agrees to submit no more than twenty-five (25) interrogatories or to conduct no more than four (4) depositions during the course of discovery. The decision of the arbitrator will be final and binding on all parties; provided, however, the arbitrator may not under any circumstances: (i) stay the effectiveness of any pending termination of this Agreement; (ii) assess punitive or exemplary damages; or (iii) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance set by us. The binding or preclusive effect of any award will be limited to the actual dispute or claim arbitrated, and to the parties, and will have no collateral effect on any other dispute or claim of any kind. This Section 18 will survive termination or nonrenewal of this Agreement under any circumstances. Judgment upon the award of the arbitrator may be entered in any court having jurisdiction thereof. During any arbitration proceeding, Franchisor and Franchisee will fully perform our respective obligations under this Agreement. Franchisee and Franchisor agree that any action arising out of or relating to this Agreement (including the offer and sale of the Franchise) that has not been settled by or is not otherwise subject to mediation as described in Section 18A above, shall be submitted to a court in accordance with Section 19J below.

### **C. INJUNCTIVE RELIEF**

Notwithstanding Sections 18 A and 18 B above, you recognize that a single franchisee's failure to comply with the terms of this Agreement could cause irreparable damage to us and/or to some or all other ComForcare franchisees. Therefore, if Franchisee breaches or threatens to breach any of the terms of this Agreement, Franchisor will be entitled to an injunction restraining such breach and/or a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining such equitable relief, until such time as a final and binding determination is made by the arbitrators. Any claims, controversies or disputes arising out of or related to this Agreement that are not subject to arbitration as provided above will be brought in the federal or state court located closest to our headquarters. Franchisor and Franchisee irrevocably consent to the jurisdiction of such courts.

## **19. POST-TERMINATION - COVENANTS**

- A. Upon termination or expiration of this Agreement, all rights granted to Franchisee immediately terminate and:
1. Franchisee shall immediately cease to operate the Franchise under this Agreement and must not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor.
  2. Franchisee shall immediately and permanently cease to use, in any manner whatsoever, any confidential methods, computer software, procedures and techniques associated with the System, and all customer lists of the Franchised Business, and shall immediately and permanently cease to communicate or order products from approved suppliers, shall immediately and permanently cease to use the Marks and distinctive forms, slogans, signs, symbols and devices associated with the System. Franchisee shall cease to use, without limitation, all signs, advertising materials, displays, stationery, forms and any other articles which display the Marks.

3. Franchisee shall immediately pay to Franchisor, within 15 days after the effective date of termination or expiration (without renewal) of the franchise, royalty and service fees, interest due Franchisor or its affiliates on any of the foregoing. Franchisee shall contemporaneously with payment furnish a complete accounting of all amounts owed to Franchisor and its affiliates.
4. Franchisee shall, at Franchisee's expense, immediately make modifications or alterations as are necessary to distinguish the Franchised Business so clearly from its former appearance and other ComForCare Businesses as to prevent any possibility of confusion by the public (including removal of all distinctive physical and structural features identifying ComForCare Businesses and removal of all distinctive signs and emblems). Franchisee expressly acknowledges that its failure to make alterations will cause irreparable injury to Franchisor and consents to entry, at Franchisee's expense, of any order, by any court of competent jurisdiction, authorizing Franchisor or its agents to take action, if Franchisor seeks such an order.
5. Franchisee shall take any action required to cancel all fictitious or assumed names or equivalent registrations relating to any of the Marks.
6. Franchisee shall notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone number and any regular, classified or other telephone directory listings associated with the Marks and to authorize transfer of same to or at the direction of Franchisor. Franchisee acknowledges that as between Franchisor and Franchisee, Franchisor has the sole right to and interest in all telephone numbers and directory listings associated with the Marks, and Franchisee authorizes Franchisor, and appoints Franchisor and any officer of Franchisor as Franchisee's attorney in fact, to direct the telephone company and all listing agencies to transfer same to Franchisor or at its direction, should Franchisee fail or refuse to do so, and the telephone company and all listing agencies may accept this direction or this Agreement as conclusive of the exclusive right of Franchisor in telephone numbers and directory listings and its authority to direct their transfer; and
7. Franchisee shall notify any networking or social media site as well as any internet advertising site (i.e., Google) of the termination or expiration of Franchisee's right to use the Marks and to authorize transfer of same ~~t~~ or at the direction of Franchisor. Franchisee acknowledges that as between Franchisor and Franchisee, Franchisor has the sole right to and interest in all networking or social media sites as well as any internet advertising sites associated with the Marks, and Franchisee authorizes Franchisor, and appoints Franchisor and any officer of Franchisor as Franchisee's attorney in fact, to direct such providers to transfer same to Franchisor or at its direction, should Franchisee fail or refuse to do so, and such companies may accept this direction or this Agreement as conclusive of the exclusive right of Franchisor in such networking or social media sites as well as internet advertising site and its authority to direct their transfer; and
8. Franchisee shall furnish to Franchisor within thirty (30) days after the effective date of termination or expiration evidence satisfactory to Franchisor of Franchisee's compliance with the foregoing obligations.
9. Franchisee shall take any action required to cancel, terminate or turn in all licenses or vendor contracts it may have with any federal, state or location agency including, but not limited to, those related to health care licensing or governmental programs (i.e. Medicaid waiver).

- B. Franchisee shall pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees incurred by Franchisor in connection with obtaining any remedy available to Franchisor for any violation of this Agreement and, after the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement. In addition, in the event of termination, Franchisor expressly reserves the right to

collect from Franchisee lost future royalties. Lost future royalties will be determined from the average franchisee in the System, at that same point in their franchise term would be generating in Gross Sales for the remainder of the term by then applying Franchisee's royalty fee schedule from Addendum F of this Agreement. Franchisor is not required to attempt to mitigate these damages.

- C. Franchisee shall immediately deliver to Franchisor all Operations Manuals, software licensed by Franchisor, records, files, customer lists (to the extent not already provided as required by this Agreement), instructions, correspondence, all materials related to operating the Franchise, including, without limitation, agreements, invoices, and any and all other materials relating to the operation of the Franchise in Franchisee's possession or control and all copies (all of which are acknowledged to be Franchisor's property), and shall not retain any copy or record of any of the foregoing, except Franchisee's copy of this Agreement and any correspondence between the parties and any other documents which Franchisee reasonably needs for compliance with any provision of law.
- D. Franchisee shall comply with the restrictions on confidential information contained in this Agreement and shall also comply with the non-competition covenants contained in this Agreement. Any other person required to execute similar covenants pursuant to this Agreement shall also comply with the covenants.
- E. Franchisor is entitled to assign any and all of its options in this Section to any other party, without the consent of Franchisee.
- F. Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable training, trade secrets and confidential information, including, without limitation, information regarding the operational, sales, inventory control, merchandising, promotional and marketing methods and techniques of Franchisor, list of approved suppliers and vendors, and additional techniques and information of Franchisor and the System which are beyond the present skills and experience of Franchisee and Franchisee's managers and employees. Franchisee acknowledges that this specialized training, trade secrets and confidential information provide a competitive advantage and will be valuable to them in the development and operation of the Franchise, and that gaining access to this specialized training, trade secrets and confidential information is, therefore, a primary reason why they are entering into this Agreement. In consideration for this specialized training, trade secrets, confidential information and rights, Franchisee covenants that for a continuous, uninterrupted period of two (2) years following the expiration or termination of this Agreement or, transfer or assignment of this Agreement, that neither Franchisee nor any of its officers, directors, managers or employees shall, either directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership, corporation, or entity:
  - 1. divert, or attempt to divert, any business or customer of a ComForCare Business (including, but not limited to the Franchised Business) to any Competitive Business, by direct or indirect inducement or otherwise, or to perform, directly or indirectly, including divulging any customer name or list to any competitor, any other act injurious or prejudicial to the goodwill associated with the Marks and the System; or
  - 2. employ or recruit any person who is employed by Franchisor or by its affiliates or by any franchisee (including as applicable, any developer of a franchisee or of Franchisor), or otherwise directly or indirectly induce such person to leave that person's employment; or
  - 3. own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interests in any corporations, partnerships, trusts, limited liability companies,

incorporated associations or joint ventures), advise, assist, or make loans to, any Competitive Business that is located:

- a. within the Exclusive Area;
- b. within a 75 mile radius of the Exclusive Area;
- c. within a 75 mile radius of any ComForCare Business

- G. The parties acknowledge and agree that each of the covenants contained in this Section are reasonable limitations as to time, geographic area and to scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interest of Franchisor. The parties agree that each of the covenants in this Section shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of any covenant in this Section is held unenforceable or unreasonable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Franchisee expressly agrees to be bound by any lessor covenant subsumed within the terms of that 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.
- H. Section 19F above shall not apply to ownership by Franchisee of less than five percent (5%) beneficial interest in the outstanding equity securities of any publicly-held corporation. As used in this Agreement, the term "publicly-held corporation" shall be deemed to refer to a corporation which has securities that have been registered under the Securities Exchange Act of 1934.
- I. Franchisee shall require and obtain execution of covenants similar to those set forth in Section 7.B., 7.C. and 19.F. (as modified to apply to an individual) from any or all of the following persons: Franchisee's General Manager, Operations Director, key supervisors, and Principals. The covenants required by this Section 19.I. shall be in the form provided in Addendum B to this Agreement. Failure by Franchisee to obtain execution of a covenant required by this Section 19.I. shall constitute a default under this Agreement.
- J. Franchisee understands and acknowledges that Franchisor shall have the right to reduce the scope of any covenant set forth in Sections 7B, 7C and 19F in this Agreement, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof; and Franchisee agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 20 below.
- K. Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in Sections 7B, 7C and 19F. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of any of these covenants.
- L. All obligations of the Franchisee which expressly or by their nature survive the expiration or termination of this Agreement continue in full force and effect after its expiration or termination and until they are satisfied or expire.

## **20. ENFORCEMENT**

### **A. SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS**

Except as expressly provided to the contrary in this Agreement, each section, paragraph, term and provision of this Agreement, is considered severable and if, for any reason, any portion of this

Agreement is held to be invalid, contrary to, or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which Franchisor is a party, that ruling shall not impair the operation of, or have any other effect upon, other portions of this Agreement as may remain otherwise intelligible, which shall continue to be given full force and effect and bind the parties to this Agreement, although any portion held to be invalid shall be deemed not to be a part of this Agreement from the date the time for appeal expires, if Franchisee is a party, otherwise upon Franchisee's receipt of a notice of non-enforcement from Franchisor.

If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of this Agreement than is required in this Agreement, or the taking of some other action not required, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure prescribed by Franchisor is invalid or unenforceable, the prior notice and/or other action required by law or rule shall be substituted for the comparable provisions, and Franchisor has the right, in its sole discretion, to modify the invalid or unenforceable provision, specification, standard or operating procedure to the extent required to be valid and enforceable. Franchisee agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is prescribed within the terms of any provision of this Agreement, as though it were separately stated in and made a part of this Agreement, that may result from striking from any of the provisions, or any specification, standard or operating procedure prescribed by Franchisor, any portion or portions which a court may hold to be 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 a court order. Modifications to this Agreement shall be effective only in that jurisdiction, unless Franchisor elects to give them greater applicability, and this Agreement shall be enforced as originally made and entered into in all other jurisdictions.

## **B. ABBREVIATED STATUTE OF LIMITATIONS**

Notwithstanding anything contained in this Agreement to the contrary, the parties agree that any claims by Franchisee under, arising out of, or related, this Agreement must be brought by Franchisee within one (1) year of the date on which the underlying cause of action accrued, and Franchisee hereby waives any right to bring any such action after such one-year period.

## **C. WAIVER OF OBLIGATIONS**

No delay, waiver, omission or forbearance on the part of Franchisor to exercise any right, option, duty or power arising out of any breach or default by Franchisee under this Agreement constitutes a waiver by Franchisor to enforce any right, option, duty or power against Franchisee or as to any subsequent breach or default by Franchisee. Acceptance by Franchisor of any payments due to it subsequent to the time at which the payment is due, is not deemed to be a waiver of Franchisor of any preceding breach by Franchisee of any terms, provisions, covenants or conditions of this Agreement. Franchisor specifically is not deemed to have waived or impaired any right, power or option reserved by this Agreement (including the right to demand exact compliance with every term, condition and covenant, or to declare any breach to be a default and to terminate the franchise before the expiration of its term) by virtue of any custom or practice of the parties at variance with the terms of this Agreement or by any failure, refusal or neglect of Franchisor to exercise any right under this Agreement or to insist upon exact compliance by the Franchisee with its obligations, including any mandatory specification, standard or operating procedure.

Neither Franchisor nor Franchisee are liable for loss or damage or deemed to be in breach of this Agreement if its failure to perform its obligations results from: (1) transportation shortages, inadequate supply of material or energy, or the voluntary foregoing of the right to acquire or use any of the

foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency; (2) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state, or municipal government or any department or agency; (3) acts of God; (4) fires, strikes, embargoes, war or riot; or (5) any other similar event or cause. Any delay resulting from any of the foregoing causes shall extend performance accordingly or excuse performance, in whole or in part, as may be reasonable.

**D. SPECIFIC PERFORMANCE/INJUNCTIVE RELIEF**

~~Nothing bars Franchisor's right to obtain specific performance of the provisions of this Agreement and injunctive relief against threatened conduct that will cause it loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions.— Franchisee agrees that Franchisor may have injunctive relief, upon due notice, in addition to further and other relief as may be available at equity or law. Franchisee has remedies as may be available at equity or law, including the dissolution of injunction if the entry of injunction is vacated.~~

**DE. CROSS-DEFAULT**

If any other franchise agreement or any other agreement between Franchisor or any of its Affiliates and Franchisee or any of its Affiliates is terminated, termination will be effective on the date that the other agreement is terminated, unless Franchisor provides notice to Franchisee otherwise.

**EF. RIGHTS OF PARTIES ARE CUMULATIVE**

The rights of Franchisor and Franchisee under this Agreement are cumulative and no exercise or enforcement by Franchisor or Franchisee of any right or remedy precludes the exercise or enforcement by Franchisor or Franchisee of any other right or remedy which Franchisor or Franchisee is entitled by law to enforce.

**EG. COSTS AND ATTORNEY FEES**

If Franchisor asserts a claim for amounts owed by Franchisee or any of its affiliates or if Franchisor prevails in any legal proceeding before a court of competent jurisdiction or in an arbitration proceeding, or if Franchisor is required to enforce this Agreement in a judicial or arbitration proceeding, then Franchisor shall be entitled to complete reimbursement of its costs and expenses incurred in investigating, initiating and concluding any judicial proceeding or arbitration or settlement, including reasonable accounting and attorney's fees.

**GH. JURY TRIAL WAIVER**

Franchisor and Franchisee irrevocably each waive trial by jury in any action brought by either of them. Franchisee and Franchisor agree that any litigation, suit, action, counterclaim, cross claim or proceeding, whether at law or in equity, which arises out of, concerns, or is as related to this Agreement or any of the relationships or transaction contemplated hereunder, the performance of this Agreement, the relationship between the parties or otherwise shall be tried before a court of competent jurisdiction and not a jury. Franchisor and Franchisee irrevocably waive any right either party may have to trial by jury.

## **HI. GOVERNING LAW**

This Agreement takes effect upon its acceptance and execution by Franchisor, and shall be governed by the laws of the State of Michigan; provided, however, that if any provision of this Agreement would not be enforceable under the laws of the State of Michigan and the Franchise is located outside of that state, then that provision shall be governed by and under the laws of the state in which the Franchise is located. Nothing in this Section is intended by the parties to make applicable any franchise, business opportunity, antitrust, unfair competition, fiduciary or other similar law, rule, or regulation of any state which would not otherwise be applicable.

## **J. EXCLUSIVE JURISDICTION**

~~Franchisee and Franchisor agree that any action arising out of or relating to this Agreement (including the offer and sale of the Franchise) shall be instituted and maintained only in a state or federal court nearest the Franchisor's headquarters at the time the action is filed, and Franchisee irrevocably submits to the jurisdiction of that court and waives any objection Franchisee may have to either the jurisdiction or venue of that court. Franchisee and Franchisor acknowledge that the agreement between the parties regarding applicable state law and forum set forth in this Agreement provides each of the parties with a mutual benefit of uniform interpretation of this Agreement and any dispute arising out of this Agreement or the parties' relationship created by this Agreement. Franchisee and Franchisor further acknowledge the receipt and sufficiency of mutual consideration for this benefit.~~

## **IK. CLASS ACTION WAIVER**

Any action between the parties shall be conducted on an individual basis, and not as part of a consolidated, common, representative, joint, group, or class action.

## **JL. BINDING EFFECT**

This Agreement is binding upon the parties of this Agreement and their respective executors, administrators, heirs, assigns and successors in interest, and shall not be modified except by written agreement signed by both Franchisee and Franchisor.

## **KM. ACKNOWLEDGEMENTS**

This Agreement and all exhibits to this Agreement constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations and agreements. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you. Franchisee understands and accepts the terms, conditions and covenants contained in these agreements as being reasonably necessary to maintain Franchisor's high standards of quality and service and the uniformity of those standards in each ComForCare Business, in order to protect and preserve the goodwill of the Marks.

Franchisee acknowledges that Franchisee has conducted an independent investigation of the business contemplated by these agreements and recognizes that, like any other business, the nature of the business conducted by Franchisor may evolve and change over time, that an investment in a ComForCare Business involves business risks and that the success of the venture is largely dependent upon the business abilities and efforts of Franchisee.

Franchisor expressly disclaims the making of, and Franchisee acknowledges that Franchisee has not received or relied upon, any warranty or guaranty, express or implied, as to the revenues, profits or success of the business venture contemplated by the Agreement. Franchisee acknowledges that

Franchisee has not received or relied on any representations about the franchise by Franchisor, or its officers, directors, employees or agents, that are contrary to or disclaim the statements and representations made in Franchisor's Franchise Disclosure Document or to the terms in this Agreement, and further represents to Franchisor, as an inducement to its entry into this Agreement, that Franchisee has made no misrepresentations in obtaining the Franchise.

## **LN. CONSTRUCTION**

This Agreement, the documents referred to in this Agreement, and the attachments to this Agreement, including the Addenda and Exhibits, constitute the entire, full and complete Agreement between Franchisor and Franchisee concerning the subject matter of this Agreement and supersedes all prior related agreements between Franchisor and Franchisee. Except for those permitted to be made unilaterally by Franchisor, no amendment, change or variance from this Agreement is binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. However, nothing in this Agreement or any related agreement is intended to disclaim the representations we made in the Franchise Disclosure Document that we forwarded to Franchisee.

Except for those changes permitted to be made unilaterally by Franchisor, no amendment, change or variance from this Agreement is binding on either party unless mutually agreed to by the parties and executed by their authorized officer or agents in writing. Except as otherwise expressly provided, nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity who is not a party to this Agreement.

The headings of the several sections and paragraphs are for convenience only and do not define, limit or construe the contents of sections or paragraphs.

The "Franchisee" as used in this Agreement is applicable to one or more persons, a corporation or a partnership, as the case may be, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine. If two or more persons are at any time Franchisee under this Agreement, their obligations and liabilities to Franchisor shall be joint and several. References to "Franchisee" and "assignee" which are applicable to an individual or individuals shall mean the owner or owners of the equity or operating control of Franchisee or the assignee, if Franchisee or the assignee is a corporation or partnership. Reference to "principals" includes all holders of an ownership interest in Franchisee and in any entity directly or indirectly controlling Franchisee, and any other person, or entity controlling, controlled by, or under common control with Franchisee.

## **21. WAIVER OF DAMAGES**

Franchisee hereby waives, to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against Franchisor, its affiliates, and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, in their corporate and individual capacities, arising out of any cause whatsoever (whether that cause is based on contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, Franchisee is limited to the recovery of any actual damages sustained by it. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions of waiver by agreement of punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) continues in full force and effect.

## **22. NOTICES AND PAYMENTS**

All written notices and reports permitted or required to be delivered by the provisions of this Agreement or of the Operations Manuals shall be deemed so delivered at the time delivered by hand, one business day after sending by telegraph or comparable electronic system, 3 business days after placed in the U.S. mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid or by third party overnight delivery company (i.e. UPS), signature receipt requested and addressed to the party to be notified at its most current principal business address of which the notifying party has been notified.

If Franchisee moves their personal residence, Franchisee shall notify Franchisor within 30 days of such a move.

All payments and reports required by this Agreement shall be directed to Franchisor at the address notified to Franchisee, or to other persons and places as Franchisor may direct. Any required payment or report not actually received by Franchisor during regular business hours on the date due or properly placed in the U.S. mail and postmarked by postal authorities at least 3 business days before the date due, are deemed delinquent.

## **23. SPOUSAL CONSENT**

Franchisee's spouse, or if Franchisee is a legal entity, each owner's spouse must execute a spousal consent in the form attached hereto as Addendum H. In the event of divorce and re-marriage or subsequent marriage, Franchisee, or if Franchisee is a legal entity, its owners, covenant and agree to provide Franchisor with a property executed spousal consent, in the form prescribed by Franchisor.

## **24. HIPAA COMPLIANCE**

Franchisor and Franchisee will comply with applicable federal and state rules and regulations, including but not limited to those promulgated from the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and Title XIII of the American Recovery and Reinvestment Act of 2009 (also cited as the "HITECH Act"). Franchisor and Franchisee shall execute the Business Associate Agreement attached hereto as Addendum I.

## **25. ANTI-TERRORISM LAWS**

Franchisee and its owners agree to comply with and/or to assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee and its owners certify, represent and warrant that none of their property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and its owners are not otherwise in violation of any of the Anti-Terrorism Laws.

Franchisee and its owners certify that none of them, their respective employees or anyone associated with Franchisee is listed in the Annex to Executive Order 13224 (which can be accessed at <http://www.treasury.gov/offices/enforcement/ofac/legal/eo/13224.pdf>). Franchisee agrees not to hire (or, if already employed, retain the employment of) any individual who is listed in the Annex.

Franchisee certifies that it has no knowledge or information that, if generally know, would result in Franchisee, its owners, their employees or anyone associated with Franchisee to be listed in the Annex to Executive Order 13224.

Franchisee is solely responsible for ascertaining what actions it must take to comply with the Anti-Terrorism Laws, and Franchisee specifically acknowledges and agrees that its indemnification responsibilities set forth in this Agreement pertain to its obligations under this Section 24. Any misrepresentation under this Section or any violation of the Anti-Terrorism Laws by Franchisee, its owners, agents, its employees constitute grounds for immediate termination of this Agreement and any other agreement Franchisee has entered with Franchisor or any of Franchisor's affiliates.

**“Anti-Terrorism Laws”** means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Controls and any government agency outside the U.S.) addressing or in any way relating to terrorist acts and/or acts of war.

## **26. RESTRICTED PERSONS AND ANTI-BRIBERY REPRESENTATIONS AND WARRANTIES**

You represent and warrant to us that you (including your directors and officers, senior management and shareholders (or other Persons) having a controlling interest in you), and the owner of the Franchised Business are not, and are not owned or controlled by, or acting on behalf of, a Restricted Person. “Restricted Person(s)” means: 1) the government of any country that is subject to an embargo imposed by the United States government; 2) Persons located in or organized under the laws of any country that is subject to an embargo imposed by the United States government; 3) Persons ordinarily resident in any country that is subject to an embargo imposed by the United States government; and 4) Persons periodically identified by any government or legal authority under Law as a Person with whom dealings and transactions by us or the Entities are prohibited or restricted, including Persons designated on the U.S. Department of the Treasury’s Office of Foreign Assets Control (OFAC) List of Specially Designated Nationals and Other Blocked Persons (including terrorists and narcotics traffickers); and similar restricted party listings, including those maintained by other governments pursuant to applicable United Nations, regional or national trade or financial sanctions.

You will notify us in writing immediately on the occurrence of any event which would render the foregoing representations and warranties of this Subsection incorrect. You further represent and warrant to us and the Entities that you will not directly or indirectly pay, offer, give or promise to pay or authorize the payment of any monies or other things of value to:

- I. an official or employee of a government department, agency or instrumentality, state-owned or controlled enterprise or public international organization;
- II. any political party or candidate for political office; or
- III. any other person at the suggestion, request or direction or for the benefit of any of the above-described persons and entities if any such payment, offer, act or authorization is for purposes of influencing official actions or decisions or securing any improper advantage in order to obtain or retain business, or engaging in acts or transactions otherwise in violation of any applicable anti-bribery legislation.

This Agreement shall be executed in multiple copies, each of which shall be deemed an original.

IN WITNESS WHEREOF the parties have executed, sealed and delivered this Agreement in duplicate on the date recited in the first paragraph.

FRANCHISOR:  
ComForCare Health Care Holdings, Inc.  
a Michigan corporation

By: Mark Armstrong  
Title: President

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FRANCHISEE:

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

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## GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by \_\_\_\_\_ ("Guarantor").

In consideration of, and as an inducement to, the Execution of that certain Franchise Agreement of even date (the "Agreement") by ComForCare Health Care Holdings, Inc. (the "Franchisor"), and with \_\_\_\_\_ a \_\_\_\_\_ corporation, each of the undersigned hereby personally and unconditionally (a) guarantees to Franchisor, and its successor and assigns, for the term of the Agreement and as provided in the Agreement, that ("Franchisee") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including the relevant provisions of Section 7, 16, 17 and 18. Each of the undersigned waives: (1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed; (4) any right he/she may have to require that an action be brought against Franchisee or any other person as a condition of liability.

Each of the undersigned consents and agrees that: (1) his/her direct and immediate liability under this guaranty shall be joint and several; (2) he/she shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and (4) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the Term of the Agreement.

Guarantor hereby consents and agrees that:

a. Guarantor's liability under this undertaking shall be direct, immediate, and independent of the liability of, and shall be joint and several with, Franchisee and the other owners of Franchisee;

b. Guarantor shall render any payment or performance required under the Franchise Agreement upon demand if Franchisee fails or refuses punctually to do so;

c. This undertaking will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee or successor of Franchisee or by any abandonment of the Franchise Agreement by a trustee of Franchisee. Neither the Guarantor's obligations to make payment or render performance in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency;

d. Franchisor may proceed against Guarantor and Franchisee jointly and severally, or Franchisor may, at its option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against Franchisee. Guarantor hereby waives the defense of the

statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of any obligation hereby guaranteed; and

e. Guarantor agrees to pay all reasonable attorneys' fees and all costs and other expenses incurred in any collection or attempted collection of amounts due pursuant to this undertaking or any negotiations relative to the obligations hereby guaranteed or in enforcing this undertaking against Guarantor.

IN WITNESS WHEREOF, each of the undersigned has affixed his/her signature on the same day and year as the Agreement was executed.

GUARANTOR(S)  
OWNERSHIP

PERCENTAGE  
IN FRANCHISEE

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

FRANCHISOR:  
ComForCare Health Care Holdings, Inc.  
a Michigan corporation

FRANCHISEE:

By: Mark Armstrong  
Title: President

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

\_\_\_\_\_

\_\_\_\_\_

**ADDENDUM A**

**TO THAT CERTAIN  
COMFORCARE HOME CARE FRANCHISE AGREEMENT  
BY AND BETWEEN COMFORCARE HEALTH CARE HOLDINGS, INC.  
AND \_\_\_\_\_**

**DATED \_\_\_\_\_, 20\_\_\_\_\_  
(the "Franchise Agreement")**

1. Exclusive Area. The parties to this Agreement agree that the Franchised Business to be operated by Franchisee, pursuant to the Franchise Agreement, shall be centrally located in the following United States Postal Service ("USPS") zip codes area and that the business office shall be located at the following premises within those USPS zip codes:

N: \_\_\_\_\_

E: \_\_\_\_\_

S: \_\_\_\_\_

W: \_\_\_\_\_

2. Changes by the USPS. Zip codes are a system of postal codes used by the United States Postal Services (USPS) and are changed by it from time to time. Changes by the USPS will affect the Zip codes and area that make up your Exclusive Area. For example, if the USPS moves certain addresses in your Exclusive Area into a Zip code in another franchisee's area or into an unassigned area, those addresses will no longer be part of your Exclusive Area.

3. Franchised Business Opening. Franchisee agrees to complete the development of the Franchised Business and open the Franchised Business to the public per the terms and conditions of Section 4, Development and Opening of the Franchise of the Franchise Agreement ~~within \_\_\_\_\_ days after the date.~~

4. Defined Terms. All capitalized or initial capitalized terms contained in this Addendum and not defined in this Addendum have the same meaning as ascribed to them in the Franchise Agreement.

5. In accordance with ComForCare Health Care Holding's standardization requirement, franchisee shall establish the "Doing Business As" (DBA) name of ComForCare Home Care - \_\_\_\_\_.

FRANCHISOR:  
ComForCare Health Care Holdings, Inc.  
a Michigan corporation

FRANCHISEE:  
\_\_\_\_\_

By: Mark Armstrong  
Title: President

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

\_\_\_\_\_

\_\_\_\_\_

## ADDENDUM B

### CONFIDENTIALITY AGREEMENT FOR EMPLOYEES OF FRANCHISEE

#### CONFIDENTIALITY AGREEMENT AND ANCILLARY COVENANTS NOT TO COMPETE

This Confidentiality Agreement and Ancillary Covenant Not to Compete Agreement ("Agreement") is made and entered into as of this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and among ComForCare Health Care Holdings, Inc., a Michigan corporation ("Franchisor"), \_\_\_\_\_, a \_\_\_\_\_ corporation/limited liability company ("Franchisee"), and \_\_\_\_\_, a resident of \_\_\_\_\_ ("Covenantor").

#### RECITALS

WHEREAS, pursuant to the terms of that certain Franchise Agreement between Franchisor and Franchisee dated \_\_\_\_\_, 20\_\_\_\_ (the "Franchise Agreement"), Franchisor has granted to Franchisee the right to own and operate a "ComForCare Home Care" Franchised business (the "Franchised Business") (all capitalized terms not defined herein shall have the respective meanings set forth in the Franchise Agreement);

WHEREAS, Franchisor has developed a unique system (the "System") for the development and operation of a franchised business under the name and marks ComForCare Home Care ("Franchised Business");

WHEREAS, the System includes, but is not limited to, certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the trademarks ComForCare Home Care and other trade names, service marks, trademarks, logos, insignia, slogans, emblems, designs and commercial symbols (the "Marks") as Franchisor developed or may be developed or acquired by Franchisor, its Affiliates and/or its Franchisees in the future to identify for the public the source of services and products marked under such marks and under the System and representing the System's high standards of quality, appearance and service, management and financial control; operations; quality and uniformity of services offered; procedures for management and financial control; training and assistance; all of which may be changed, improved and further developed by Franchisor from time to time and are used by Franchisor in connection with the operation of the System ("Trade Secrets"); and

WHEREAS, the Marks and Trade Secrets provide economic advantages to Franchisor and Franchisee and are not generally known to, and are not readily ascertainable by proper means by, Franchisor's and Franchisee's competitors who could obtain economic value from knowledge and use of the Trade Secrets; and

WHEREAS, Franchisor has taken and intends to take all reasonable steps to maintain the confidentiality and secrecy of the Trade Secrets; and

WHEREAS, Covenantor is either a shareholder, partner, an officer, an immediate family member or a director of Franchisee or is an employee of Franchisee who will have access to the Confidential Information (as defined in Paragraph 1) in connection with the operation of the Franchised Business;

WHEREAS, in consideration of the grant of the franchise for the Franchised Business to Franchisee and the employment of Covenantor (in the event Covenantor is an employee of

Franchisee), as a condition precedent to allowing Covenantor to have access to the Confidential Information, and as a material term of the Franchise Agreement necessary to protect Franchisor's ownership interest in the Franchisee's right to use the Confidential Information in the Franchised Business, Franchisor and Franchisee require that Covenantor enter into this Agreement;

WHEREAS, to induce Franchisor to enter into the Franchise Agreement and to avoid a material breach thereof, as the case may be, Franchisor, Franchisee and Covenantor desire, and deem it to be in Covenantor's personal best interest that Covenantor enter into this Agreement; and

NOW, THEREFORE, to induce Franchisor to enter into the Franchise Agreement and/or to prevent Franchisor from declaring a material breach hereunder, and in consideration of the covenants and mutual agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows (The recitals set forth above shall be deemed to be incorporated herein as if fully set forth in this Agreement, and this Agreement shall be interpreted in light of such recitals.):

1. Definition of Confidential Information

As used herein, the term "Confidential Information" shall mean the aforementioned Trade Secrets and Marks as well as certain confidential and proprietary information consisting of the following categories of information and knowledge developed or to be developed or acquired by Franchisor, its Affiliates and/or its Franchisees and Franchisees (the "Confidential Information"), including, without limitation: (a) distinctive methods, techniques, equipment, specification, standards, policies, procedures, manuals, information, concepts and systems relating to, and knowledge of and experience in the development, operation and franchising of the Franchised Business; and (b) marketing and promotional programs for the Franchised Business.

2. Protection of Confidential Information

Franchisor will disclose to Franchisee the Confidential Information pursuant to the Franchise Agreement. Covenantor acknowledges and agrees that Covenantor will not acquire any interest in or right to use the Confidential Information, except the right to use it strictly in accordance with the Franchise Agreement, and that the use or duplication of the Confidential Information in any other business would be detrimental to Franchisor and would constitute an unfair method of competition with Franchisor and other Franchised Business owners. Covenantor acknowledges and agrees that the Confidential Information is a valuable asset of Franchisor, is proprietary, includes trade secrets of valuable asset of Franchisor, and is disclosed to Covenantor by Franchisee solely on the condition that Covenantor agrees, and Covenantor hereby does agree, that Covenantor:

- a. will not use the Confidential Information in any other business or capacity;
- b. will maintain the absolute secrecy and confidentiality of the Confidential Information during and after the term of the Franchise Agreement;
- c. will not make unauthorized copies of any portion of the Confidential Information disclosed in written form;
- d. will not at any time, directly or indirectly, do any act or omit to do any act that would, or would likely, be injurious or prejudicial to the goodwill associated with the Trade Secrets the System.
- e. will follow all reasonable procedures prescribed from time to time by Franchisor and Franchisee to prevent unauthorized use or disclosure of or access to the Confidential

Information. Nothing contained herein shall be construed to prohibit Covenantor from using the Confidential Information in connection with the operation of a “ComForCare Senior Services Home Care” business (other than the Franchised Business) pursuant to a Franchise Agreement between Covenantor and Franchisor. Covenantor agrees to disclose to Franchisor all ideas, concepts, methods, techniques and products relating to the development and operation of the Franchised Business conceived or developed by Covenantor during the term of this Agreement, and Franchisor shall have a perpetual, non-exclusive and worldwide right to incorporate same in the System for use in all ComForCare Home Care businesses operated by Franchisor and its Franchisees. Franchisor shall have no obligation to make any payment to Covenantor with respect to any idea, concept, method, technique or product developed or suggested by Covenantor and incorporated by Franchisor in the Franchised Business. Covenantor agrees that Covenantor will not use any such concept, method, technique or product without obtaining Franchisor’s prior written approval. All equipment, policies, procedures, and manuals are ~~provided~~<sup>loaned</sup> by Franchisor to Franchisee for limited purposes only and remain the property of Franchisor and may not be reproduced, in whole or in part, without Franchisor’s written consent

### 3. Restrictive Covenant During the Term of the Franchise Agreement

Covenantor acknowledges and agrees that Franchisor would be unable to protect the Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among ComForCare Home Care businesses if persons or entities authorized to use the Confidential Information were permitted to hold interest in or perform services for a Competitive Business. As used in this Agreement, “Competitive Business” means any enterprise that:

- a. is substantially similar to the business then engaged or being promoted (such as Private Duty Nursing) in by a substantial number of ComForCare Home Care businesses; or
- b. grants a franchise or license or establishes a joint venture, for the development and/or operation of an enterprise described in the foregoing clause (a). Covenantor further acknowledges that restrictions on his/her direct or indirect ownership of interests in a Competitive Business will not hinder Covenantor’s activities in connection with Franchisee’s performance of the Franchise Agreement or in general. Covenantor therefore agrees that during the term of the Franchise Agreement and so long as Covenantor is a shareholder, partner, employee, officer or director of Franchisee, Covenantor shall not directly or indirectly engage in any Competitive Business. As used in this Agreement, the phrase “directly or indirectly engage in any Competitive Business” shall include, without limitation: (a) the ownership of an interest in a Competitive Business by Covenantor or his/her spouse; and (b) the performance of services as a director, officer, manager, employee, consultant, representative, agent or otherwise for any Competitive Business by Covenantor or his/her spouse. Franchisee and Covenantor acknowledge and agree that the failure of Covenantor or his/her spouse to comply with this Paragraph 3 or Paragraphs 4 or 5 below shall preclude Covenantor or his/her spouse from acquiring ownership of shares in a business which is not a Competitive Business. The restrictions of this Paragraph shall not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent less than five percent (5%) of the total number of issued and outstanding shares of that class of securities.

#### 4. Restrictive Covenant upon Transfer of Covenantor's Ownership Interest in Franchisee

If Covenantor transfers his/her entire ownership interest in Franchisee and is not thereafter an employee, officer or director of Franchisee, Covenantor agrees that Covenantor will not directly or indirectly engage in any Competitive Business which is located in the Development Area or located within a radius of seventy five (75) miles of any Business under the System, whether owned by Franchisor or any Franchisee or Franchisee for a period of two (2) years commencing on the effective date of such transfer. As used in this Paragraph 4 and in Paragraph 5 below, the phrase "directly or indirectly engage in a Competitive Business" shall mean and include, without limitation, the performance of services as a director, officer, manager, employee, consultant, representative, agent or otherwise for any Competitive Business by Covenantor or his/her spouse.

#### 5. Restrictive Covenant upon Termination Or Expiration of the Franchise Agreement

Upon the first to occur of:

- a. termination of the Franchise Agreement;
- b. expiration of the Franchise Agreement; or
- c. the date as of which Covenantor is neither a shareholder, partner, employee, officer nor director of Franchisee (other than in the case of a transfer governed by Paragraph 4 above), Covenantor agrees that Covenantor will not directly or indirectly engage in a Competitive Business located or operating within the Development Area or within a seventy five (75) mile radius of any other ComForCare Home Care Business for a period of two (2) years, commencing on the date of the applicable event described in clauses (a) or (b) above.

#### 6. Violation of Restrictive Covenants

If Covenantor is found to be engaging in a competitive business as described in Paragraphs 3, 4 and/or 5, Covenantor agrees to pay to Franchisor, damages equal to 15% of the Gross Revenues generated by the endeavor. Payment of damages shall not preclude Franchisor from filing any other claims Franchisor believes are appropriate, to include injunctive relief without the posting of any bonds in the event of a violation of this provision, or any provision in this Agreement. Failure on Covenantor's part to comply with the terms of this Agreement could cause irreparable damage to Franchisor, Franchisee, and the System. Notwithstanding any provision of the Franchise Agreement, during the term of the Agreement, Covenantor may not accept employment in any capacity with any non-medical or medical home healthcare agency/provider. Covenantor agrees that Covenantor does not own a business that provides services similar to those that will be provided to customers through the Franchise (except for an additional ComForCare Home Care franchises) and will not divert any home care leads that received to any competitive agency (except to other ComForCare Home Care franchises).

#### 7. Surrender of Documents

Covenantor agrees that, as of the effective date of the earlier of:

- a. the covenant set forth in Paragraph 4, or
- b. the covenant set forth in Paragraph 5, Covenantor shall immediately cease to use the Confidential Information disclosed to or otherwise learned or acquired by Covenantor,

return to Franchisee (or to Franchisor if directed by Franchisor) all copies of the Confidential Information loaned or made available to Covenantor.

8. Non-Solicitation of Customers, Customer Prospects, and Vendors

Covenantor agrees that during the term of Covenantor's employment with the Franchisee and for one (1) year after the termination thereof, regardless of the reason for the termination, Covenantor will not, directly or indirectly, solicit or attempt to solicit any business from any of the Franchisor's or Franchisee's customers, customer prospects, National Alliances or Vendors with whom Covenantor had contact during the last one (1) year of employment with the Franchisee.

Franchisee agrees that during the term of Franchisee's Franchise Agreement with the Franchisor and for one (1) year after the termination thereof, regardless of the reason for the termination, Franchisee will not, directly or indirectly, solicit or attempt to solicit any business from any of the Franchisor's customers, customer prospects, National Alliances or Vendors with whom Franchisee had contact during the term of the Franchise Agreement.

9. Non-Solicitation of Employees

Covenantor agrees that during the term of Covenantor's employment with the Franchisee and for one (1) year after the termination thereof, regardless of the reason for the termination, Covenantor will not, directly or indirectly, on Covenantor's behalf or on behalf of or in conjunction with any person or legal entity, recruit, solicit, or induce, or attempt to recruit, solicit, or induce, any employee of the Franchisee or Franchisor with whom Covenantor had personal contact to terminate their employment relationship with the Company.

Franchisee agrees that during the term of Franchisee's Franchise Agreement with the Franchisor and for one (1) year after the termination thereof, regardless of the reason for the termination, Franchisee will not, directly or indirectly, on Franchisee's behalf or on behalf of or in conjunction with any person or legal entity, recruit, solicit, or induce, or attempt to recruit, solicit, or induce, any employee of the Franchisor.

10. Indemnification/Costs and Attorneys' Fees

Covenantor agrees to indemnify and hold Franchisor and Franchisee harmless from and against any and all loss, cost, damage, liability and expense (including, without limitation, reasonable attorneys' fees, court costs and other reasonable litigation expenses) suffered, sustained or incurred by Franchisor or Franchisee as a result of, arising out of, or in connection with any failure of performance or breach of this Agreement by Covenantor. The party or parties prevailing in any judicial proceeding in connection with this Agreement shall be entitled to reimbursement of their costs and expenses, including but not limited to, reasonable accounting, paralegal, legal, expert witness and attorneys' fees, whether incurred prior to, in preparation for or in contemplation of the filing of such proceeding.

11. Reasonable Efforts

Franchisee shall make all commercially reasonable efforts to ensure that Covenantor acts as required by this Agreement.

## 12. Waiver

Failure to insist upon strict compliance with any of the terms, covenants or conditions hereof shall not be deemed a waiver of such term, covenant or condition, nor shall any waiver or relinquishment of any right or remedy hereunder at any one or more times be deemed a waiver or relinquishment of such right or remedy at any other time or times.

## 13. Severability

The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision of this Agreement and any such provision which is adjudicated to be invalid or unenforceable shall be severed from this Agreement, provided that such severance is to apply only with respect to the operation of such provisions in the particular jurisdiction in which such adjudication is made. To the extent any restriction herein is deemed unenforceable by virtue of its scope in terms of time, geography or business activity prohibited, but may be made enforceable by reducing any or all thereof, the parties agree that the same shall be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction where enforcement is sought.

## 14. Rights of Parties are Cumulative

The rights of the parties hereunder are cumulative and no exercise or enforcement by a party hereto of any right or remedy hereunder shall preclude the exercise or enforcement by them of any other right or remedy hereunder or which they are entitled by law to enforce.

## 15. Reasonableness of Covenants

The parties acknowledge and agree that each of the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which Franchisor is a party, Covenantor expressly agrees to 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 Agreement.

## 16. Benefit

This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

## 17. Entire Agreement

This Agreement contains the entire agreement among the parties hereto with respect to the subject matter hereof and all prior negotiations, agreements and understandings are merged herein. This Agreement may not be modified or rescinded except by a written agreement to such effect signed by the party against whom enforcement is sought.

18. Governing Law

Unless contrary to state law, this Agreement shall be governed by and construed and enforced in accordance with the laws of the state of Michigan. Covenantor hereby irrevocably submits himself/herself to the jurisdiction of the state courts of Oakland County, and the federal district court for Michigan in Oakland County, Michigan. Covenantor hereby waives all questions of personal jurisdiction or venue for the purpose of carrying out this provision. Covenantor hereby agrees that service of process may be made upon him in any proceeding relating to or arising under this agreement or the relationship created by this agreement by any means allowed by Michigan or federal law. Covenantor further agrees that venue for any proceeding relating to or arising out of this agreement shall be Oakland County, Michigan, provided, however, with respect to any action which includes injunctive relief or other extraordinary relief, franchisor or franchisee may bring such action in any court in any state which has jurisdiction.

19. Notices

All notices and demands required to be given hereunder shall be in writing and shall be sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage prepaid, facsimile, telegram or telex (provided that the sender confirms the facsimile, telegram or electronic mail by sending an original confirmation copy by certified or registered mail or expedited delivery service within 3 business days after transmission), to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other parties.

If directed to Franchisor, the notice shall be addressed to:

ComForCare Health Care Holdings, Inc.  
2520 Telegraph Road, Suite 201  
Bloomfield Hills, MI 48302  
Attention: Mark Armstrong  
Facsimile: (248) 745-9763  
Email: mark@comforcare.com

with a copy to:

John Fleming  
Kallas & Henk, P.C.  
43902 Woodward Ave. Ste. 200  
Bloomfield Hills, MI 48302  
Facsimile: (248) 335-9889  
jfleming@kallashenk.com

If directed to Franchisee, the notice shall be addressed to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_  
Email: \_\_\_\_\_

If directed to Covenantor, the notice shall be addressed to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_  
Email: \_\_\_\_\_

Any notices sent by personal delivery shall be deemed given upon receipt. Any notices given by electronic mail or facsimile shall be deemed given upon transmission, provided confirmation is made as provided above. Any notice sent by expedited delivery service or registered or certified mail shall be deemed given 3 business days after the time of mailing. Any change in the foregoing addresses shall be effected by giving 15 days written notice of such change to the other parties. Business day for the purpose of this Agreement excludes Saturday, Sunday and the following national holidays: New Year's Day, Martin Luther King Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving Day and Christmas Day.

20. Assignment/Transfer

The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and shall inure to the benefit of its respective affiliates, successor and assigns. The respective obligations of Franchisee and Covenantor hereunder may not be assigned by Franchisee or Covenantor without the proper written consent of Franchisor.

21. Counterparts

This Agreement may be executed in counterparts, each of which will be deemed and original.

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

FRANCHISOR:  
ComForCare Health Care Holdings, Inc.  
a Michigan corporation

By: Mark Armstrong  
Title: President

\_\_\_\_\_

COVENANTOR:

\_\_\_\_\_  
(Printed Name)

\_\_\_\_\_

FRANCHISEE:

\_\_\_\_\_

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

\_\_\_\_\_

**ADDENDUM C**

**PARTNERSHIP INFORMATION**

If the Franchisee is a general or limited partnership, the following information is required:

NAME OF PARTNERSHIP: \_\_\_\_\_

DOING BUSINESS AS: \_\_\_\_\_

PRINCIPAL OFFICE OR PLACE OF BUSINESS: \_\_\_\_\_

\_\_\_\_\_ Telephone (\_\_\_\_) \_\_\_\_\_

If the Franchisee is a general or limited partnership, Franchisee shall provide Franchisor with a copy of the currently effective partnership agreement which shall be certified by a partner or a general partner as being true and complete. Such partnership agreement shall provide that the purpose for which the partnership was formed is consistent with the obligations of the Franchisee hereunder and shall disclose the authority of the partner or general partner who is acting on behalf of the partnership in connection with the Franchise Agreement. The receipt of this Addendum "C" is a condition precedent to any obligation of Franchisor in regard to the Franchise Agreement.

Signatures of all general partners:

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

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

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

Date of receipt by Franchisor: \_\_\_\_\_

**ADDENDUM D**

**CORPORATION OR L.L.C. INFORMATION**

If the Franchisee is a corporation or limited liability company ("L.L.C.") the following information is required:

NAME OF CORPORATION OR L.L.C.: \_\_\_\_\_

ADDRESS OR LOCATION OF PRINCIPAL OFFICE OR PLACE OF BUSINESS: \_\_\_\_\_ Telephone (\_\_\_\_) \_\_\_\_\_

STATE OF INCORPORATION OR ORGANIZATION: \_\_\_\_\_

If incorporated or organized under the laws of a state other than where it will carry on the franchised business, the corporation or L.L.C. will provide to Franchisor a certification of qualification or authority to do business in the state shown in Addendum D, dated no more than 30 days prior to the execution of the Franchise Agreement.

The receipt of the above and the following information is a condition precedent to any obligation of the Franchisor in regard to the Franchise Agreement.

**ATTACHMENTS:**

- a) Certified copy of your Articles of Incorporation or Articles of Organization and a copy of the entity's by-laws or operating agreement, as the case may be, certified by an officer or member and all amendments thereto and restatements thereof, duly certified by the Secretary of State (of the state in which it is incorporated or organized) dated no more than 30 days prior to the execution of the Franchise Agreement.
- b) Certificate of good standing or due organization of the corporation or L.L.C. from the Secretary of State under the same conditions as a) above.
- c) A listing of names and addresses of all stockholders or members, officers and directors of the corporation or L.L.C. with the amount of stock or membership interest owned by each stockholder.
- d) A certified resolution by the board of directors or members authorizing the corporation or L.L.C. to enter into the Franchise Agreement with ComForCare Health Care Holdings, Inc. and designating the name of the officer authorized to execute the Franchise Agreement on behalf of the corporation or L.L.C.
- e) A written personal guaranty in the form attached hereto from one or more of the members, officers, directors or managers of the corporation, as determined by Franchisor, providing for the personal guaranty of all of the obligations of the Franchisee under the Franchise Agreement.
- f) A written document stating the name of the member, officer, director, or other principal responsible for the day-to-day operation of the Franchised Business.

Submitted this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

FRANCHISOR:  
ComForCare Health Care Holdings, Inc.  
a Michigan corporation

FRANCHISEE:  
\_\_\_\_\_

By: Mark Armstrong  
Title: President

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

\_\_\_\_\_

**ADDENDUM E**

**ELECTRONIC FUNDS TRANSFER**

Authorization Agreement for Electronic Funds Transfer Via the Automated Clearing House (ACH)

Company Name \_\_\_\_\_

I (we) hereby authorize ComForCare Health Care Holdings, Inc., hereinafter called COMPANY, to initiate debit entries to my (our):

Checking Account                       Savings Account

This is indicated below and the depository named below, hereinafter called DEPOSITORY, to debit same to such account.

Depository Name: \_\_\_\_\_

Branch: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Transit/ABA Number: \_\_\_\_\_

Account Number: \_\_\_\_\_

This authority is to remain in full force and effect until COMPANY and DEPOSITORY has received written notification from me (or either of us) of its termination in such time and in such manner as to afford COMPANY and DEPOSITORY a reasonable opportunity to act on it.

Name(s): \_\_\_\_\_

Name(s): \_\_\_\_\_

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

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Period for first Franchisee Transmission via ~~electronic funds transfer (EFT)~~ACH:

Month \_\_\_\_\_ Year: \_\_\_\_\_

Period:  First Half                       Second Half

Please attach a voided or cancelled check for clarification purposes.

**ADDENDUM F**

**ROYALTY FEE SCHEDULE**

This Royalty Schedule identifies the royalty and service fee that will be paid by Franchisee to Franchisor 28 days subsequent to the end of each bi-weekly payroll and billing cycle based on Gross Sales for that billing period.

During the term of our Franchise Agreement, the Royalty and Service fee will be calculated as follows (the “Standard Royalty Calculation”):

<b>Total Gross Sales during 2 Week Billing Period</b>	<b>Standard Royalty Calculation</b>
\$0 to \$40,000	5% of Gross Sales
\$40,001 to \$60,000	\$2,000, plus 4% of Gross Sales
\$60,001 +	\$2,800, plus 3% of Gross Sales

During the term of the Franchise Agreement, you must pay us a Royalty and Service Fee as outlined below:

<b>Time Period (Commencing on the Effective Date of the Franchise Agreement)</b>	<b>Royalty and Service Fee</b>
Effective Date to 9 <sup>th</sup> Month	Standard Royalty Calculation
10 <sup>th</sup> Month to 23 <sup>rd</sup> Month	Greater of \$250 or the Standard Royalty Calculation
24 <sup>th</sup> Month to 35 <sup>th</sup> Month	Greater of \$375 or the Standard Royalty Calculation
36 <sup>th</sup> Month to 47 <sup>th</sup> Month	Greater of \$500 or the Standard Royalty Calculation
48 <sup>th</sup> Month to 59 <sup>th</sup> Month	Greater of \$750 or the Standard Royalty Calculation
60 <sup>th</sup> Month thru the Remaining Term	Greater of \$1,000 or the Standard Royalty Calculation

If this Agreement is the result of a resale or renewal of an existing franchised business, Franchisee will begin paying this the Royalty and Service fee immediately upon execution of this Agreement at the same level and schedule as the transferring franchisee.

FRANCHISOR:  
ComForCare Health Care Holdings, Inc.  
a Michigan corporation

FRANCHISEE:  
\_\_\_\_\_

By: Mark Armstrong  
Title: President

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

\_\_\_\_\_

\_\_\_\_\_

## ADDENDUM G

### DOMAIN NAMES

#### ComForCare Home Care Domain Names

1. advancedproficiency.com
2. atyoursidehomecare.co.uk
3. atyoursidehomecare.com
4. atyoursidehomecare.de
5. berrymont.com
6. careforceseniors.com
7. careforceseniorservices.com
8. cfseniorservices.com
9. comforcare.ca
10. comforcare.co.uk
11. comforcare.com
12. comforcare.de
13. comforcare.org
14. comforcarehomecare.com
15. comforcareseiniorcure.com
16. comforcareseiniorservices.co.uk
17. comforcareseiniorservices.de
18. comforcareblog.com
19. atyoursideblog.com
20. comforcarefranchise.ca
21. comforcarefranchise.co.uk
22. comforcarefranchise.com
23. dementiawise.com
24. dementiawise.ca
25. dementiawise.co.uk
26. ablepathways.co.uk
27. ablepathways.com
28. ablepathways.de
29. atyoursideprescriptions.com
30. comforcare.eu
31. comforcare.net
32. comforcarefranchiseterritorycheck.com
33. comforcareprescriptions.com
34. comforcareseiniorservices.com
35. comforcarestaffing.com
36. comforinfo.ca
37. comforinfo.co.uk
38. comforinfo.com
39. comforinfo.eu
40. learnhomecare.com
41. thebestlifepossible.com
42. joyfulemories.com
43. [homecarelearning.com](http://homecarelearning.com)
44. [healthmanager5.com](http://healthmanager5.com)
45. [meaningfulactivities.com](http://meaningfulactivities.com)
46. [meaningfulactivities.net](http://meaningfulactivities.net)
47. [meaningfulactivities.org](http://meaningfulactivities.org)
48. [joyfulemories.net](http://joyfulemories.net)

**ADDENDUM H**

**SPOUSAL CONSENT**

NOTE: EACH SPOUSE OF FRANCHISEE, OR IF FRANCHISEE IS A LEGAL ENTITY, THE SPOUSE OF EACH OWNER OF FRANCHISEE, MUST SIGN THIS SPOUSAL CONSENT.

The individual(s) listed below represents to ComForCare Health Care Holdings, Inc. that each is the spouse of the individual(s) who signed a Franchise Agreement with the Company dated \_\_\_\_\_.

In consideration of the grant by ComForCare to Franchisee under the Franchise Agreement, each of the individual spouses listed below agrees, in consideration of benefits received and to be received by each of them, jointly and severally, and for themselves, their heirs, legal representatives and assigns that they, and each of them:

- a. must be firmly bound by all of the terms, provisions and conditions of the Franchise Agreement;
- b. unconditionally guarantee the full and timely performance by Franchisee of all of Franchisee's obligations under the Franchise Agreement, including, without limitation, any of Franchisee's indebtedness arising under or by virtue of the Franchise Agreement;
- c. agree to be bound by the in-term and post-term covenants of the Franchise Agreement.

FRANCHISOR:  
ComForCare Health Care Holdings, Inc.  
a Michigan Corporation

SPOUSE:

By: Mark Armstrong  
Title: President

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

\_\_\_\_\_

\_\_\_\_\_

## ADDENDUM I

### THE COMFORCARE HIPAA BUSINESS ASSOCIATE AGREEMENT (45 CFR §164.504(e))

This BUSINESS ASSOCIATE Agreement (the "BA Agreement") is made this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ by and between \_\_\_\_\_ (hereinafter "COVERED ENTITY").

#### AND

ComForCare Health Care Holdings, Inc. hereinafter 'BUSINESS ASSOCIATE', with its principal place of business located at 2520 South Telegraph Road, Suite 201, Bloomfield Hills, MI 48302.

#### Recitals

- A. BUSINESS ASSOCIATE performs, or assists in the performance of, a function or activity or provides services of a type for COVERED ENTITY that makes BUSINESS ASSOCIATE a "business associate" for purposes of the HIPAA Privacy Regulations. {45 CFR §160.103}
- B. COVERED ENTITY will disclose Protected Health Information to BUSINESS ASSOCIATE in conjunction with the function, activity or services performed or provided by BUSINESS ASSOCIATE. {45 CFR §160.103}
- C. COVERED ENTITY will disclose electronic health information to BUSINESS ASSOCIATE in conjunction with the function, activity or services performed or provided by BUSINESS ASSOCIATE.
- D. COVERED ENTITY and BUSINESS ASSOCIATE desire to enter into a BA Agreement as required by the HIPAA Privacy and Security Regulations to provide satisfactory assurance to COVERED ENTITY that BUSINESS ASSOCIATE will appropriately safeguard that Protected Health Information. {45 CFR §164.502(e)(l)}

#### Agreement

NOW THEREFORE, COVERED ENTITY and BUSINESS ASSOCIATE agree as follows:

1. **Definitions.** The following terms are defined as set forth below. Any terms used but not otherwise defined in this BA Agreement have the definitions set forth in the Regulations and the Health Information Technology for Economic and Clinical Health Act ("HITECH"), found in Title XIII of the American Recovery and Reinvestment Act of 2009, Public Law 111-005, and any regulations promulgated thereunder.

- a. "Breach" shall have the meaning set forth in 45 C.F.R. § 164.402.b. "Electronic Protected Health Information" shall mean individually identifiable health information that is transmitted by or maintained by electronic media. It includes devices in computers and any removable/transportable digital memory medium. Transmission media include the internet, extranet or intranet, leased lines, dial-up lines, private networks, and physical movement of removable/transportable media. Certain transmissions, including of paper, via facsimile, and of voice, via telephone, are not considered to be transmissions via electronic media if the information being exchanged did not exist in electronic form immediately before the transmission. {45 CFR §160.103}
- c. "HIPAA Privacy Regulations" shall mean the regulations at 45 CFR §160 and §164, subparts A and E.

- d. "HIPAA Security Regulations" shall mean the regulations at 45 CFR §160 and §164, subpart C.
- e. "HIPAA Breach Notification Rule" shall mean the regulations at 45 CFR §164, subpart D.
- f. "HIPAA Rules" shall mean the HIPAA Privacy Regulations, the HIPAA Security Regulations, the HIPAA Breach Notification Rule and the HIPAA enforcement rule at 45 CFR §160, subpart C.
- g. "Individual" shall have the same meaning as the term "individual" in 45 C.F.R. § 160.103 and shall include a person who qualifies as a personal representative in accordance with 45 C.F.R. § 164.502(g).
- h. "Protected Health Information" or "PHI" means, subject to the definition provided at 45 C.F.R. § 160.103, individually identifiable health information that BUSINESS ASSOCIATE receives from COVERED ENTITY or creates, receives, transmits or maintains on behalf of COVERED ENTITY for purposes of performing the services under the Engagement. Unless otherwise stated in this BA Agreement, any provision, restriction or obligation in this BA Agreement related to the use of PHI shall apply equally to EPHI.
- i. "Regulations" shall mean collectively the HIPAA Security Regulations, the HIPAA Privacy Regulations, the HIPAA Breach Notification Rule and the HIPAA enforcement rule at 45 CFR §160, subpart C.
- j. "Required by Law" shall have the same meaning as the term "required by law" in 45 C.F.R. § 164.103.
- k. "Secretary" shall mean the Secretary of the Department of Health and Human Services or their designee.
- l. "Security Incident" means the attempted or successful unauthorized access, use, disclosure, modification or destruction of information or interference with the system operations in an information system. {45 CFR §164.304}
- m. "Subcontractor" means a person to whom a business associate delegates a function, activity or service, other than in the capacity of a member of the workforce of such business associate.
- n. "Unsecured Protected Health Information" means Protected Health Information that is not rendered unusable, unreadable, or indecipherable to unauthorized individuals through the use of a technology or methodology specified by the Secretary. {45 CFR 164.402}

BUSINESS ASSOCIATE acknowledges and agrees that all PHI that is created or received by COVERED ENTITY and disclosed or made available in any form by COVERED ENTITY to BUSINESS ASSOCIATE, or is created, received, maintained or transmitted by BUSINESS ASSOCIATE on COVERED ENTITY's behalf, will be subject to this BA Agreement. This BA Agreement will commence upon the Effective Date and will continue as long as BUSINESS ASSOCIATE has use, custody or access to PHI subject to this BA Agreement, and thereafter for the period required by the Regulators.

2. **Restriction on Use and Disclosure of Protected Health Information.** Except as permitted or required by this BA Agreement or as required by law, BUSINESS ASSOCIATE shall not use, de-identify, or further disclose any Protected Health Information disclosed or otherwise made available to it by COVERED ENTITY. {45 CFR §164.504(e)(2)(i) and (e)(2)(ii)(A)}

3. **Authorized Uses and Disclosures.** Except as otherwise limited in this BA Agreement, BUSINESS ASSOCIATE is hereby authorized to use and disclose Protected Health Information for the following purposes:
- a. *Generally.* BUSINESS ASSOCIATE may use or disclose Protected Health Information on behalf of, or to provide services to, COVERED ENTITY for the following purposes, if such use or disclosure of Protected Health Information would not violate the HIPAA Privacy Regulations if done by COVERED ENTITY or the minimum necessary policies and procedures of COVERED ENTITY: Provide ongoing assistance with the operations of the COVERED ENTITY's franchised business. {45 CFR §164.504(e)(2)}
  - b. *Management and Administration.* BUSINESS ASSOCIATE may use and disclose Protected Health Information for the proper management and administration of BUSINESS ASSOCIATE or to carry out the legal responsibilities of BUSINESS ASSOCIATE, provided:
    - I. The disclosure is required by law; or,
    - II. BUSINESS ASSOCIATE 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 was disclosed to the person and the person will immediately notify the BUSINESS ASSOCIATE of any instances of which it is aware in which the confidentiality of the information has been breached. {45 CFR §164.504(e)(2)(i)(A) and 45 CFR §164.504(e)(4)}
  - c. *Violations of Law.* BUSINESS ASSOCIATE may use Protected Health Information to report violations of law to appropriate Federal and State authorities, consistent with 20 CFR §164.502(j)(l).

4. **BUSINESS ASSOCIATE'S Obligations.**

- a. *Representation and Acknowledgment.* BUSINESS ASSOCIATE represents that it has complied and will comply with the requirements of the Regulations applicable to it and acknowledges that it is aware that it is subject to the civil and criminal penalties of section 1176 and 1177 of the Social Security Act.
- b. *Safeguards.* BUSINESS ASSOCIATE shall use appropriate safeguards, and comply, where applicable, with the HIPAA Security Regulations with respect to electronic Protected Health Information, to prevent use or disclosure of Protected Health Information other than as permitted or required by this BA Agreement or as required by law. {45 CFR §164.504(e)(2)(ii)(B)}
- c. *Security of Electronic Protected Health Information.* BUSINESS ASSOCIATE shall implement administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of the electronic Protected Health Information that it creates, receives, maintains or transmits on behalf of COVERED ENTITY. {45 CFR §164.314(a)(2)(i)(A)}
- d. *Reporting.* BUSINESS ASSOCIATE shall report to COVERED ENTITY any use or disclosure of Protected Health Information not permitted by this BA Agreement of which it becomes aware, including Breaches of Unsecured Protected Health Information as required by the HIPAA Breach Notification Rule.
- e. *Subcontractors.* BUSINESS ASSOCIATE shall ensure that any subcontractors that create or receive Protected Health Information on behalf of BUSINESS ASSOCIATE agree to the same restrictions and conditions that apply to BUSINESS ASSOCIATE with respect to such information. {45 CFR §164.314(a)(2)(i)(B)}

- f. *Providing Electronic Protected Health Information to Agents or Subcontractors.* BUSINESS ASSOCIATE shall ensure that any agent, including a subcontractor, to whom it provides electronic Protected Health Information, agrees to implement reasonable and appropriate safeguards to protect the electronic Protected Health Information. {45 CFR §164.314(a)(2)(i)(B)}
- g. *Individual's Access to Information.* BUSINESS ASSOCIATE shall make available and permit access to Protected Health Information about an individual by that individual in accordance with 45 CFR §164.524, {45 CFR §164.504(e)(2)(ii)(E)}
- h. *Amendment of Protected Health Information.* BUSINESS ASSOCIATE shall make available to COVERED ENTITY Protected Health Information for amendment and incorporate any amendments to Protected Health Information in accordance with 45 CFR §164.526. {45 CFR §164.504(e)(2)(ii)(P)}
- i. *Accounting of Disclosures.* BUSINESS ASSOCIATE shall document such disclosures of Protected Health Information and information related to such disclosures as would be required for COVERED ENTITY to respond to a request by an individual for an accounting of disclosures of Protected Health Information in accordance with 42 CFR §164.528.

BUSINESS ASSOCIATE shall make available the information required to provide an accounting of disclosures in accordance with 42 CFR §164.528. Such information shall be given to COVERED ENTITY by BUSINESS ASSOCIATE within 20 days after COVERED ENTITY notifies BUSINESS ASSOCIATE of COVERED ENTITY need for the information. {45 CFR §164.504(e)(2)(ii)(G)}

## **5. COVERED ENTITY's Obligations.**

- a. *Provisions for COVERED ENTITY to Inform BUSINESS ASSOCIATE of Privacy Practices and Restrictions.*
  - I. COVERED ENTITY shall notify BUSINESS ASSOCIATE of any limitation(s) in its Notice of Privacy Practices of COVERED ENTITY in accordance with 45 CFR §164.520, to the extent that such limitation may affect BUSINESS ASSOCIATE's use or disclosure of Protected Health Information.
- b. *Permissible Requests by COVERED ENTITY.*
  - I. COVERED ENTITY shall not request BUSINESS ASSOCIATE to use or disclose protected health information in any manner that would not be permissible under the HIPAA privacy regulations if done by COVERED ENTITY.

## **6. Breach Notification.**

- a. *Notice to COVERED ENTITY.* BUSINESS ASSOCIATE will report to COVERED ENTITY any suspected Breach of Unsecured PHI by BUSINESS ASSOCIATE or any of its officers, directors, employees, Subcontractors or agents. All notifications required under this Section will be made by BUSINESS ASSOCIATE without unreasonable delay and in no event later than ten (10) days of discovery. BUSINESS ASSOCIATE will use the standard at 45 C.F.R. § 164.410(a) to determine when the suspected Breach is treated as discovered. COVERED ENTITY shall have discretion to determine whether a suspected Breach has given rise to a Breach. BUSINESS ASSOCIATE will cooperate with COVERED ENTITY and provide such information as COVERED ENTITY reasonably requires in making this determination. In notifying COVERED ENTITY of a suspected Breach, BUSINESS ASSOCIATE will provide, to

the extent reasonably possible, as much of the information it has that would be required in notifying a COVERED ENTITY of a Breach, under 45 C.F.R. § 164.410. If COVERED ENTITY determines that a Breach has occurred, BUSINESS ASSOCIATE will provide any other available information that COVERED ENTITY is required to include in its notification to individuals pursuant to 45 C.F.R. §164.404(c).

- b. *Notice to Individuals and Media.* In the event COVERED ENTITY determines a Breach has occurred that was caused by the acts or omissions of BUSINESS ASSOCIATE, its Subcontractors, officers, directors, employees or agents, BUSINESS ASSOCIATE will cooperate with COVERED ENTITY to notify, (i) individuals whose Unsecured PHI has been, or is reasonably believed by COVERED ENTITY to have been, accessed, acquired, used or disclosed, and (ii) the media, as required pursuant to 45 C.F.R. § 164.406, if the legal requirements for media notification are triggered by the circumstances of such Breach. BUSINESS ASSOCIATE will cooperate in COVERED ENTITY's Breach analysis process and procedures, if requested. COVERED ENTITY will at all times have the final decision about the content of any notification required to be given under the Regulations.
- c. *Proof of Encryption.* In the event of a Breach of Secured Protected Health Information, BUSINESS ASSOCIATE shall notify COVERED ENTITY of the Breach as stated in subparagraph (6)(a), above, and within 20 calendar days after giving such notice to COVERED ENTITY, provide proof satisfactory to COVERED ENTITY that such Protected Health Information was not Unsecured Protected Health Information. {42 CFR §164.402}

## **7. Term and Termination.**

- a. *Generally.* This BA Agreement shall be effective when executed on behalf of both of the parties hereto and shall terminate when all of the Protected Health Information provided by COVERED ENTITY to BUSINESS ASSOCIATE, or created or received by BUSINESS ASSOCIATE on behalf of COVERED ENTITY, is destroyed or returned to COVERED ENTITY, or, if it is not feasible to return or destroy Protected Health Information, protections are extended to such information, in accordance with the termination provisions in this Paragraph (7).
- b. *Mutual Agreement.* This BA Agreement may be terminated by mutual written agreement of the parties.
- c. *Termination for Cause.* Upon COVERED ENTITY's knowledge of a material breach of this BA Agreement by BUSINESS ASSOCIATE. COVERED ENTITY shall either:
  - I. Provide an opportunity for BUSINESS ASSOCIATE to cure the breach or end the violation and terminate the BA Agreement if BUSINESS ASSOCIATE does not cure the breach or end the violation within the time specified by COVERED ENTITY;
  - II. Immediately terminate the BA Agreement if BUSINESS ASSOCIATE has breached a material term of this BA Agreement and cure is not possible.
- d. *Effect of Termination.*
  - I. Except as provided in paragraph (2) below, upon termination of this BA Agreement for any reason, BUSINESS ASSOCIATE shall return or destroy all Protected Health Information received from COVERED ENTITY, or created or received by BUSINESS ASSOCIATE on behalf of COVERED ENTITY that BUSINESS ASSOCIATE maintains in any form. This provision also shall apply to Protected Health Information that is in the possession of subcontractors of BUSINESS ASSOCIATE. BUSINESS ASSOCIATE shall retain no copies of the Protected Health Information.

II. In the event that BUSINESS ASSOCIATE determines that returning or destroying the protected information is not feasible, BUSINESS ASSOCIATE shall provide to COVERED ENTITY notification of the conditions that make return or destruction not feasible. BUSINESS ASSOCIATE shall extend the protections of this BA Agreement to such Protected Health Information and limit further uses and disclosures of such Protected Health Information to those purposes that make the return or destruction not feasible, for so long as BUSINESS ASSOCIATE maintains such Protected Health Information.

8. **Subpoena.** In the event BUSINESS ASSOCIATE receives a subpoena for any Protected Health Information in BUSINESS ASSOCIATE's possession, BUSINESS ASSOCIATE shall immediately notify COVERED ENTITY of the subpoena and deliver a copy of the subpoena to COVERED ENTITY. BUSINESS ASSOCIATE shall respond to the subpoena only in accordance with the HIPAA Privacy Regulations.

9. **Notices.** Any notices required or permitted to be given under this BA Agreement shall be in writing and shall be personally delivered or sent by certified or registered mail, first class postage prepaid, return receipt requested, or by prepaid overnight delivery services such that proof of delivery will be obtained, and shall be addressed as set forth below or to such other address as may be specified in a prior written notice to the other party: To those addresses indicated in the COVERED ENTITY'S Franchise Agreement with BUSINESS ASSOCIATE.

Such notice shall be deemed to be given on the date it is deposited in the mail as stated above, on the date it is given to the overnight delivery service or the date it is given personally to the party to whom it is directed. A notice shall be deemed to have been given personally to a party if it is handed to the representative of the party to whom the notice must be addressed or if left at his or her office located at the street address to which a notice would be mailed.

10. **Amendment.** This BA Agreement may not be changed, modified or amended except by a written agreement executed on behalf of each of the parties.

11. **No Waiver.** No waiver of one or more of the provisions of this BA Agreement or the failure to enforce any provision of this BA Agreement by either party shall be construed as a waiver of any subsequent breach of this BA Agreement, nor a waiver of the right at any time thereafter to require strict compliance with all of its terms.

12. **Entire Agreement.** This BA Agreement sets forth the entire agreement and understanding between the parties as to the matters contained in it, and supersedes all prior discussions, agreements and understandings of every kind and nature between them.

13. **Headings.** The headings placed between the various paragraphs and subparagraphs of this BA Agreement are inserted for ease of reference only, do not constitute a part of this BA Agreement, and shall not be used in any way whatsoever in the construction or interpretation of this BA Agreement.

14. **Interpretation.** Any ambiguity in this BA Agreement shall be resolved to permit COVERED ENTITY to comply with the HIPAA Privacy Rule, 45 CFR §164.500 et seq., the HIPAA Security Rule, 45 CFR §164.302 et seq, and the HIPAA Breach Notification Rule, 45 CFR §164.400 et seq., as each may be amended from time to time.

15. **Governing Law.** This BA Agreement shall be construed and enforce in accordance with, and governed by, the laws of the State of Michigan.

IN WITNESS WHEREOF, the parties hereto have caused this BA Agreement to be executed by their duly authorized representatives on the date set forth below.

BUSINESS ASSOCIATE/FRANCHISOR:  
ComForCare Health Care Holdings, Inc.  
a Michigan Corporation

By: Mark Armstrong  
Title: President

---

COVERED ENTITY/FRANCHISEE:

---

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

---

**EXHIBIT C**

**STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS**

<b>STATE</b>	<b>STATE ADMINISTRATOR/AGENT</b>	<b>ADDRESS</b>
California	Commissioner of Business Oversight California Department of Business Oversight	320 West 4 <sup>th</sup> Street Suite 750 Los Angeles, CA 90013 866-275-2677
Hawaii (State Administrator)	Commissioner of Securities Dept. of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch	335 Merchant Street Room 203 Honolulu, HI 96813
Illinois	Illinois Attorney General	500 S. Second Street Springfield, IL 62706
Indiana (State Administrator)	Indiana Securities Commissioner Securities Division	302 W. Washington St. Room E111 Indianapolis, IN 46204
Indiana (Agent)	Indiana Secretary of State	302 W. Washington St. Room E018 Indianapolis, IN 46204
Maryland (State Administrator)	Office of the Attorney General Division of Securities	200 St. Paul Place Baltimore, MD 21202
Maryland (Agent)	Maryland Securities Commissioner	200 St. Paul Place Baltimore, MD 21202
Michigan	Michigan Department of Attorney General Consumer Protection Division	G. Mennen Williams Building 1 <sup>st</sup> Floor 525 W. Ottawa St. Lansing, MI 48933
New York (State Administrator)	New York State Department of Law Bureau of Investor Protection and Securities	120 Broadway 23 <sup>rd</sup> Floor New York, NY 10271
New York (Agent)	Secretary of State for New York	99 Washington Ave. Albany, NY 12231
North Dakota	Securities Commissioner North Dakota Securities Department	600 E. Boulevard Ave. State Capitol 5 <sup>th</sup> Floor, Dept. 414 Bismarck, ND 58505

Rhode Island	Director, Department of Business Regulation, Securities Division	1511 Pontiac Ave. John O. Pastore Complex Building 69-1 Cranston, RI 02920
South Dakota	Department of Labor and Regulation Division of Securities	124 S. Euclid Suite 104 Pierre, SD 57501
Virginia (State Administrator)	State Corporation Commission Division of Securities and Retail Franchising	1300 E. Main St. 9 <sup>th</sup> Floor Richmond, VA 23219 804-371-9051
Virginia (Agent)	Clerk of the State Corporation Commission	1300 E. Main St. 1 <sup>st</sup> Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division	150 Israel Rd. SW Tumwater, WA 98501 360-902-8760
Wisconsin	Commissioner of Securities	Department of Financial Institutions Division of Securities 201 W. Washington Ave. Suite 300 Madison, WI 53703

**EXHIBIT D**

Initial Franchise Items — ~~New Franchise~~

The following items are included in the ComForCare Home Care franchise fee. You will receive these materials subsequent to your initial training week and they are shipped to your office/home address immediately after training or are available via the ComForCare Franchisee exclusive website.

<u><b>NEW FRANCHISEE ONLY</b></u>			<u><b>IF NEW OR CURRENT FRANCHISEE PURCHASES AN EXISTING FRANCHISE</b></u>
<u>Marketing and Advertising Materials</u>	<u>Office Materials and Employee Forms</u>	<u>Signage</u>	<u>Marketing and Advertising Materials</u>
<u>Two Color Personalized Business Cards</u>	<u>10 Case Opening Packets</u>	<u>Position Descriptions</u>	<u>ComForCare Home Care Independently Owned and Operated Sign for Lobby Display</u>  <u>Two Color Personalized Business Cards</u>  <u>Polo Shirts with ComForCare logo</u>  <u>2 Metal Magnetic Personalized Name Badges</u>
<u>Full Color Personalized Marketing Brochures</u>	<u>Nurse Toolkit including Chronic Disease Flyers</u>	<u>Caregiver Tests</u>	
<u>Personalized Stationary and Envelopes or Rack Cards</u>	<u>Insurance Forms</u>	<u>Interview Forms</u>	
<u>2 Polo Shirts with ComForCare logo</u>	<u>Client Service Agreements</u>	<u>DVD for Caregiver Training</u>	
<u>2 Metal Magnetic Personalized Name Badges</u>	<u>Client Satisfaction Surveys</u>	<u>Performance Evaluations</u>	
<u>Thank You Cards and Envelopes</u>	<u>Caregiver Flowsheets</u>	<u>Customized Nursing Home and Assisted Living Facility Listings</u>	
<u>1 Indoor/Outdoor ComForCare Banners</u>	<u>10 Orientation Packets with Employee Handbooks</u>	<u>Recruitment Postcards</u>	
<u>Marketing Folders</u>	<u>Employee Applications</u>	<u>Brochure Holders</u>	
<u>ComForCare Poster Size Photos for Displays</u>	<u>Tablet Computer with keyboard</u>		

**Marketing and Advertising Materials**

- ~~1,000 Two Color Business Cards~~
- ~~1,000 Full Color Marketing Brochures~~
- ~~500 Two Color Stationery and Envelopes or Rack Cards~~

- ~~ComForCare Home Care Logos in Varying Formats~~
- ~~PrintReady Flyers~~
- ~~National Affiliation Contract Initiation Information~~
- ~~1 Polo Shirts with ComForCare Logo~~
- ~~2 Metal Magnetic ComForCare Personalized Name Badges~~
- ~~Thank You Notes with Envelopes~~
- ~~2 Indoor/Outdoor ComForCare banners~~
- ~~Marketing Folders~~
- ~~ComForCare poster size photographs for displays~~

#### **Office & Franchise Forms**

- ~~10 Case Opening Packets~~
- ~~Insurance Forms~~
- ~~Client Service Agreements~~
- ~~Client Satisfaction Surveys~~

#### **Employee Recruitment & Management**

- ~~Employee Applications~~
- ~~Caregiver Flowsheets~~
- ~~Position Descriptions~~
- ~~Caregiver Tests~~
- ~~Interview Forms~~
- ~~DVD/Videotape for Training of Caregivers~~
- ~~10 Orientation Packets with Employee Handbooks~~
- ~~Disciplinary Action Forms~~
- ~~Performance Evaluations~~

#### Initial Franchise Items — Franchise Resale and/or Transfer

If you are purchasing an existing franchise, you will receive only these materials after training.

#### **Marketing and Advertising Materials**

- ~~1,000 Two Color Business Cards~~
- ~~1 Polo Shirt with ComForCare Log~~
- ~~2 Metal Magnetic ComForCare Personalized Name Badges~~

**EXHIBIT E**

**POWER OF ATTORNEY – TELEPHONE AND INTERNET**

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

KNOW ALL MEN BY THESE PRESENTS

That \_\_\_\_\_ (“Franchisee”) irrevocably constitutes and appoints ComForCare Health Care Holdings, Inc., a Michigan corporation (“Franchisor”), true and lawful attorney-in-fact and agent for Franchisee and in Franchisee’s name, place and stead, to do or cause to be done all things and to sign, execute, acknowledge, certify, deliver, accept, record and file all agreements, certificates, instruments and documents as, in the sole discretion of Franchisor, is necessary or advisable for the sole purpose of assigning to Franchisor all of Franchisee’s right, title and interest in and to any and all telephone numbers of Franchisee’s franchise and all related Yellow Pages, White Pages, internet listings, networking media sites and other business listings including, but not limited to, the execution and delivery of any Transfer of Service Agreement and any other transfer documentation required by the applicable telephone or internet service company providing services to Franchisee, and grants to Franchisor full power and authority to do and perform all acts and things which, in the sole discretion of Franchisor, are necessary or advisable to be done as fully to all intents and purposes as Franchisee might or could itself do, ratifying and confirming all that Franchisor may lawfully do or cause to be done by virtue of this Power of Attorney and powers granted.

During the term of this Power of Attorney and regardless of whether Franchisee has designated any other person to act as its attorney-in-fact and agent, no person, firm or corporation dealing with Franchisor is required to ascertain the authority of Franchisor, nor to see to the performance of the agency, nor be responsible in any way for the proper application of funds or property paid or delivered to Franchisor. Any person, firm or corporation dealing with Franchisor is fully protected in acting and relying on a certificate of Franchisor that this Power of Attorney on the date of the certificate has not been revoked and is in full force and effect, and Franchisee must not take any action against any person, firm or corporation acting in reliance on a certificate or a copy of this Power of Attorney. Any document executed on behalf of Franchisee by Franchisor is deemed to include a certificate on the part of Franchisor, whether or not expressed. This paragraph shall survive any termination of this Power of Attorney.

This Power of Attorney terminates two (2) years following the expiration or termination of the Franchise Agreement dated \_\_\_\_\_ by and between Franchisor and Franchisee. The termination, however, does not affect the validity of any act or deed that Franchisor may have effected before that date pursuant to the power granted.

This instrument is to be construed and interpreted as an irrevocable power of attorney coupled with an interest. It is executed and delivered in the state of Michigan and the laws of the State of Michigan govern all questions as to the validity of this Power of Attorney and construction of its provisions.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney as of \_\_\_\_\_, 20\_\_\_\_.

FRANCHISOR:  
ComForCare Health Care Holdings, Inc.  
a Michigan corporation

By: Mark Armstrong  
Title: President

\_\_\_\_\_

FRANCHISEE:

\_\_\_\_\_

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

\_\_\_\_\_

# Request for Transcript of Tax Return

OMB No. 1545-1872

▶ Request may be rejected if the form is incomplete or illegible.

**Tip.** Use Form 4506-T to order a transcript or other return information free of charge. See the product list below. You can quickly request transcripts by using our automated self-help service tools. Please visit us at [IRS.gov](http://IRS.gov) and click on "Order a Transcript" or call 1-800-908-9946. If you need a copy of your return, use **Form 4506, Request for Copy of Tax Return**. There is a fee to get a copy of your return.

<b>1a</b> Name shown on tax return. If a joint return, enter the name shown first.	<b>1b</b> First social security number on tax return, individual taxpayer identification number, or employer identification number (see instructions)
<b>2a</b> If a joint return, enter spouse's name shown on tax return.	<b>2b</b> Second social security number or individual taxpayer identification number if joint tax return
<b>3</b> Current name, address (including apt., room, or suite no.), city, state, and ZIP code (see instructions)	
<b>4</b> Previous address shown on the last return filed if different from line 3 (see instructions)	
<b>5</b> If the transcript or tax information is to be mailed to a third party (such as a mortgage company), enter the third party's name, address, and telephone number.	

ComForcare Health Care Holdings, Inc., 2520 Telegraph Road, Suite 201, Bloomfield Hills, MI 48302, 248-745-9700

**Caution.** If the tax transcript is being mailed to a third party, ensure that you have filled in lines 6 through 9 before signing. Sign and date the form once you have filled in these lines. Completing these steps helps to protect your privacy. Once the IRS discloses your IRS transcript to the third party listed on line 5, the IRS has no control over what the third party does with the information. If you would like to limit the third party's authority to disclose your transcript information, you can specify this limitation in your written agreement with the third party.

**6 Transcript requested.** Enter the tax form number here (1040, 1065, 1120, etc.) and check the appropriate box below. Enter only one tax form number per request. ▶ \_\_\_\_\_

**a Return Transcript**, which includes most of the line items of a tax return as filed with the IRS. A tax return transcript does not reflect changes made to the account after the return is processed. Transcripts are only available for the following returns: Form 1040 series, Form 1065, Form 1120, Form 1120A, Form 1120H, Form 1120L, and Form 1120S. Return transcripts are available for the current year and returns processed during the prior 3 processing years. Most requests will be processed within 10 business days . . . . .

**b Account Transcript**, which contains information on the financial status of the account, such as payments made on the account, penalty assessments, and adjustments made by you or the IRS after the return was filed. Return information is limited to items such as tax liability and estimated tax payments. Account transcripts are available for most returns. Most requests will be processed within 30 calendar days . . . . .

**c Record of Account**, which provides the most detailed information as it is a combination of the Return Transcript and the Account Transcript. Available for current year and 3 prior tax years. Most requests will be processed within 30 calendar days . . . . .

**7 Verification of Nonfiling**, which is proof from the IRS that you **did not** file a return for the year. Current year requests are only available after June 15th. There are no availability restrictions on prior year requests. Most requests will be processed within 10 business days . . . . .

**8 Form W-2, Form 1099 series, Form 1098 series, or Form 5498 series transcript.** The IRS can provide a transcript that includes data from these information returns. State or local information is not included with the Form W-2 information. The IRS may be able to provide this transcript information for up to 10 years. Information for the current year is generally not available until the year after it is filed with the IRS. For example, W-2 information for 2010, filed in 2011, will not be available from the IRS until 2012. If you need W-2 information for retirement purposes, you should contact the Social Security Administration at 1-800-772-1213. Most requests will be processed within 45 days . . . . .

**Caution.** If you need a copy of Form W-2 or Form 1099, you should first contact the payer. To get a copy of the Form W-2 or Form 1099 filed with your return, you must use Form 4506 and request a copy of your return, which includes all attachments.

**9 Year or period requested.** Enter the ending date of the year or period, using the mm/dd/yyyy format. If you are requesting more than four years or periods, you must attach another Form 4506-T. For requests relating to quarterly tax returns, such as Form 941, you must enter each quarter or tax period separately. \_\_\_\_\_

Check this box if you have notified the IRS or the IRS has notified you that one of the years for which you are requesting a transcript involved **identity theft** on your federal tax return . . . . .

**Caution.** Do not sign this form unless all applicable lines have been completed.

**Signature of taxpayer(s).** I declare that I am either the taxpayer whose name is shown on line 1a or 2a, or a person authorized to obtain the tax information requested. If the request applies to a joint return, **either** husband or wife must sign. If signed by a corporate officer, partner, guardian, tax matters partner, executor, receiver, administrator, trustee, or party other than the taxpayer, I certify that I have the authority to execute Form 4506-T on behalf of the taxpayer. **Note.** For transcripts being sent to a third party, this form must be received within 120 days of the signature date.

		Phone number of taxpayer on line 1a or 2a
Signature (see instructions)	Date	
Title (if line 1a above is a corporation, partnership, estate, or trust)		
Spouse's signature	Date	

**Sign Here**

Section references are to the Internal Revenue Code unless otherwise noted.

## What's New

The IRS has created a page on IRS.gov for information about Form 4506-T at [www.irs.gov/form4506](http://www.irs.gov/form4506). Information about any recent developments affecting Form 4506-T (such as legislation enacted after we released it) will be posted on that page.

## General Instructions

**CAUTION.** Do not sign this form unless all applicable lines have been completed.

**Purpose of form.** Use Form 4506-T to request tax return information. You can also designate (on line 5) a third party to receive the information. Taxpayers using a tax year beginning in one calendar year and ending in the following year (fiscal tax year) must file Form 4506-T to request a return transcript.

**Note.** If you are unsure of which type of transcript you need, request the Record of Account, as it provides the most detailed information.

**Tip.** Use Form 4506, Request for Copy of Tax Return, to request copies of tax returns.

**Where to file.** Mail or fax Form 4506-T to the address below for the state you lived in, or the state your business was in, when that return was filed. There are two address charts: one for individual transcripts (Form 1040 series and Form W-2) and one for all other transcripts.

If you are requesting more than one transcript or other product and the chart below shows two different addresses, send your request to the address based on the address of your most recent return.

**Automated transcript request.** You can quickly request transcripts by using our automated self-help service tools. Please visit us at IRS.gov and click on "Order a Transcript" or call 1-800-908-9946.

## Chart for individual transcripts (Form 1040 series and Form W-2 and Form 1099)

If you filed an individual return and lived in:	Mail or fax to the "Internal Revenue Service" at:
Alabama, Kentucky, Louisiana, Mississippi, Tennessee, Texas, a foreign country, American Samoa, Puerto Rico, Guam, the Commonwealth of the Northern Mariana Islands, the U.S. Virgin Islands, or A.P.O. or F.P.O. address	RAIVS Team Stop 6716 AUSC Austin, TX 73301
Alaska, Arizona, Arkansas, California, Colorado, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Utah, Washington, Wisconsin, Wyoming	512-460-2272
Alaska, Arizona, Arkansas, California, Colorado, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Utah, Washington, Wisconsin, Wyoming	RAIVS Team Stop 37106 Fresno, CA 93888
Connecticut, Delaware, District of Columbia, Florida, Georgia, Maine, Maryland, Massachusetts, Missouri, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Vermont, Virginia, West Virginia	RAIVS Team Stop 6705 P-6 Kansas City, MO 64999
	816-292-6102

## Chart for all other transcripts

If you lived in or your business was in:	Mail or fax to the "Internal Revenue Service" at:
Alabama, Alaska, Arizona, Arkansas, California, Colorado, Florida, Hawaii, Idaho, Iowa, Kansas, Louisiana, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, Wyoming, a foreign country, or A.P.O. or F.P.O. address	RAIVS Team P.O. Box 9941 Mail Stop 6734 Ogden, UT 84409
Connecticut, Delaware, District of Columbia, Georgia, Illinois, Indiana, Kentucky, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennessee, Vermont, Virginia, West Virginia, Wisconsin	801-620-6922
	RAIVS Team P.O. Box 145500 Stop 2800 F Cincinnati, OH 45250
	859-669-3592

**Line 1b.** Enter your employer identification number (EIN) if your request relates to a business return. Otherwise, enter the first social security number (SSN) or your individual taxpayer identification number (ITIN) shown on the return. For example, if you are requesting Form 1040 that includes Schedule C (Form 1040), enter your SSN.

**Line 3.** Enter your current address. If you use a P. O. box, include it on this line.

**Line 4.** Enter the address shown on the last return filed if different from the address entered on line 3.

**Note.** If the address on lines 3 and 4 are different and you have not changed your address with the IRS, file Form 8822, Change of Address.

**Line 6.** Enter only one tax form number per request.

**Signature and date.** Form 4506-T must be signed and dated by the taxpayer listed on line 1a or 2a. If you completed line 5 requesting the information be sent to a third party, the IRS must receive Form 4506-T within 120 days of the date signed by the taxpayer or it will be rejected. Ensure that all applicable lines are completed before signing.

**Individuals.** Transcripts of jointly filed tax returns may be furnished to either spouse. Only one signature is required. Sign Form 4506-T exactly as your name appeared on the original return. If you changed your name, also sign your current name.

**Corporations.** Generally, Form 4506-T can be signed by: (1) an officer having legal authority to bind the corporation, (2) any person designated by the board of directors or other governing body, or (3) any officer or employee on written request by any principal officer and attested to by the secretary or other officer.

**Partnerships.** Generally, Form 4506-T can be signed by any person who was a member of the partnership during any part of the tax period requested on line 9.

**All others.** See section 6103(e) if the taxpayer has died, is insolvent, is a dissolved corporation, or if a trustee, guardian, executor, receiver, or administrator is acting for the taxpayer.

**Documentation.** For entities other than individuals, you must attach the authorization document. For example, this could be the letter from the principal officer authorizing an employee of the corporation or the letters testamentary authorizing an individual to act for an estate.

## Privacy Act and Paperwork Reduction Act

**Notice.** We ask for the information on this form to establish your right to gain access to the requested tax information under the Internal Revenue Code. We need this information to properly identify the tax information and respond to your request. You are not required to request any transcript; if you do request a transcript, sections 6103 and 6109 and their regulations require you to provide this information, including your SSN or EIN. If you do not provide this information, we may not be able to process your request. Providing false or fraudulent information may subject you to penalties.

Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, and cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file Form 4506-T will vary depending on individual circumstances. The estimated average time is: **Learning about the law or the form, 10 min.;** **Preparing the form, 12 min.;** and **Copying, assembling, and sending the form to the IRS, 20 min.**

If you have comments concerning the accuracy of these time estimates or suggestions for making Form 4506-T simpler, we would be happy to hear from you. You can write to:

Internal Revenue Service  
Tax Products Coordinating Committee  
SE:W:CAR:MP:T:M:S  
1111 Constitution Ave. NW, IR-6526  
Washington, DC 20224

Do not send the form to this address. Instead, see *Where to file* on this page.

## EXHIBIT G

### RELEASE AGREEMENT (Form only: subject to change)

For and in consideration of the Agreements and covenants described below, ComForCare Home Care ("ComForCare") and \_\_\_\_\_ ("Franchisee") enter into this Release of Claims ("Agreement").

#### RECITALS

- A. ComForCare and Franchisee entered into a ComForCare Home Care Franchise Agreement dated \_\_\_\_\_, \_\_\_\_\_.
- B. [NOTE: Describe the circumstances relating to the release.]
- C. Subject to and as addressed with greater specificity in the terms and conditions noted below, ComForCare and Franchisee now desire to settle any and all disputes that may exist between them relating to the Franchise Agreement.

#### AGREEMENTS

- 1. **Consideration.** [NOTE: Describe the consideration paid.]
- 2. [NOTE: Detail other terms and conditions of the release.]
- 3. [NOTE: Detail other terms and conditions of the release.]
- 4. **Release of Claims by Franchisee.** Except as may be prohibited by applicable law, and in consideration of the other terms and conditions of this Agreement, the receipt and sufficiency of which is hereby acknowledged, Franchisee, for itself, 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") release and forever discharge ComForCare, its predecessors, successors, assigns, affiliates, directors, officers, shareholders, and employees (collectively and individually referred to as the "Franchisor Parties") of and from any and all claims, debts, liabilities, demands, obligations, costs, expenses, actions and causes of action, whether known or unknown, vested or contingent, which you may now or in the future own or hold, that in any way relate to the Franchise Agreement or the business relationship between the parties (collectively, "Claims"), for known or unknown damages or other losses 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 Franchise Agreement or any other related agreement between you and Franchisor or your affiliate and Franchisor.  
  
The Franchisee Parties do not release the Franchisor Parties from any obligations arising by virtue of this Agreement and the Franchisor Parties' failure to comply with those obligations.
- 5. **Release of Claims by Franchisor.** Except as noted in this Section 5, and subject to your compliance with the terms and conditions of this Agreement, including the payment of \$\_\_\_\_\_ to ComForCare, Franchisor Parties hereby release and forever discharge Franchisee Parties from any and all Claims, for known or unknown damages or other losses 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 Franchise Agreement or any other related agreement between you and Franchisor or your affiliate and Franchisor.

The Franchisor Parties do not release the Franchisee Parties from any obligations arising by virtue of this Agreement and the Franchisee Parties' failure to comply with those obligations. Further, the Franchisor Parties do not release the Franchisee Parties from any Claims related to Franchisee's (i) indemnification obligations under Section \_\_\_ of the Franchise Agreement, (ii) non-disclosure obligations under Section \_\_\_ of the Franchise Agreement, and (iii) post-termination non-compete obligations under Section \_\_\_ of the Franchise Agreement, each of which remain in full force and effect and are incorporated by reference in this Agreement.

6. **Acknowledgement.** The releases of Claims outlined in Section 4 and Section 5 are intended by the Franchisor Parties and the Franchisee Parties (collectively, the "Parties") to be full and unconditional general releases, as that phrase is used and commonly interpreted, extending to all claims of any nature, whether or not known, expected or anticipated to exist in favor of the one of the Parties against the other Party regardless of whether any unknown, unsuspected or unanticipated claim would materially affect settlement and compromise of any matter mentioned herein. In making this voluntary express waiver, the Parties acknowledge that claims or facts in addition to or different from those which are now known to exist with respect to the matters mentioned herein may later be discovered and that it is the Parties' respective intentions to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered claims or facts. This Release is and shall be and remain a full, complete and unconditional general release. The Parties further acknowledge and agree that no violation of this Agreement shall void the releases contained in this Agreement.
7. **Reservation of Claims Against Non-Settling Parties.** ComForCare and Franchisee expressly reserve their right and claims against any non-settling persons, firms, corporations, or other entities for whatever portion or percentage their damages are found to be attributable to the wrongful conduct of said non-settling parties.
8. **Entire Agreement.** This Agreement constitutes the entire agreement between the parties relative to the subject matter contained herein, and all prior understandings, representations and agreements made by and between the parties relative to the contents contained in this Agreement are merged into this Agreement.
9. **Voluntary Nature of Agreement.** The parties acknowledge and agree that they have entered into this Agreement voluntarily and without any coercion. The parties further represent that they have had the opportunity to consult with an attorney of their own choice, that they have read the terms of this Agreement, and that they fully understand and voluntarily accept the terms.
10. **Governing Law and Jurisdiction.** This Agreement will be construed and enforced in accordance with the law of the state of \_\_\_\_\_.
11. **Attorneys' Fees.** All rights and remedies under this Agreement shall be cumulative and none shall exclude any other right or remedy allowed by law. In the event of a breach of this Agreement that requires one of the parties to enforce the terms and conditions of this Agreement, the non-prevailing party shall pay the prevailing party's attorneys' fees and costs incurred by reason of the breach.

Dated: \_\_\_\_\_, 20\_\_\_\_\_

|

|

Dated: \_\_\_\_\_, 20\_\_\_\_\_

|

|

**COMFORCARE HOME CARE**

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

Its: \_\_\_\_\_

**FRANCHISEE:**

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

Its: \_\_\_\_\_



## EXHIBIT H

### COMFORCARE FRANCHISE LOCATIONS

As of December 31, **20152014**

#### ALABAMA

Chuck and Lynellen Mallett – Northern  
Shelby County  
2820 Columbiana Rd., Suite 210  
Birmingham, AL 35216  
Phone: (205) 978-9835  
Fax: (205) 823-5374  
Email: [OTM-NShelby@ComForCare.com](mailto:OTM-NShelby@ComForCare.com)

#### ARIZONA

~~Steve and Nancy Alfonsi~~  
~~Mary and Ed Antonowicz~~ – Northeast Valley  
14809 N. 73<sup>rd</sup> St., Suite 104  
Scottsdale, AZ 85260  
Phone: (480) 998-0668  
Fax: (480) 998-0975  
Email: [Scottsdale@ComForCareAZ.com](mailto:Scottsdale@ComForCareAZ.com)

Presley Reader – NW Valley  
15620 N. 35<sup>th</sup> Ave., Suite 7  
Phoenix, AZ 85053  
Phone: (602) 934-2722  
Fax: (480) 658-2933  
Email: [NWValleyAZ@ComForCare.com](mailto:NWValleyAZ@ComForCare.com)

Renee Starnes – Pima County  
4045 N. Kolb Rd.  
Tucson, AZ 85750  
Phone: (520) 297-4333  
Fax: (520) 297-5121  
Email: [PimaAZ@ComForCare.com](mailto:PimaAZ@ComForCare.com)

Mark Young – South Phoenix  
115 E. Baseline, Suite B8  
Tempe, AZ 85283  
Phone: (602) 438-1300  
Fax: (602) 438-1302  
Email: [S.Phoenix@ComForCare.com](mailto:S.Phoenix@ComForCare.com)

#### CALIFORNIA

~~Lila Bascom – Huntington Beach~~  
~~4132 Katella Ave., Suite 101-9~~  
~~Los Alamitos, CA 90720~~  
~~Phone: (562) 430-9845~~  
~~Fax: (562) 430-9857~~  
~~Email: [NorthernOC@ComForCare.com](mailto:NorthernOC@ComForCare.com)~~

~~Maggie Artsvelian – West Hollywood~~  
~~5601 W. Slauson Ave., Suite 272~~  
~~Culver City, CA 90230~~  
~~Phone: (424) 777-3709~~  
~~Fax: (310) 337-7771~~  
~~Email: [West-Hollywood@ComForCare.com](mailto:West-Hollywood@ComForCare.com)~~

~~Rick Bowman – South San Mateo County~~  
~~611 Veterans Blvd., Suite 219~~  
~~Redwood City, CA 94063~~  
~~Phone: (650) 474-0000~~  
~~Fax: (650) 474-0005~~  
~~Email: [MidPeninsula@ComForCare.com](mailto:MidPeninsula@ComForCare.com)~~

~~Van Castaneda and Mark Ho – LA South Bay~~  
~~370 Amapola Ave., Suite 209~~  
~~Torrance, CA 90501~~  
~~Phone: (424) 233-0702~~  
~~Fax: (310) 328-8240~~  
~~Email: [LASouthBay@ComForCare.com](mailto:LASouthBay@ComForCare.com)~~

~~Molly and Lisa Chen – Southeast Los Angeles County~~  
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**EXHIBIT I**  
**CONTACT INFORMATION FOR FORMER FRANCHISEES**  
As of ~~December 31, 2015~~December 31, 2014

Contact information for franchisees who:

- have had an outlet terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year; or
- have not communicated with the franchisor within 10 weeks of the disclosure document issuance date.

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Vince and Lonna Merk

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Huntington Beach, CA 92648  
714-988-4472  
714-345-9148

Cara Mongelli and Khaled Bekhet  
1604 Spring Hill Rd., Suite 200  
Vienna, VA 22182

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301-938-3231

Kelli Mount

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1031 S. Palmetto Ave. T5  
Ontario, CA 91762  
951-246-3411  
909-545-9205

James Sang

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300 Ingleside Ave.  
Catonsville, MD 21228  
443-315-4020  
301-520-4468

Natalee Vickers

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San Antonio, TX 78251  
12110 Elijah Stapp  
San Antonio, TX 78253  
210-451-9750  
210-514-6767

Grover and Behnaz White

410 Beatrice Court, Suite C  
Brentwood, CA 94513  
894 Bridgeway Circle  
El Sobrante, CA 94803  
925-684-7113  
510-928-4193

Beverly Knox-Benn  
55 Pleasant Acres Dr.  
Frederick, MD 21704  
410-984-7888

Lisa Marie Blaskie  
34400 Date Palm Dr., Suite B  
Cathedral City, CA 92234  
760-898-0000

Keith Chatwin  
3689 W 8110 S

West Jordan, UT 84088  
801-201-4897

Shane Davidson  
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Monroe, LA 71201  
318-512-1176

Mary Flasch  
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215-880-0878

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Philadelphia, PA 19118  
610-239-8800

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Island Lake, IL 60042  
224-572-0260

Lynn O'Neill  
425 Nicholas Ct.  
Oakdale, CA 95361  
209-272-0696

Bryan Romane  
1025 Kylemore Ct.  
Lockport, IL 60441  
708-880-9645

Charles Smiley  
417 Letterman Dr.  
Brownsburg, IN 46112  
317-858-0377

Tracey Sulzer  
3693 E. Bart St.  
Gilbert, AZ 85295  
480-747-0848

## EXHIBIT J

### STATE ADDENDA

#### MARYLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§14-201 – 14-233 applies, the terms of this Addendum apply.

#### Item 17, Additional Disclosures:

Our termination of the Franchise Agreement because of your bankruptcy may not be enforceable under applicable federal law (11 U.S.C.A. 101 et seq.).

You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

The general release required as a condition of renewal, sale and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

#### Acknowledgment Addendum:

The representations under this Acknowledgment Addendum are not intended, nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

MARYLAND ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§14-201 – 14-233 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

The general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Nothing in the Franchise Agreement prevents the franchisee from bringing a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Nothing in the Franchise Agreement operates to reduce the 3-year statute of limitations afforded to a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Further, any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

The Federal Bankruptcy laws may not allow the enforcement of the provisions for termination upon bankruptcy of the franchisee.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:  
ComForCare Health Care Holdings, Inc.  
a Michigan corporation

FRANCHISEE:

By: Mark Armstrong  
Title: President

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

\_\_\_\_\_

\_\_\_\_\_

## MINNESOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

### State Cover Page and Item 17, Additional Disclosures:

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside of Minnesota, requiring waiver of a jury trial or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Disclosure Document shall abrogate or reduce any of your rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

Franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required.

### Item 13, Additional Disclosures:

The Minnesota Department of Commerce requires that a franchisor indemnify Minnesota Franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of the franchisor's trademark infringes upon the trademark rights of the third party. The franchisor does not indemnify against the consequences of a franchisee's use of a franchisor's trademark except in accordance with the requirements of the franchise agreement, and as the condition to an indemnification, the franchisee must provide notice to the franchisor of any such claim immediately and tender the defense of the claim to the franchisor. If the franchisor accepts tender of defense, the franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

### Item 17, Additional Disclosures:

Any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of the State of Minnesota or in the case of a partnership or corporation, organized or incorporated under the laws of the State of Minnesota, or purporting to bind a person acquiring any franchise to be operated in the State of Minnesota to waive compliance or which has the effect of waiving compliance with any provision of the Minnesota Franchise Law is void.

We will comply with Minn. Stat. Sec. 80C.14, subds. 3, 4 and 5, which requires, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure), 180 days notice for nonrenewal of the Franchise Agreement, and that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§80C.01 – 80C.22.

The limitations of claims section must comply with Minn. Stat. Sec. 80C.17, subd. 5.

## MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 4 which requires that except for certain specified cases, that franchisee be given 180 days' notice for non-renewal of this Franchise Agreement.

The Minnesota Department of Commerce requires that franchisor indemnify franchisees whose franchise is located in Minnesota against liability to third parties resulting from claims by third parties that the franchisee's use of franchisor's trademarks ("Marks") infringe upon the trademark rights of the third party. Franchisor does not indemnify against the consequences of a franchisee's use of franchisor's trademark but franchisor shall indemnify franchisee for claims against franchisee solely as it relates to franchisee's use of the Marks in accordance with the requirements of the Franchise Agreement and franchisor's standards. As a further condition to indemnification, the franchisee must provide notice to franchisor of any such claim immediately and tender the defense of the claim to franchisor. If franchisor accepts tender of defense, franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 – 80C.22.

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 3 which requires that except for certain specified cases, a franchisee be given 90 days' notice of termination (with 60 days to cure). Termination of the franchise by the franchisor shall be effective immediately upon receipt by franchisee of the notice of termination where its grounds for termination or cancellation are: (1) voluntary abandonment of the franchise relationship by the franchisee; (2) the conviction of the franchisee of an offense directly related to the business conducted according to the Franchise Agreement; or (3) failure of the franchisee to cure a default under the Franchise Agreement which materially impairs the goodwill associated with the franchisor's trade name, trademark, service mark, logo type or other commercial symbol after the franchisee has received written notice to cure of at least twenty-four (24) hours in advance thereof.

According to Minn. Stat. Sec. 80C.21 in Minnesota Rules or 2860.4400J, the terms of the Franchise Agreement shall not in any way abrogate or reduce your rights as provided for in Minn. Stat. 1984, Chapter 80C, including the right to submit certain matters to the jurisdiction of the courts of Minnesota. In addition, nothing in this Franchise Agreement shall abrogate or reduce any of franchisee's rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedy provided for by the laws of the State of Minnesota.

Any claims franchisee may have against the franchisor that have arisen under the Minnesota Franchise Laws shall be governed by the Minnesota Franchise Law.

The Franchise Agreement contains a waiver of jury trial provision. This provision may not be enforceable under Minnesota law.

Franchisee consents to the franchisor seeking injunctive relief without the necessity of showing actual or threatened harm. A court shall determine if a bond or other security is required.

The Franchise Agreement contains a liquidated damages provision. This provision may not be enforceable under Minnesota law.

Any action pursuant to Minnesota Statutes, Section 80C.17, Subd. 5 must be commenced no more than 3 years after the cause of action accrues.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:  
ComForCare Health Care Holdings, Inc.  
a Michigan corporation

FRANCHISEE:

By: Mark Armstrong  
Title: President

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

\_\_\_\_\_

\_\_\_\_\_

## NEW YORK ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the New York General Business Law, Article 33, §§680 - 695 applies, the terms of this Addendum apply.

Item 3, Additional Disclosure. The last sentence in Item 3 is deleted and replaced with the following:

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, has any administrative, criminal, or a material civil or arbitration action pending against him alleging a violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegations.

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, has been convicted of a felony or pleaded nolo contendere to any other felony charge or, during the ten-year period immediately preceding the application for registration, been convicted of a misdemeanor or pleaded nolo contendere to any misdemeanor charge or been found liable in an arbitration proceeding or a civil action by final judgment, or been the subject of any other material complaint or legal or arbitration proceeding if such misdemeanor conviction or charge, civil action, complaint, or other such proceeding involved a violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegation.

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, is subject to any currently effective injunctive or restrictive order or decree relating to franchises, or under any federal, state, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law as a result of 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.

Item 4, Additional Disclosure. Item 4 is deleted and replaced with the following:

Neither we nor any of our predecessors, affiliates, or officers, during the 10-year period immediately before the date of the Disclosure Document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. 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 either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one year after the officer or general partner of the franchisor held this position in the company or partnership.

Item 17, Additional Disclosures. The following statements are added to Item 17:

The New York Franchises Law requires that New York law govern any cause of action which arises under the New York Franchises Law.

The New York General Business Law, Article 33, Sections 680 through 695 may supersede any provision of the Franchise Agreement inconsistent with that law.

Any provision in the Franchise Agreement requiring franchisee to sign a general release of claims against franchisor does not release any claim franchisee may have under New York General Business Law, Article 33, Sections 680-695.

NEW YORK ADDENDUM TO FRANCHISE AGREEMENT

To the extent the New York General Business Law, Article 33, §§680 - 695 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Any provision in the Franchise Agreement that is inconsistent with the New York General Business Law, Article 33, Section 680 - 695 may not be enforceable.

Any provision in the Franchise Agreement requiring franchisee to sign a general release of claims against franchisor does not release any claim franchisee may have under New York General Business Law, Article 33, Sections 680-695.

The New York Franchise Law shall govern any claim arising under that law.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:  
ComForCare Health Care Holdings, Inc.  
a Michigan corporation

FRANCHISEE:

By: Mark Armstrong  
Title: President

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

\_\_\_\_\_

\_\_\_\_\_

## VIRGINIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

### Item 17, Additional Disclosures:

Any provision in any of the contracts that you sign with us which provides for termination of the franchise upon the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. 101 et. seq.).

“According 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.”

VIRGINIA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

“According 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 ground 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.”

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:  
ComForCare Health Care Holdings, Inc.  
a Michigan corporation

By: Mark Armstrong  
Title: President

\_\_\_\_\_

FRANCHISEE:

\_\_\_\_\_

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

\_\_\_\_\_

## WASHINGTON ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Washington Franchise Investment Protection Act, Wash. Rev. Code §§19.100.010 – 19.100.940 applies, the terms of this Addendum apply.

### Item 17, Additional Disclosure:

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 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.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall 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.

WASHINGTON ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Washington Franchise Investment Protection Act, Wash. Rev. Code §§19.100.010 – 19.100.940 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

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 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.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall 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.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:  
ComForCare Health Care Holdings, Inc.  
a Michigan corporation

By: Mark Armstrong  
Title: President

\_\_\_\_\_

FRANCHISEE:

\_\_\_\_\_

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

\_\_\_\_\_

## WISCONSIN ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Wisconsin Franchise Investment Law, Wis. Stat. §§553.01 – 553.78 or Wisconsin Fair Dealership Law, Wis. Stat. §§135.01 – 135.07 applies, the terms of this Addendum apply.

### Item 17, Additional Disclosures:

For all franchisees residing in the State of Wisconsin, we will provide you at least 90 days' prior written notice of termination, cancellation or substantial change in competitive circumstances. The notice will state all the reasons for termination, cancellation or substantial change in competitive circumstances and will provide that you have 60 days in which to cure any claimed deficiency. If this deficiency is cured within 60 days, the notice will be void. If the reason for termination, cancellation or substantial change in competitive circumstances is nonpayment of sums due under the franchise, you will have 10 days to cure the deficiency.

For Wisconsin franchisees, Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of the Franchise Agreement or a related contract which is inconsistent with the Law.

WISCONSIN ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Wisconsin Franchise Investment Law, Wis. Stat. §§553.01 – 553.78 or Wisconsin Fair Dealership Law, Wis. Stat. §§135.01 – 135.07 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

To the extent any of the provisions regarding notice of termination or change in dealership are in conflict with Section 135.04 of the Wisconsin Fair Dealership Law, the Wisconsin law shall apply.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:  
ComForCare Health Care Holdings, Inc.  
a Michigan corporation

By: Mark Armstrong  
Title: President

\_\_\_\_\_

FRANCHISEE:

\_\_\_\_\_

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

\_\_\_\_\_

**EXHIBIT K**

**ACKNOWLEDGMENT ADDENDUM**

**Franchise Agreement Acknowledgment Addendum**

Applicant \_\_\_\_\_  
(If corporation) State of Incorporation \_\_\_\_\_  
Address of Applicant \_\_\_\_\_  
Location (Exclusive Area) Applied For \_\_\_\_\_

1. I have received all appropriate disclosure documents for the State(s) of \_\_\_\_\_ at least fourteen (14) calendar days, exclusive of the day I received them and the day I signed them, before signing the Franchise Agreement and/or payment of any monies.

2. I have signed and returned to ComForCare Health Care Holdings, Inc. ("ComForCare") the acknowledgment of receipt for each disclosure document given me.

3. I have had an opportunity to read the Franchise Agreement thoroughly and understand all of ComForCare's covenants and obligations and my obligations as a franchisee of the ComForCare Home Care system. I understand that the Franchise Agreement contains all obligations of the parties.

4. I understand that this franchise business, as in all business ventures, involves risk and despite assistance and support programs, the success of my business will depend primarily upon me and my ability.

5. Except for fill in the blank provisions or for negotiated changes that I initiated, I received a copy of the revised Franchise Agreement at least seven (7) calendar days before the date on which the Franchise Agreement was signed.

6. I understand that the franchise granted is for the right to operate a ComForCare Home Care Business at the Authorized Location within the Exclusive Area only and that ComForCare and its affiliates have the right to issue franchises or operate competing businesses for or at locations outside the Exclusive Area and engage in certain activities inside the Exclusive Area.

7. I have had no promises, guarantees or assurances made to me and no information provided to me relative to earnings, revenues, profits, expenses or projected revenues for this franchise, except as disclosed in the disclosure document. If I believe that I have received any such promises, guarantees, assurances or information, I agree to describe it below (otherwise write "None").

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Applicants' Acknowledgment:

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

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

**EXHIBIT L**

**RECEIPT**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

The Federal Trade Commission requires ComForCare Health Care Holdings, Inc. to provide this disclosure document to you fourteen (14) calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

In New York, New York 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.

If ComForCare Health Care Holdings, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency listed in Exhibit D.

Franchise Seller: ComForCare Health Care Holdings, Inc.  
2520 S. Telegraph Road, Suite 201  
Bloomfield Hills, MI 48302  
800.886.4044  
\_\_\_\_\_ (Seller's Name)

Date of Issuance: ~~March 31, 2015~~ March 31, 2016

This disclosure document included the following Exhibits:

- Exhibit A Financial Statements
- Exhibit B Franchise Agreement
- Exhibit C Agents for Service of Process and State Administrators
- Exhibit D Initial Franchise Items
- Exhibit E Power of Attorney – Telephone and Internet
- Exhibit F Form 4506-T – Request for Transcript of Tax Return
- Exhibit G Release Agreement
- Exhibit H List of Franchisees Locations
- Exhibit I Contact Information for Former Franchisees
- Exhibit J State Addenda
- Exhibit K Acknowledgment Addendum
- Exhibit L Receipts

**PROSPECTIVE FRANCHISEE:**

**If a business entity:**

**If an individual:**

Name of Business Entity:

\_\_\_\_\_

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

\_\_\_\_\_  
Signature

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

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

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

**(Please sign, date, and keep this Receipt for your records. Thank you.)**

**EXHIBIT L**

**RECEIPT**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

The Federal Trade Commission requires ComForCare Health Care Holdings, Inc. to provide this disclosure document to you fourteen (14) calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

In New York, New York 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.

If ComForCare Health Care Holdings, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency listed in Exhibit D.

Franchise Seller: ComForCare Health Care Holdings, Inc.  
2520 S. Telegraph Road, Suite 201  
Bloomfield Hills, MI 48302  
800.886.4044  
\_\_\_\_\_ (Seller's Name)

Date of Issuance: ~~March 31, 2015~~ March 31, 2016

This disclosure document included the following Exhibits:

- Exhibit A Financial Statements
- Exhibit B Franchise Agreement
- Exhibit C Agents for Service of Process and State Administrators
- Exhibit D Initial Franchise Items
- Exhibit E Power of Attorney – Telephone and Internet
- Exhibit F Form 4506-T – Request for Transcript of Tax Return
- Exhibit G Release Agreement
- Exhibit H List of Franchisees Locations
- Exhibit I Contact Information for Former Franchisees
- Exhibit J State Addenda
- Exhibit K Acknowledgment Addendum
- Exhibit L Receipts

**PROSPECTIVE FRANCHISEE:**

**If a business entity:**

**If an individual:**

Name of Business Entity:

\_\_\_\_\_

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

\_\_\_\_\_  
Signature

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

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

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

**(Please sign, date, and return this copy to ComForCare Health Care Holdings, Inc at 2520 Telegraph Road, Suite 201, Bloomfield Hills, MI 48302.)**