

FRANCHISE DISCLOSURE DOCUMENT



Hallmark Homecare, LLC
A Nevada limited liability company
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Incline Village, Nevada 89451
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Hallmark Homecare, LLC. ("HHC") offers franchises for the operation of a domestic referral agency that operates under the Hallmark Homecare mark and system and provides caregiver placement services to the elderly and other individuals seeking in-home non-medical care and companionship ("Hallmark Businesses").

The total investment necessary to begin operation of a single-territory Hallmark Business ranges from \$109,500 to \$134,500. This includes \$59,500 that must be paid to the franchisor or its affiliates.

The total investment necessary to begin operation of a multi-territory Hallmark Business comprising of between two to five territories is between \$149,500 to \$279,500. This includes \$99,500 to \$204,500 that must be paid to the franchisor or its affiliates.

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 the availability of disclosures in different formats, contact Steve Everhart at 774 Mays Blvd., Suite 10-297, Incline Village, Nevada 89451 (Tel. 888-519-2500) or at steve@hallmarkhomecare.com.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read your entire 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, D.C. 20580. You can also visit the FTC's home page at 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 of this Franchise Disclosure Document: ~~April 1, 2024~~ March 31, 2025

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits A and A-1.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit B includes financial statements. Review these statements carefully.
Is the franchise system stable, growing or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Hallmark Homecare business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Hallmark Homecare franchisee?	Item 20 or Exhibits A and A-1 lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure documents to better understand this franchise opportunity. See the table of contents.

What You Need to Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its training materials and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers that franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit D.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by litigation only in Nevada. Out-of-state litigation may force you to accept a less favorable settlement for disputes. It may also cost more the litigate with the franchisor in Nevada than in your own state.
2. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.
3. **Mandatory Minimum Payments.** You must make minimum royalty and marketing fee payments, regardless of your sales levels beginning three months after you sign. Your inability to make the payments may result in termination of your franchise and loss of your investment.

Certain states may require other risks to be highlighted. Check the “State Specific Addenda” (if any) to see whether your state requires other risks to be highlighted.

**THE FOLLOWING PROVISIONS APPLY ONLY TO TRANSACTIONS GOVERNED BY THE
MICHIGAN FRANCHISE INVESTMENT LAW**

Pursuant to the provisions of the Michigan Franchise Investment Law, MCL 445.1501, et. seq., Hallmark Homecare, LLC. provides the following notices and disclosures to potential franchisees in the State of 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 of 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 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 franchisee 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 franchisee 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 THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this Notice shall be directed to the Department of Attorney General, Consumer Protection Division, 670 Law Building, 525 West Ottawa Street, Lansing, Michigan 48913, (517) 335-7567.

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Exhibits

Exhibit A	List of Current and Former Franchisees
Exhibit B	Financial Statements
Exhibit C	Franchise Agreement
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Exhibit G	Form of Nondisclosure and Noncompete Agreements
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Item 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

In this disclosure document, “we”, “our” or “HHL” means Hallmark Homecare, LLC., the franchisor. “You” or “Franchisee” means the person or entity who buys the franchise, including all equity owners of a corporation, general partnership, limited partnership, limited liability, or any other type of entity (an “Entity”). If you are an Entity, each individual with direct or indirect ownership interest shall be referred to as an “Owner.”

HHL is a Nevada limited liability company that was formed on December 19, 2022. Our principal place of business is 774 Mays Blvd, Suite 10-297 Incline Village, Nevada 89451. To the extent that we have designated agents for service of process in other states, they are listed in Exhibit D.

We operate under our corporate name “Hallmark Homecare.” We began offering Hallmark Homecare® franchises in February 2023.

Affiliates and Predecessors. Hallmark Homecare, Inc. (“HHI”), a Nevada corporation, incorporated on October 31, 2011, is our parent company and our only predecessor. HHI’s principal business address is 774 Mays Blvd, Suite 10-297 Incline Village, Nevada 89451. HHI offered Hallmark franchises during certain times from 2019 to 2022. HHI guarantees our performance under our franchise agreements.

The Dentist’s Choice, Inc. (“TDC”), a Nevada S-corporation, is our affiliate, whose principal business address is 9070 Irvine Center Drive, Irvine, California 92618. Steve and Nona Everhart, our owners, own all of the shares of TDC. TDC offers franchises to develop and operate dental handpiece repair businesses under The Dentist’s Choice mark. TDC has offered these franchises from December 1994 and as of December 31, 2022 had ~~149~~150 franchised units.

Our affiliates do not currently offer franchises in any other line of business or provide products or services to our franchisees

The Business and Franchises Offered. The franchise offered is a Hallmark Homecare® business (a “**Franchised Business**”) that offers caregiver search, recruitment, and placement services to the elderly and others (the “**Services**”). Franchised Businesses identify, recruit, screen, and refer suitable persons (“**Caregivers**”) to provide personal care, homemaking, and companionship services to persons requesting such services (“**Clients**”) in a variety of settings. Clients generally include the elderly or disabled persons needing assistance with the activities of daily living including bathing, toileting, ambulation, medication reminders, incidental transportations, meal preparation and eating, and shopping and errands, as well as simple companionship and safety supervision for cognitively-impaired individuals. The Services are non-medical in scope and nature and are paid either privately by Clients or through third-party payors such as insurance companies.

Franchised Businesses operate under the “Hallmark Homecare®” service mark and such other trademarks, trade names, service marks, logos, and designs that we may designate now and in the future (the “**Marks**”) and our proprietary business system (the “**System**”). The System includes our mandatory and suggested policies, methods, procedures, standards, specifications, rules, and requirements for business operations (“**System Standards**”), copyrighted materials,

including our confidential operations training materials (the “**Training Materials**”), and other forms of confidential information and other information, knowledge, policies and practices, all of which may be improved, expanded, further developed or otherwise modified from time to time.

You may purchase the right to develop and operate a Franchised Business within a protected territory that will specify (the “**Protected Territory**”) in the Franchise Agreement that we and you will execute (the “**Franchise Agreement**”). Our current form of Franchise Agreement is included as **Exhibit A** to this Disclosure Document. You may purchase the right to operate in up to five (5) Protected Territories under a single Franchise Agreement. Under the Franchise Agreement, you have no right to use the Marks or the System to provide Services to Clients located anywhere outside of the Protected Territories or in any wholesale, e-commerce, or other channel of distribution.

As a domestic referral service, your Franchised Business will provide Client Liaison and Caregiver Fulfillment Services.

The “**Client Liaison Services**” include (i) after receiving a client referral, using best efforts in a reasonable timeframe to make contact with the client and/or responsible party, (ii) conducting a thorough ~~telephonic~~ interview of the client's care needs, (iii) attempting to “close” on the sale of Services to the client, (iv) securing all required legal agreements with the client and/or responsible party, (v) using best efforts to fill the placement requirements by providing the Caregiver Fulfillment Services, (vi) invoicing and collecting the appropriate fees.

The “**Caregiver Fulfillment Services**” include (i) using best efforts to search for and recruit qualified caregivers to be placed with client referrals in a timely manner, (ii) vetting the potential caregivers in accordance with our then-current standards, including by acquiring a copy of their driver's license and evidence of insurance (if any), verifying their credentials, performing background checks, and verifying their professional and personal references, and (iii) securing all required legal agreements with the caregivers.

If you are an Entity, you must designate an Owner with at least a 10% ownership interest in your Entity as the “**Principal Owner**.” The Principal Owner must have authority over all business decisions related to your Franchised Business and must have the power to bind you in all dealings with us. In addition, you may appoint a trained manager to manage the day-to-day business of your Franchised Business.

Market and Competition. The market for the Services generally is well-developed and competitive. The market for Services, however, is growing as the population ages. You will compete with other national and local businesses performing similar services to the elderly and others, including sole proprietors, other franchised networks, and other national, regional, or local brands.

Industry Regulations. You must comply with all federal, state, and local laws and regulations applicable to businesses generally, including, without limitation, laws and regulations related to workers' compensation, occupational health and safety, minimum wage, overtime, working conditions, discrimination, sexual harassment, tax, consumer protection, environmental protection, citizenship and/or immigration status (including laws requiring verification of status through the Department of Homeland Security's E-Verify

program), and reasonable accommodations for employees and customers with disabilities (including the Americans with Disabilities Act).

You must ensure that your computer system and any devices used to process credit card transactions are in compliance with the most current Payment Card Industry Data Security Standards (PCI-DSS). You also must comply with all applicable federal and state laws and regulations relating to the collection, use, and security of personal information and comply with any privacy policies or data protection and breach response policies we periodically may establish.

In addition, you must comply with all applicable laws related to the health care industry and the operation of a domestic referral agency, including obtaining any permits, licenses, or accreditations that may be necessary (such as a home health agency license, nurse staffing agency license, and employment agency license) and complying with Medicare and Medicaid regulations. In some jurisdictions, it may be difficult to obtain such licenses or permits due to moratoriums.

We do not assume any responsibility for advising you on these regulatory or legal matters. You should consult with your attorney about federal, state, and local laws and regulations that may affect your Franchised Business. You should determine the availability of required permits or licenses, as well as the steps that must be taken to obtain them, before purchasing a Franchised Business. Compliance with these laws and regulations, as they may be amended from time to time, can increase your operational costs and affect your bottom line.

Item 2

BUSINESS EXPERIENCE

Chief Executive Officer: Steve Everhart

Steve has been our Chief Executive Officer and our Managing Member, since our formation in January 2023. He has also served as Chief Executive Officer and a Director of HHI since he founded the company in October 2011. Since October 1998, Steve has served as President and Chief Executive Officer and a Director of TDC in Incline Village, Nevada. From 1999 to February 2019, Steve also served as President and Chief Executive Officer and a Director of The Senior's Choice, Inc. ("TSC") in Incline Village, Nevada. He serves in his present capacities in Incline Village, Nevada.

President: Tony Fulton

Tony has been our President since May 2023 having first joined our team as Board Member and Special Advisor to Franchise Partners in April 2023. He is the Founder, Owner, and President of Guardian Angels Homecare, Inc. in Lincoln, Nebraska, a member company of our

affiliate, TSC, since 2003. During this time Tony also served two terms as Nebraska State Senator (2007-2013) and as Nebraska's 23rd Tax Commissioner (2016-2022). He has also served on numerous Board of Directors since he began his career in 1997. He serves in his present capacities in Lincoln, Nebraska.

Chief Operating Officer: Julie-Ann Parrott

Julie-Ann has been our Chief Operating Officer since our formation in January 2023. She has also served as Chief Operating Officer of HHI since October 2022. From 2003 to September 2022, Julie-Ann was the Co-Founder and Chief Operating Officer of RetireEASE Senior Services, a member company of our affiliate TSC, in Lugoff, South Carolina. She serves in her present capacities in ~~Camden~~Columbia, South Carolina.

Chief Growth Officer: Mike McClain

Mike has been our Chief Growth Office since our formation in January 2023. He also served as President of HHI since April 2021. Since 1996, Mike has been the President and owner of Altus Recruiting in Tustin, California. He serves in his present capacities in Irvine, California.

Chief of Staff: Kelly Glennon

Kelly has been our Chief of Staff since our formation in January 2023. She also served as the Chief of Staff of HHI since September 2014. Prior to that she was the Director of Operations for Encore Senior Homecare in Excelsior, MN for three years and served in a similar capacity for Beehive Homes Memory Care Facility of Excelsior for equal duration. She serves in her present capacities in ~~Fargo, North Dakota~~Donnelly, Minnesota.

Director of Training & Development: Laurie Owen

Laurie has been the Director of Training & Development since joining us in September 2023. Prior to that, she spent over 19 years at Home Instead Senior Care reporting directly to the owners and serving in development, training and performance coaching roles where she was instrumental in designing training programs for franchisees. She serves in her present capacities in Omaha, Nebraska.

Director of Franchise Performance Coach: Holly Rogers

Holly started as a Franchise Performance Coach: ~~Brandy Mikkelsen~~

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~~Brandy has been a Performance Coach since joining us in February 2023. She served as a Training and Sales Coach for the Global Sales Department of Amway Corporate from 2017 until January 2023. In 2010 she joined Home Instead's corporate training team based in Omaha, NE as a Performance Coach for four years. She later purchased a Home Instead franchise and operated it in her home state of Texas until 2017. She serves in her present capacities in Grand Rapids, in August 2023 and was promoted to Director of Franchise Performance Coach in August 2024. Michigan.~~

Franchise Performance Coach: Holly Rogers

~~Holly has been a Franchise Performance Coach since joining us in August 2023.~~ Prior to that, she was a Business Performance Coach at Home Instead Senior Care for three years where she coached underperforming offices, helping them navigate challenges and guiding them toward sustainable growth. Prior to that role, she spent 15 years as a District Manager at a major retailer. She serves in her present capacities in Omaha, Nebraska.

Director of Franchisee Sales: Jeff Watson

Jeff has been the Director of Franchisee Sales since joining us in October 2023. Prior to that, he served eleven years as a Performance Coach specializing in Sales & Marketing at Home Instead Senior Care. Prior to that role, he served in technology sales for global corporations including VISA, Lockheed, Reuters, and Emerson Electric. He serves in present capacities in Omaha, Nebraska.

Item 3

LITIGATION

No litigation is required to be disclosed in this Item.

Item 4

BANKRUPTCY

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

Item 5

INITIAL FRANCHISE FEE

You must pay us an initial franchise fee (the “**Franchise Fee**”) at the time you sign this Agreement in a lump sum. The amount of your Franchise Fee will be determined by the number of Protected Territories you acquire and the size of such Protected Territories. The following table describes the Franchise Fee for the number of Territories you purchase, based on each Protected Territory containing a population of up to 250,000:

Protected Territory	Franchise Fee for the Protected Territory	Cumulative Franchise Fee for All Protected Territories
#1	\$59,500	\$59,500
#2	\$40,000	\$99,500
#3	\$35,000	\$134,500
#4	\$35,000	\$169,500
#5	\$35,000	\$204,500

If you wish to purchase a Protected Territory with a population greater than 250,000, you must pay us a fee of \$0.20 per additional person within such Protected Territory. If you are an honorably discharged veteran, we will discount your total Franchise Fee by \$5,000. The Franchise Fee is fully earned by us when paid and is not refundable under any circumstances.

Item 6

OTHER FEES (Note 1)

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	The greater of: (i) 6% of Gross Sales, or (ii) \$500 multiplied by the number of Protected Territories you purchased	Payable by the 15 th of each month based on Gross Billings in the preceding month	See Note 2 for the definition of Gross Sales.
Marketing Fee	The greater of: (i) 1% of Gross Sales, or (ii) \$150 multiplied by the number of Protected Territories you purchased	Payable by the 15 th of each month based on Gross Billings in the preceding month	We will contribute the Marketing Fee to the Marketing Fund (as defined in Item 11). See Note 2 for the definition of Gross Sales.
Level 2 Live Training Fee for Additional Trainees	\$1,500 per trainee	As incurred	We will provide our initial training program to your Principal Owner and one additional trainee as part of the Franchise Fee. We reserve the right to charge this training fee for additional trainees that attend our Level 2 Training Program, including (i) each additional person attending the same initial session, (ii) persons who are repeating the course and (iii) subsequent trainees who attend the course.
Supplemental Training and Meetings	Reasonable registration or similar fees, currently estimated to be less than \$1,000 per attendee	As incurred	We may require you to attend and satisfactorily complete various training courses that we periodically choose to provide at the times and locations that we designate, as well as periodic conventions, regional meetings, and conferences that we specify. We may require you to attend these courses or meetings and we may charge you the fee, even if you do not attend such a required event.

Type of Fee	Amount	Due Date	Remarks
Transfer Fee	\$10,000	As incurred	Payable upon a transfer of the Franchised Business, or an ownership interest in you or the Franchised Business. The fee does not apply when you transfer to an Entity with the same ownership as you.
Interest on Late Payments	Highest commercial contract rate the law allows or 1.5% per month, whichever is less	As incurred	Payable if you fail to make payments on time. Any overdue amounts bear interest beginning 30 days after the invoice date.
Audit costs	Our costs and expenses, including costs for an independent accountant and attorneys' fees and related travel and living expenses	As incurred	Payable only if an examination is warranted due to your failure to furnish reports, supporting records, or other information requested, or to furnish these items on a timely basis, or if an examination reveals a 5% or more understatement of Gross Sales.
Indemnification	Amount of our liabilities, fines, losses, damages, costs and expenses (including reasonable attorneys' fees)	As incurred	Payable if we incur losses due to your breach of the Franchise Agreement or any other action or inaction by you or any other person relating to your Franchised Business.
Enforcement Expenses	All damages, costs, and expenses, including reasonable attorneys' fees, incurred by us	As incurred	Payable if your Franchise Agreement is terminated due to a default or you do not comply with your post-termination obligations.
Attorneys' Fees	Reasonable attorneys' fees (and related expenses) and court costs	As incurred	Payable if a legal action is instituted and we prevail.

Notes to Item 6:

1. All of the fees in the table above are imposed by us, payable to us, non-refundable, and are uniformly imposed. You must use the payment methods we designate. Currently, we require payments to be made via electronic funds transfer or automated

clearing house charges, as we designate. You must furnish us and your bank with any necessary authorizations to make payment by the methods we require.

2. **“Gross Sales”** means all revenue that you receive or otherwise derive from the operation of the Franchised Business, whether or not collected, including (a) revenue billed or invoiced by you to clients, (b) any Placement Commissions (as defined in Item 11) that you receive from us, or (c) any other revenue you receive from any party for products or services sold or provided in connection with the Franchised Business. Gross Sales does not include any sales or other taxes that you collect from clients and pay directly to the appropriate taxing authority. You may not deduct payment provider fees (i.e., bank or credit card company fees) from your Gross Sales calculation.

Item 7

ESTIMATED INITIAL INVESTMENT

Type of Expenditure (1)	Low Estimate	High Estimate	Method of Payment	When Due	To Whom Payment Is Made
Franchise Fee – One Protected Territory (2)	\$59,500	\$59,500	Lump sum	When Agreement signed	Us
Franchise Fee – Two to Five Protected Territories (2)	\$99,500	\$204,500	Lump sum	When Agreement signed	Us
Equipment and Supplies (3)	\$1,500	\$4,000	As incurred	As Incurred	Vendors
Initial Marketing (4)	\$2,500	\$6,000	As incurred	As incurred	Vendors
Travel and Living Expenses During Training (5)	\$1,500	\$2,000	As incurred	As incurred	Airline, hotel, and restaurants
Miscellaneous Opening Costs (6)	\$1,000	\$2,000	As Incurred	As Incurred	Vendors
Professional Fees (7)	\$500	\$2,500	As incurred	As incurred	Attorneys and/or Accountants
Insurance (8)	\$3,000	\$3,500	As incurred	As incurred	Insurance Agent or Carrier
Additional Funds – 3 Months (9)	\$40,000	\$55,000	As Incurred	As Incurred	Vendors
TOTAL ESTIMATED INVESTMENT (One Protected Territory) (10)	\$109,500	\$134,500			

TOTAL ESTIMATED INVESTMENT (Two to Five Protected Territories) (11)	\$149,500	\$279,500	
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Explanatory Notes:

1. Type of Expenditure. The amounts provided in this Item 7 include costs you will incur to start your business. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee.
2. Franchise Fee. See Item 5. The estimates are based on Protected Territories with up to 250,000 people in each territory.
3. Equipment and Supplies. The estimate includes the cost to acquire a laptop or desktop computer, the required Software (as described in Item 8 and 11), office furniture, and incidental office supplies for use in your home office.
4. Initial Marketing. After you launch you must market your Franchised Business to client referral sources. We will provide you with templates of brochures, business cards, letterheads, and other market materials that you can reprint. The estimate includes the cost of reprinting marketing materials, sponsorships, conducting community events, and networking.
5. Travel and Living Expenses During Training. This estimate is for the cost of your Designated Owner and another trainee to attend the training program for Level 2 Operations in Irvine, California. You are responsible for the travel and living expenses, wages, and other expenses incurred by your trainees during Training. The actual cost will depend on your point of origin, method of travel, class of accommodations, and dining choices.
6. Miscellaneous Opening Costs. This estimate includes the cost for a business license(s) and other miscellaneous start-up expenses not set forth separately.
7. Professional Fees. This estimate includes the cost of professional fees that you may incur in establishing your Franchised Business. Such expenses may include fees payable to attorneys, accountants, and others that you may use for the review of this Disclosure Document and entity formation.
8. Insurance. This is an estimate of your insurance premium for the first year of operating your Franchised Business. You should also check with your insurance agent or broker regarding any additional insurance that you may wish to carry above our required minimums and scope of coverage.
9. Additional Funds – 3 Months. This is an estimate for the additional operating funds you may need during the first three months of operation of your Franchised Business which is largely dedicated to training and setting up your systems.

10. Total Estimated Investment. This estimate is based on a Franchised Business with a single Protected Territory. The estimate includes additional funds you may need to pay utilities, payroll taxes, legal and accounting fees, additional advertising, supplies, state tax and license fees, deposits, prepaid expenses, and other miscellaneous items. You may incur other categories of expenses or expenses in excess of this estimate. The estimate does not include (a) amounts for a salary to you or living expenses for you, (b) the cost of any financing or interest, (c) the amount of debt service obligation that you might undertake. It also does not include the cost of employee wages or benefits, as we do not anticipate you will have any employees during your first few months of operations. In making this estimate, we have relied on our founder's experience developing similar businesses under a different brand, and other Franchised Businesses. Before signing a Franchise Agreement, you should consult with your accountant and advisor to budget and determine the amount of additional funds that should be reserved and set aside to support and capitalize the operations of your Franchised Business.

11. Total Estimated Investment. This total amount is based upon our founder's experience developing similar businesses under a different brand and other Franchised Businesses. The estimate assumes that you will operate the Franchised Business from a home office. Thus, rent and leasehold improvements are not included. We recommend that you use these categories and estimates as a guide to develop your own business plan and budget. You should independently investigate the costs of opening a Franchised Business in the geographic area in which you intend to operate. You should also review the figures carefully with a business advisor before making any decision to purchase a Franchised Business.

The total estimated investment for Franchised Businesses with two to five Protected Territories takes into account only the increase in the Franchise Fee for purchasing multiple territories. We expect that all Franchised Businesses will start in a similar way regardless of the number of Protected Territories purchased and that multi-territory Franchised Businesses will begin operations in a single Protected Territory. Operations in other Protected Territories will begin in later stages of your business development. The line items above and the additional funds could be higher if you immediately hire additional staff to service multiple Protected Territories. However, we are unable to estimate the additional funds you may need with any degree of accuracy without an understanding of your specific expansion plans and timing.

We do not provide financing to franchisees either directly or indirectly in connection with their initial investment requirements. The availability and terms of financing obtained from third parties will depend upon such factors as the availability of financing, your credit worthiness, collateral which you may make available, or policies of local lending institutions with respect to the nature of the business.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We do not require you to purchase goods, services, supplies, fixtures, equipment, inventory, real estate, or comparable items related to establishing or operating the Franchised Business from us or our affiliates, from designated or approved suppliers, or in accordance with

our specifications, except for insurance, the Operations Systems (as **defined** below), and background checks.

We may require you to purchase or license the technology programs, platforms, or applications, including hardware, software, network and phone connections, and cloud services (the "**Operations Systems**") that (i) meet specifications that we establish from time to time; (ii) are a specific brand or product; (iii) must be purchased or licensed only from suppliers or service providers that we have expressly approved; and/or (iv) must be purchased or licensed only from a single source that we designate (which may include us or our affiliates). Currently, we require you to use a back-office software platform, intranet system, telephone system, and accounting software that we designate. You must own a computer that is capable of accessing the Internet and using the Software, but we do not provide any specifications for such hardware.

Before you launch your operations, you must obtain, in such amounts and from such brokers or carriers that we approve, the minimum insurance coverage that we specify from time to time in the Operations Systems or otherwise in writing. Currently, we require you to purchase your insurance from a specific insurance agency that we have designated as our sole approved vendor, because of their experience and familiarity with our business and the industry. We currently require you to obtain the following coverage: (i) general business liability insurance with limits not less than \$1,000,000 per occurrence and \$3,000,000 in the aggregate, damage to rented premises with limits not less than \$100,000 per occurrence, and personal injury with limits not less than \$1,000,000 per occurrence; (ii) professional liability insurance with limits not less than \$1,000,000 per occurrence and \$3,000,000 in the aggregate; (iii) "non-owned or hired" automobile liability insurance with limits not less than \$500,000; (iv) workers' compensation covering office staff and equivalent occupational/workers' Insurance for caregivers as prescribed by us and/or the state of operation; (v) commercial crime bonding coverage covering theft of personal property; and (vi) any additional insurance required by the laws in your area. All of your insurance carriers must be rated A or higher by A.M. Best and Company, Inc. (or such similar criteria as we periodically specify). These insurance policies must be in effect on or before the deadlines we specify. All policies shall apply on a primary and non-contributory basis to any other insurance or self-insurance that we or our affiliates maintain. We must be named as an additional insured under each policy that we require. Upon our request or as specified in the Training Materials, you must provide us with certificates of insurance evidencing the required coverage. We may require additional types of coverage or increase the required minimum amount of coverage upon 60 days' notice to you.

Currently, you must use the background check provider that we specify to perform background checks on caregivers.

If we specify any standards or specifications for insurance, the Operations Systems, and background checks, we will describe such specifications in the Operations Systems, which we can modify from time to time.

Other than insurance, certain components of the Operations Systems, and background checks, you may buy products and services for your Franchised Business from any supplier you choose and without limitation. There are no items or services for which we or an affiliate currently is an approved supplier. There currently are no suppliers of products or services to franchisees

in which one of our officers owns an interest, other than the franchisor support services that we provide.

We do not intend to approve alternative suppliers for insurance, the Operations Systems, or background checks. If you propose any alternative suppliers, we do not have a formal approval process and are not obligated to consider or approve the proposal.

We currently do not plan to derive revenue or other material consideration from required purchases or leases by franchisees. Accordingly, we currently do not receive any payments or other consideration from suppliers based on franchisee purchases.

We estimate that less than 10% of your initial and ongoing purchases of goods and services will be subject to our specifications.

We do not negotiate purchase arrangements with suppliers for the benefit of franchisees. We do not provide material benefits (like renewing the franchise or granting additional franchises) to franchisees based on their purchase of particular products or services or use of particular suppliers.

Item 9

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement. It will help you find more detailed information about your obligations in the Franchise Agreement and in other items of this disclosure document.

Obligation	Section in Franchise Agreement	Disclosure Document Item
(a) Site selection and acquisition/lease	3.1	12
(b) Pre-opening purchases/leases	8.5	7, 8, and 11
(c) Site development and other pre-opening requirements	3	9, 11, and 12
(d) Initial and ongoing training	7	11
(e) Opening requirements	3.2 and 8.2	11
(f) Fees	4, 5, 7.2(d), 7.3, 9.1, 11.2, 13.2(b), 17.4	5 and 6
(g) Compliance with standards and policies/operating manual	8.1(a)	8, 11, 15, and 16
(h) Trademarks and proprietary information	8.4 and 12	13 and 14
(i) Restriction on products/services offered	8.2 (b)	16
(j) Warranty and customer service requirements	8.1(c)	Not applicable

Obligation	Section in Franchise Agreement	Disclosure Document Item
(k) Territorial development and sales quotas	2.4	12
(l) Ongoing product/service purchase	8.2 (b) and 8.6	8
(m) Maintenance, appearance and remodeling requirements	Not applicable	Not applicable
(n) Insurance	8.6	6, 7, and 8
(o) Advertising	6	9,11
(p) Indemnification	9	6,9
(q) Owner's participation/management/staffing	8.7(a)	15
(r) Records and reports	10	9
(s) Inspections and audits	11	6,9
(t) Transfer	13	6.17
(u) Renewal	1.3	17
(v) Post-termination obligations	15	17
(w) Restrictive covenant	12.2 and 15.4	17
(x) Dispute resolution	17	17

Item 10

FINANCING

We and our affiliates do not offer direct or indirect financing arrangements for any purpose in establishing or operating your Franchised Business. We and our affiliates do not guarantee your promissory note, lease, or any other obligation you may make to others.

Item 11

FRANCHISOR'S OBLIGATION

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

Our Pre-Opening Obligations

Before you open your Franchised Business, we will provide the following:

1. **Training Program.** We will provide you for your use during the term of the Franchise Agreement, training materials and resources. The training program contains operating procedures and best practices. Training materials may be modified or updated periodically to reflect changes in our System Standards.

2. **Level 1 and Level 2 Training Programs.** We will provide you with our Level 1 and Level 2 Training Program (as described below):

a) **Our Training Programs.** We will provide you with (i) an online self-paced and peer remote training program that is focused on learning the key elements of operating a Franchised Business (the “**Level 1 Training Program**”) and (ii) a live classroom workshop that is focused on learning to provide the services and operate the Franchised Business (the **Level 2 Training Program**). Your Principal Owner must successfully complete to our satisfaction both the Level 1 Training Program and the Level 2 Training Program. In addition, we will assign a coach to provide you with additional assistance that we, in our sole discretion, deem appropriate.

b) **Level 1 Training Program.** The Level 1 Training Program will begin after the Agreement Date and must be completed within 45 days after the Agreement Date. The Level 1 Training Program consists of completing pre-training business set up, self-paced training and required weekly conference calls leading up to Level 2 training.

c) **Level 2 Training Program.** The Level 2 Training Program will begin on a date designated by us after you have completed the Level 1 Training Program to our satisfaction and must be completed within 90 days after the Agreement Date. The Level 2 Training Program consists of in-person training conducted by our staff at a location that we designate (typically at our Irvine office) at a time we designate. We may, in our sole discretion, provide the training virtually or modify the length of the training program.

3. **Opening Guidance.** We will provide insight on any equipment, supplies and the Computer System needed or recommended to operating your Franchised Business (we do not provide delivery or installation of equipment or operating supplies). You must operate your Franchised Business from an office located in the Protected Territory (which may be a home office), but we do not approve your site or provide any guidance related to leasing or constructing an office.

4. **Email Address:** We will provide you with a “@hallmarkhomecare.com” email address which you must use for all electronic communications conduction in conjunction with your Franchised Business.

5. **Login Credentials.** We will provide you with login credentials for the Hallmark Homecare intranet site where you will access training materials and other resources.

6. **Opening Assistance.** We will give you general assistance in the opening of your business and make our personnel available to help you plan pre-opening promotional programs.
7. **Approve Opening.** You may not begin operating your Franchised Business and Marketing Services until: (a) your Principal Owner has completed our Level 1 and Level 2 Training Program to our satisfaction; and (b) you provide us with evidence of insurance coverage for your Franchised Business. Franchised Businesses typically will begin operating and marketing services with 45 days after signing the Franchise Agreement but must be operating within 90 days following signing the Franchise Agreement.

Ongoing Assistance

During the operation of your Franchised Business:

1. **Ongoing Updates.** We will continue to furnish you with any and all updates of our Training Materials that we may, in our sole discretion, develop in the future.
2. **Ongoing Recommendations.** To the extent we deem it necessary or advisable, give you individual and group guidance and assistance by telephone, newsletters, brochures, reports or bulletins, or electronic communications or postings.
3. **System-wide Programs.** Allow you to participate in programs that may be developed and offered by us on a system-wide basis to our franchisees.
4. **Innovations.** As we deem appropriate, test new services, equipment, or technologies, and, if they meet our standards and specifications, make them available to you;
5. **Client Liaison Services and Caregiver Fulfillment Services.** We may from time to time at our discretion provide Client Liaison Services and Caregiver Fulfillment Services on your behalf to clients you refer to us outside your Protected Territory and pay you a placement commission.
6. **Placement Commission.** If you direct referrals of client candidates to us to provide the Client Liaison Services and Caregiver Fulfillment Services, we will pay you a commission (the "Placement Commission") equal to 40% of the one-time placement fee that we receive from such referred clients for the placement of a caregiver with them. In the event your referral of clients results in an hourly engagement with the client rather than a one-time placement fee, the Placement Commission will be the equivalent of 40% of what the one-time fee would have been. You will be entitled to your Placement Commission within 30 days of when we receive payment from the client.
7. **Coaching.** We will provide coaching to support you on an ongoing basis to the extent we deem appropriate and for a duration that we specify with both the client lead generation and the caregiver recruitment aspects of your Franchised Business.

8. **Support.** We will provide to you a reasonable amount that we specify of support via telephone and email correspondence during normal business hours, including reasonable continuing guidance and advice in operating your Franchised Business.

9. **Templates and Materials.** We will provide you electronically with templates for business cards and marketing materials that we may develop periodically, which you may duplicate at your expense. We may, from time to time, make packages of brochures and other promotional materials available for you to purchase.

Marketing

Marketing Fund. We have established a National Marketing Fund (the “**Marketing Fund**”) for the enhancement and protection of the Marks, and for the development and implementation of advertising, marketing, public relations, and other brand-related programs and materials as we periodically deem appropriate. You must pay us the Marketing Fee (which is the greater of: (i) 1% of Gross Sales or (ii) \$150 multiplied by the number of Protected Territories you purchased), which we will contribute to the Marketing Fund. If we or our affiliates operate any Hallmark Businesses, we or our affiliates will contribute to the Marketing Fund a percentage of the Gross Sales of those businesses on the same basis as required for franchisees. You acknowledge that our other franchisees may not be required to contribute to the Marketing Fund, may be required to contribute to the Marketing Fund at a different rate than you, or may be required to contribute to a different Marketing Fund.

We have sole discretion to use the Marketing Fund, and monies in the Marketing Fund, for any purpose that we designate that we believe will enhance and protect, or improve public recognition and perception of, the Marks and Hallmark Homecare Businesses, including advertising campaigns in various media; Digital Marketing (as defined below); direct mail advertising; market research; engaging advertising agencies; conducting promotions, contests, and events; organizing or funding charitable activities; and providing promotional and marketing materials and services to our franchisees. We will not use the Marketing Fund for anything whose sole purpose is the marketing of franchises, however, you acknowledge that our website, public relations activities, community involvement activities, and other activities supported by the Marketing Fund may contain information about franchising opportunities. We will not use any contributions to the Marketing Fund to defray our general operating expenses, except for reasonable administrative costs and overhead we incur in activities reasonably related to the administration of the Marketing Fund or the management of Marketing Fund-supported programs (including the pro-rata amount of salaries of our personnel who devote time to Marketing Fund activities and retainers and fees for outside agencies).

We will direct all programs that the Marketing Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. We do not guarantee that you will benefit from the Marketing Fund in proportion to your contributions to the Marketing Fund. In no event will we be deemed a fiduciary with respect to any Marketing Fees we receive or administer.

We will maintain the Marketing Fund in a separate bank account from our other accounts. We are not required to have an independent audit of the Marketing Fund completed. We may use monies in the Marketing Fund to pay for an independent audit of the Marketing Fund, if we elect to have it audited.

Any interest earned by the Marketing Fund will belong to the Marketing Fund. Upon your request, we will make available to you no later than 120 days after our year end, an unaudited financial statement for the Marketing Fund for the previous calendar year. If any monies in the Marketing Fund remain at the end of a fiscal year, they will carry-over in the Marketing Fund into the next fiscal year. We or one of our affiliates may make or otherwise arrange loans to the Marketing Fund in any year in which the balance of the Marketing Fund is negative and charge a reasonable rate of interest. The amounts loaned to the Marketing Fund will be repaid from future contributions to the Marketing Fund in the year the loan is made or in subsequent years.

We may dissolve or modify the Marketing Fund at any time. The Marketing Fund, however, shall not be terminated or dissolved until all monies held in the Marketing Fund have been expended for the purposes described in this Agreement.

As we have recently begun operating the Marketing Fund, no Marketing Fund dollars were used in our last calendar year.

Our Marketing. We are not obligated to develop or conduct any advertising or promotional programs anywhere, including in your Protected Territory. We have not conducted media advertising for the Hallmark Homecare® concept. If we conduct media advertising, we may use direct mail, print, radio, Internet, or television, which may be local, regional, or national in scope. We may produce the marketing materials in-house or employ a local, regional, or national advertising agency.

We will provide you electronically with templates for business cards and marketing materials that we may develop periodically, which you may duplicate at your expense. We may, from time to time, make packages of brochures and other promotional materials available for you to purchase. However, we will not place, run or pay the media placement costs of any media advertisements, commercials, or promotions for you.

There currently are no advertising cooperatives or councils for Hallmark Businesses.

Your Marketing. You must conduct all advertising and promotional activities for the Franchised Business according to our requirements as reflected in the Training Materials or our written or oral instructions to you. Before you use them, you must submit to us for our approval samples of all advertising, marketing, and promotional materials (other than materials we have prepared or previously approved), including brochure copy and promotions activities and any information on a website (or any change in information on an approved website). You may not use any materials or conduct any promotion that we have not approved. We do not require you to participate in a local or regional advertising cooperative.

Digital Marketing. We or our affiliates may, in our sole discretion, establish and operate websites, social media accounts (such as Facebook, Twitter, Instagram, Pinterest, etc.), blogs, applications, keyword or adword purchasing programs, accounts with websites featuring discounts (such as Groupon, Living Social, etc.), mobile applications, or other means of digital advertising on the Internet or any electronic communications network (collectively, "**Digital Marketing**") that are intended to promote the Marks, your Franchised Business, and the entire network of Hallmark Businesses. We will have the sole right to control all aspects of any Digital Marketing, including those related to your Franchised Business. Currently, we do not permit you to operate a website or social media accounts for your Franchised Business without our approval which will not be unreasonably withheld. Unless we consent otherwise in writing, you and your employees may not, directly or indirectly, conduct or be involved in any Digital Marketing that use

the Marks or that relate to your Franchised Business or the network. If we permit you or your employees to conduct any Digital Marketing, you and they must comply with our System Standards, and we will have the right to retain full control over and ownership of all websites, social media accounts, mobile applications or other means of digital advertising that we have permitted you to use. We may withdraw our approval for any Digital Marketing or suspend or terminate your use of any Digital Marketing platforms at any time.

Computer System

We may require you to purchase or license a Computer System that (i) meets specifications that we establish from time to time; (ii) is a specific brand or product; (iii) must be purchased or licensed only from suppliers or service providers that we have expressly approved; and/or (iv) must be purchased or licensed only from a single source that we designate (which may include us or our affiliates). We may require you to use the Computer System to maintain certain sales data, financial data, and other information and to transmit data and reports to us.

Currently, you must own a computer that is capable of accessing the Internet and using our designated software, but we do not provide any specifications for such hardware. We require you to use back-office software, a telephone system, and accounting software that we designate. You must purchase or license such software from third parties that we designate. We estimate the cost to purchase the Computer System will be between \$1,000 to \$2,000.

We currently do not require you to enter into, or expect that you will need to enter into, any maintenance, updating, upgrading, or support contracts related to the Computer System. We, our affiliates, and third-party vendors are not obligated to provide you with any ongoing maintenance, repairs, upgrades, or updates. Vendors may be able to offer optional maintenance, updating, upgrading, or support contracts to you, which we estimate may cost less than \$250 per year.

We may, as often as we deem appropriate (including on a continual basis), access the Computer System and retrieve all information relating to the Franchised Business' operation.

Training

Initial Training. Your Principal Owner must personally attend and satisfactorily complete our initial Training Program which consists of (i) a self-study training program ~~that is~~ and weekly live training classes that are focused on learning to market the Services and recruit caregivers (the “**Level 1 Training Program**”) and (ii) a training program that includes self-study, live coaching, and a live classroom workshop that is focused on learning to provide the Services and operate the Franchised Business (the “**Level 2 Training Program**”).

You may send another representative to complete our training program in the same session as your Principal Owner at no additional charge. We reserve the right to charge a training fee of up to \$1,500 per trainee that attends our Level 2 Training Program (other than your Principal Owner and second representative), including (i) each additional person attending the same initial session, (ii) each person who is repeating the course or replacing a person who did not pass, and (iii) each subsequent trainee who attends the course. We may increase the training fee upon 60 days' written notice to you. You are responsible for any travel and living expenses (including meals, transportation, and accommodations), wages, and other expenses incurred by you or your trainees.

You may begin the Level 1 Training Program after signing the Franchise Agreement and must complete it within 45 days of signing. Exceptions may be considered and must be agreed upon by the franchisor and franchisee prior to signing the Franchise Agreement. The Level 1 Training Program can be completed at home and consists of training modules of online videos, virtual classes, and corresponding resources.

TRAINING PROGRAM Level 1 Training Program

Subject	Hours of Virtual Classroom Training	Hours of On-the-Job Training Self-Study	Location On the Job
Virtual Meetings with Cohort (65 total) Week 1 – Intro to Sales and Positioning in the market Week 2 – <u>Recruiting systems and techniques Part 1</u> Week 3 – <u>Recruiting systems and techniques Part 2</u> Week 4 – Sales – Identifying and Developing PartNEER relationships Week 35 – <u>Networking and Marketing approaches</u> Week 4 – Introduction to Recruiting and researching your market Week 5 – Recruiting systems and techniques Week 6 – Introduction to Client Acquisition	97.5	0	Virtual
Level 1 Training Self-Study:		0	Online at home
Step 1 – Business Formation and Services Systems Set-Up • <u>QuickBooks</u> • <u>Bank accounts</u> • <u>Operating Software</u> • <u>Google</u> • <u>DocuSign</u> • <u>Indeed</u>	40	2.0	5.0
Step 2 – Hallmark Homecare Overview • <u>Your Company Story</u> • <u>The Senior Care Industry Tidal Wave – Statistics about Seniors</u> • <u>Why People Need Help</u> • <u>Options and researching your market</u> • <u>Services Available</u>	3	6.0	

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- How We Compare - Unique Selling Propositions			
Step 3 — What We Offer	3.5	0	
Step 4 — Preparing for Sales	3.5	0	
Step 5 — Understanding Compliance, Caregiver Recruitment and Placement - Placing an Ad - Screening Applicants - Interviewing Applicants - Placing Caregivers - Caregiver Liaison, HIPAA and Client Confidentiality	3.5	8.0	6.0
Step 6 — Partner Networking, Marketing and Sales - Top Tier Referral Providers - Hallmark Homecare Sale Process - Networking Events - Brand Identity Kit - What to do After Receiving Referral - Glossary of Terms	3.5	5.0	5.0
Step 7 — Recruiting Techniques and Caregiver Sourcing	4.5	0	
Step 8 — Setting Goals, Time Management and Mindset Preparation	2	0	
Step 9 — Client Acquisition - Service Inquiries - Client Interviews - Sales Psychology - HIPAA - Client Management	3.5	3.0	
Compliance Federal Regulations		2.0	
Leadership Skills - Goal Setting - Your Circle of Influence - Rapport Skills		1	
TOTALS: Sub Totals	427.5	27.0	16.0
Total		50.5	

The hours listed is an estimate of the amount of time necessary to complete the Level 1 Training Program. In addition to the training, you will be assigned a coach to provide additional assistance that we, in our sole discretion, deem appropriate, which may include group coaching sessions and one-on-one telephone calls.

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The Level 2 Training Program will begin on a date designated by us after you have completed the Level 1 Training Program, in our judgement, successfully. The Level 2 Training Program consists of (i) four days of in-person training conducted by our staff at a location that we designate (typically, at our office in Irvine, CA) at a time that we designate. We may, in our sole discretion, provide the in-person training virtually or modify the length of the training program.

TRAINING PROGRAM
Level 2 Training Program

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Sales, Marketing and Networking	86	0	Irvine, CA
Compliance and Operating a Referral Agency	43	0	Irvine, CA
Client Inquiries	2	0	Irvine, CA
The Client Interview/Liaison services (in-person)	64	0	Irvine, CA
The Caregiver Search/Recruitment <u>Best Practices</u> (in-person)	62	0	Irvine, CA
<u>Being The Liaison: The Client and Caregiver Interviews and Matchmaking Relationship</u>	41	0	Irvine, CA
Case Studies/Role Play Scenarios	64	0	Irvine, CA
Planning and Strategizing	2	0	Irvine, CA
Caregiver Recruitment — Putting it all together and getting started	5	0	Virtual Training
TOTAL VIRTUAL-STUDY	50	0	
TOTAL IN-PERSON	3524	0	
TOTAL	4024	0	

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In addition, to the hours reflected in the chart, you may spend additional time working with your assigned coach, who will continue to provide additional assistance that we deem appropriate.

Our initial training programs are ~~led by~~lead under the supervision of Julie-Ann Parrott, our Chief Operating Officer, who has worked with our brand since October, 2022. Julie-Ann has ~~2021~~ years of experience operating similar businesses in the senior care field. In addition, you will be supervised throughout the training program by an assigned coach. Each of our assigned coaches has at least two years' experience in the senior care field.

Additional Training and Meetings. We may require your Principal Owner or your manager to attend and complete satisfactorily various additional training courses that we

periodically choose to provide at the times and locations that we designate, as well as periodic conventions, regional meetings, and conferences that we specify. We may charge reasonable registration or similar fee for these courses, conventions, meetings, or conferences as mandatory; we reserve the right to charge you the registration, attendance, or similar fees even if you do not attend. You are responsible for any wages and travel and other expenses incurred by you or your representatives.

Item 12

TERRITORY

Office. Your Franchised Business must be operated from an office located within your Protected Territory (unless we consent and approve otherwise), but we do not require the approval of the location or relocation of your office or require you to have an office outside of your home.

Protected Territory. You may purchase between one and five Protected Territories under a single Franchise Agreement. Each Protected Territory will be described in terms of zip codes (all must be contiguous) and will be comprised of up to 250,000 individuals (according to the most recent Census data available at the time you and we sign the Franchise Agreement). We may permit you, in certain circumstances, to have more than 250,000 people within a single Protected Territory for an additional Franchise Fee, as described in Item 5.

Your Protected Territory will be an exclusive territory. This means that we will not, directly or through any affiliates: (i) operate or grant the right to operate a Hallmark Business office to be physically located within your Protected Territory; or (ii) authorize any other Hallmark Business to market Services to client referral sources or prospective clients within your Protected Territory or to provide Services to individuals at locations within your Protected Territory. However, we will not be in default under the Franchise Agreement or otherwise liable to you if another franchisee breaches its Franchise Agreement and markets or provides Services to client referral sources, prospective clients, or other individuals within your Protected Territory, provided that we did not have advance knowledge of the breach and did not authorize the breach.

Reserved Rights. Except as provided in the previous paragraph, we and our affiliates have the right to conduct any business activities, under any name, using any system, in any geographic area, and at any location, regardless of the proximity to or effect on your Franchised Business. For example, without limitation, we and our affiliates have the right to:

1. establish, or license others to establish, (i) Hallmark Businesses anywhere outside of the Protected Territory and (ii) businesses under marks other than the Marks inside or outside the Protected Territory;
2. advertise, or authorize others to advertise, using the Marks anywhere, including via the Internet or inside and outside of the Protected Territory;
3. market to, or permit others to market to, potential caregivers located inside or outside the Protected Territory; and
4. acquire, be acquired by, or merge with other companies with existing home care businesses anywhere (whether inside or outside of the Protected Territory) and,

even if such businesses are located in the Protected Territory and offering competing products or services, (i) convert the other businesses to the Hallmark Homecare® name, (ii) permit the other businesses to continue to operate under another name, and/or (iii) permit the businesses to operate under another name and convert existing Franchised Businesses to such other name.

We and our affiliates do not have the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within the Protected Territory using the Marks, but we may advertise in the Protected Territory using the Marks and are not restricted from making sales in the Protected Territory under different marks.

We will not compensate you for any of our activities in your Protected Territory, even if they have an impact on your Franchised Business.

Minimum Sales Requirement. You must use your best efforts to maximize clients, client referral sources, and Gross Sales (as defined in Section 5.2 (Gross Sales)) in each of the Protected Territories. In addition, the Gross Sales of your Franchised Business must exceed the minimum Gross Sales requirement (the “**Minimum Sales Requirement**”) in each calendar quarter. Beginning 12 months from the Agreement Date and continuing through the end of the 23rd month from the Agreement Date, the Minimum Sales Requirement for each calendar quarter will be equal to \$125,000 multiplied by the number of Protected Territories that you have purchased (limited to 2 territories if you purchased 2 or more). After 24 months from the Agreement Date and continuing throughout the remainder of the Term, the Minimum Sales Requirement for each calendar quarter will be equal to \$250,000 multiplied by the number of Protected Territories that you have purchased (limited to 3 territories if you purchased 3 or more).

If you fail to achieve the Minimum Sales Requirement in any calendar quarter, you must develop and implement a business plan that we approve to increase Gross Sales in subsequent quarters. If you fail to achieve the Minimum Sales Requirement in three consecutive calendar quarters, such failure shall be a material default under this Agreement.

Modification of Protected Territory. If you default under the Franchise Agreement and fail to cure the default in the applicable cure period (if any), we have the right to temporarily or permanently reduce the size of the Protected Territory (or terminate one or more Protected Territories, if you have multiple ones), in addition to our other remedies. Except for as described in the previous sentence, the Protected Area may not be altered before the expiration or termination of the Franchise Agreement.

Restrictions on Operations. Your area of primary responsibility will be your Protected Territory. You may not solicit clients or market the Services to potential clients or referral sources located outside your Protected Territory. All media advertising and direct mail marketing that you undertake must be predominantly focused on media distributed in, or to prospective clients and client referral sources located in, your Protected Territory. You do not have the right to conduct Digital Marketing without our consent. You may not provide Services to clients at any location outside your Protected Territory without our consent, which we may withhold in our sole discretion.

Operations Outside the Protected Territory. If you receive or generate leads for clients or client referral sources located outside your Protected Territory, you must refer those leads to us, and we will refer the lead to the franchisee who is assigned to operate in and service that territory or area. You will not receive any compensation for a referral that is serviced by another

franchisee. If we do not have a franchisee in that area, we may, in our sole discretion, (a) authorize you in writing to provide the Services to such clients ~~or (b) provide the Services to such client, in which case we will pay you a Placement Commission for the referred client.~~

If we authorize you to market or provide Services to clients or client referral sources outside of your Protected Territory, we may revoke our consent at any time for any reason, and you must immediately cease marketing and providing Services to such clients and client referral sources in accordance with our instructions. ~~We or our designee may immediately begin marketing and providing the Services to such clients or client referral sources without compensation to you.~~ If we determine you are servicing a material number of clients in an unassigned territory, we may require you to purchase the rights to the territory in order to continue to provide the Services in it, but we are not obligated to offer you the opportunity to purchase such rights and may instead offer such rights to any party.

We may specify in the Training Materials additional policies regarding providing cross-territorial Services and marketing outside of the Protected Territory.

No Additional Rights. We do not reserve or offer options, rights of first refusal or similar rights to you for additional franchises within or outside the Protected Territory.

Additional Disclosures. Neither we nor our affiliates operate, franchise, or intend to operate or franchise a business operating under a different trade name or trademark that sells or will sell goods or services similar to those that the Franchised Business will offer, but we reserve the right to do so in the future without your consent.

Item 13

TRADEMARK

We grant you the right to operate a Franchised Business under the Hallmark Homecare® mark, and other trademarks, service marks, associated designs, artwork, and logos that we specify from time to time. We may require you to use the Marks in conjunction with other words or symbols.

The following Marks are registered with the Principal Register of the United States Patent and Trademark Office (“USPTO”) and all required affidavits with respect to such mark have been filed:

Mark	Registration Number	Registration Date
HALLMARK HOMECARE	4,133,058	4/24/2012
	4,357,692	6/25/2013

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and there are not any pending infringement, opposition or cancellation proceedings, or material federal or state court litigation, involving the Marks or our use or ownership rights in any Mark.

No agreement significantly limits our right to use or license the Marks in a manner material to the franchise. We do not know of either superior prior rights or infringing uses that could materially affect a franchisee's use of the Marks in any state.

You must immediately notify us of any infringement of or challenge to your use of any of the Marks, including any use of a confusingly similar mark by a third party. We or our affiliates will have the right to take any action that we deem appropriate, but the Franchise Agreement does not require us or our affiliates to take any action to protect your right to use any of the Marks or to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving any of the Marks. We will have the right to control any administrative proceeding or litigation related to the Marks. You agree to execute all documents and, render any other assistance we may deem necessary to any such proceeding or any effort to maintain the continued validity and enforceability of the Marks.

If we decide that you should modify or discontinue using any of the Marks or use one or more additional or substitute service marks or trademarks, you must comply with our directions in the time that we reasonably specify, and neither we nor any of its affiliates will have any obligation to reimburse you for the cost of complying with our directions.

Item 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We own no rights in, or licenses to, any patents or patent applications.

Except as provided below, we own no rights in, or licenses to, any copyrights. We have not registered any copyrights with the United States Copyright Office. However, we claim copyrights with respect to our advertising materials and the Manuals, as well as other materials we may periodically develop. There are no determinations of the Copyright Office or any court regarding any of our copyrights. There are no agreements limiting the use of any copyrights by us.

Any copyrights used by you in the Franchised Business belong solely to us or our affiliates. You agree to notify us in writing of any suspected infringement of our or our affiliates' copyrights. We and our affiliates have exclusive rights to bring an action for infringement and retain any amounts recovered with respect to such action, and to control any infringement proceeding whether brought by or against us or you. We have no obligation to defend or otherwise protect you against any claims involving any copyright, including without limitation any copyright infringement claim, or to indemnify you for any losses you may incur as a result of our copyrights infringing the rights of any other copyright owner. If so requested by us, you will discontinue the use of the subject matter covered by any copyright used in connection with the Franchised Business.

During the term of your Franchise Agreement, we or our affiliates may disclose in confidence to you, either orally or in writing, certain trade secrets, know-how, and other confidential information relating to the System, our business, our vendor relationships, our business plans, or the construction, management, operation, or promotion of the Franchised Business, including the Training Materials (collectively, "**Confidential Information**"). You may not, nor may you permit any person or Entity to, use or disclose any Confidential Information (including any portion of the Training Materials) to any other person, except to the extent

necessary for your employees to perform their functions in the operation of your Franchised Business. You must take reasonable precautions necessary to protect Confidential Information from unauthorized use or disclosure, including conducting orientation and training programs for your employees to inform them of your obligation to protect Confidential Information and their related responsibilities and obligations. If we or our affiliates so request, you must obtain confidentiality agreements in a form satisfactory to us or our affiliates from anyone who may have access to the Confidential Information. You will be responsible for any unauthorized disclosure of Proprietary Information by any person to whom you have disclosed Confidential Information.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

We strongly recommend, but do not require, that your Owners personally supervise the Franchised Business. You must designate an Owner with at least 10% ownership interest in your Entity as your Principal Owner. The Principal Owner must have authority over all business decisions related to your Franchised Business and must have the power to bind you in all dealings with us, but the Principal Owner is not required to be directly involved in the day-to-day operation and management of the Franchised Business, if you have appointed a trained manager to do so. We must approve your Principal Owner and any replacement Principal Owner.

We do not impose limits on who you can hire as a manager, but any manager must complete our Training Program if we deem necessary. We do not require your managers to have an ownership interest in you.

Each Owner, including the Principal Owner, must sign the Payment and Performance Guarantee attached to the Franchise Agreement, assuming and agreeing to discharge all obligations of the franchisee under the Franchise Agreement and agreeing to comply with the confidentiality, indemnification, covenant not to compete, and assignment provisions of the Franchise Agreement.

We currently require you to cause members of your Owners' immediate families and your managers to execute Nondisclosure and Noncompete and Nondisclosure Agreements, using the form attached to the Franchise Agreement. The agreements specifically identify us as having the independent right to enforce them.

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may offer in the Franchised Business to clients only the products and services that we have approved in writing. In addition, we may designate specific products and services as optional or mandatory. You must offer the products and services that we designate as mandatory, which will become part of the Services. We may change these specifications periodically in the Training Materials or otherwise in writing without limitation. If you would like to offer other products and services, you must obtain our written approval for such products or services, which we may withhold for any reason in our sole discretion.

Item 17

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

The table below lists certain important provisions of the Franchise Agreement. You should read these provisions in the form of Franchise Agreement attached to this Disclosure Document as Exhibit C.

Provision		Section in Franchise Agreement	Summary
(a)	Length of the franchise term	1.1	Term expires 10 years after signing the Franchise Agreement
(b)	Renewal or extension of the term	1.3	One additional 10-year successor term
(c)	Requirements for franchisee to renew or extend	1.3	You notify us of your intention to renew at least 90 days to 12 months before the previous term expires, you have substantially complied with the Franchise Agreement and are fully compliant, sign our then-current form of Franchise Agreement and related agreements (which may contain materially different terms than the current forms), and sign a general release.
(d)	Termination by franchisee	14.3	If we commit a material breach of the Franchise Agreement and we fail to cure the breach or take reasonable steps to begin curing the breach within 60 days after receiving notice from you, you may terminate the Franchise Agreement.
(e)	Termination by franchisor without cause	Not applicable	Not applicable.
(f)	Termination by franchisor with cause	14.1	We can terminate only if you default under the Franchise Agreement (see (g) and (h) below).
(g)	"Cause" defined – curable defaults	14.1	You have 30 days to cure any monetary default and 30 days to cure any other defaults not described in (h) below.
(h)	"Cause" defined – non-curable defaults	14.1	Principal Owner declared insane; any of your Owners or officers or directors is convicted or pleads nolo contendere to a crime involving moral turpitude or consumer fraud or any other crime or offense or you or they engage in any activities which impairs the goodwill associated with the Marks; you become insolvent; you fail to protect our Intellectual Property or Confidential Information; you or your Owners make an unauthorized transfer; you willfully violate laws; you fail to timely complete training; or you fail to achieve Minimum Sales Requirement for three straight quarters.

Provision		Section in Franchise Agreement	Summary
(i)	Franchisee's obligations on termination/non-renewal	15	Discontinue use of and return Intellectual Property and Confidential Information; cease using the System and de-identify the Franchised Business; pay us amounts due; and comply with noncompete.
(j)	Assignment of contract by franchisor	13.4	No restriction on our right to assign.
(k)	"Transfer" by franchisee-defined	13.1	Includes transfer of any interest in the Franchise Agreement, the Franchised Business, an ownership interest in you or all or substantially all of the assets (including referral partner lists or relationships) associated with the Franchised Business.
(l)	Franchisor's approval of transfer by franchisee	13.2	You may not transfer without our approval.
(m)	Conditions for our approval of transfer by franchisee	13.2	In addition to other conditions we may specify, you are not in default, your transferee meets our standards, you or they pay a \$10,000 transfer fee, your transferee signs our then-current form of Franchise Agreement (which may contain materially different terms), your transferee completes training, and you and your Owners comply with post-termination obligations and sign a general release.
(o)	Franchisor's option to purchase franchisee's business	Not applicable	Not applicable.
(p)	Death or disability of franchisee	13.5	Executor or representative must transfer your Principal Owner's interest to a third party approved by us within a reasonable time not to exceed six months of death or incapacity.
(q)	Non-competition covenants during the term of the franchise	12.2(b)	You, your Owners, their immediate families, and your managers may not: own, manage, engage in, be employed by, advise, make loans to, or have any other interest in (i) any service business offering companion care (a " Competitive Business ") in the United States; (ii) divert or attempt to divert any actual or potential business or client to any Competitive Business; or (iii) perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.
(r)	Non-competition covenants after the franchise is terminated or expires	12.2(c)	For two years after the expiration of termination of your Franchise Agreement you, your Owners, their immediate families, and your managers may not be involved in, or divert clients to, any Competitive Business that is located within or operates within a 20-mile radius of your former Protected Territory or any other Protected Territory that is operating at that time.

Provision		Section in Franchise Agreement	Summary
(s)	Modification of the agreement	19	Except for modifications to the Manuals, no modifications unless agreed to in writing by both parties.
(t)	Integration/merger clause	19	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable.
(u)	Dispute resolution by arbitration or mediation	Not applicable	Not applicable.
(v)	Choice of forum	17.2	Subject to applicable state laws, you and your Owners must, and we may, bring claims in federal or state courts located in the city in which our principal place of business is located (currently, Incline Village, Nevada).
(w)	Controlling law	17.1	Except for federal law, Nevada law governs (subject to applicable state laws).

Item 18

PUBLIC FIGURE

We do not use any public figure to promote our franchises.

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 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.

As of the date of this disclosure document, we had ~~just two~~ several franchisees ~~that~~ who were in the early stages of development and some had been in operation for more than 12 months, ~~one of whom is the “~~ A representative sample of those franchisees' (“**Represented Franchise**”. The Represented Franchisee relocated from North Carolina to Long Island, NY in December 2019 and began operating his Hallmark Business **Franchisees**”) income statements and key performance indicators (“KPI”) are reflected in 2020. ~~In the~~ Tables 4 and 2, ~~we~~ below. We have presented financial performance data for the **calendar year 2024 for the Represented Franchisee #1** located in Long Island, NY who launched in **January, 2020** (Tables 1(a) and 1(b)); **Franchisee #2** located in McKinney, TX launched in **March, 2023** (Tables 2(a) and 2(b)); **Franchisee #3** located in San Antonio, TX launched in **August, 2023** (Tables 3(a) and 3(b)); **Franchisee #4** located in Charlotte, NC launched in **September, 2023** (Tables 4(a) and 4(b)); **Franchisee #5** located in Greensboro, NC launched in **October, 2023** (Tables 5(a) and 5(b)).

Table 1(a)
Income Statement for the Represented Franchise for the calendar year 2023 Franchisee

Table 1 includes an income statement **For the Reporting Period**

<u>-</u>	<u>Total</u>	<u>Percentage of Revenue</u>
<u>Gross Sales (1)</u>	<u>\$ 2,758,297</u>	<u>100.00%</u>
<u>-</u>		
<u>Cost of Sales (2)</u>	<u>1,852,515</u>	<u>67.16%</u>
<u>Gross Profit (3)</u>	<u>905,782</u>	<u>32.84%</u>
<u>-</u>		
<u>Operating Expenses (4)</u>		
<u>Advertising & Marketing</u>	<u>11,967</u>	<u>0.43%</u>
<u>Software Fees</u>	<u>85,599</u>	<u>3.10%</u>
<u>Background Checks</u>	<u>639</u>	<u>0.02%</u>
<u>Royalty Fee</u>	<u>165,498</u>	<u>6.00%</u>
<u>Insurances</u>	<u>27,330</u>	<u>0.99%</u>
<u>Accounting</u>	<u>4,800</u>	<u>0.17%</u>
<u>Wages</u>	<u>200,977</u>	<u>7.29%</u>
<u>Telephone</u>	<u>1,249</u>	<u>0.05%</u>
<u>Other</u>	<u>5,533</u>	<u>0.20%</u>
<u>Total Operating Expenses</u>	<u>503,592</u>	<u>18.26%</u>
<u>-</u>		
<u>Revenues less Expenses (5)</u>	<u>\$ 402,190</u>	<u>14.58%</u>

Table 1(b)

Key Performance Indicators for the Represented Franchise Business and Table 2 includes
key performance indicators ("KPIs").

For the Reporting Period

<u>Gross Profit Percentage</u>	<u>33%</u>
<u>Average # of Clients Served/Month</u>	<u>28</u>
<u>Average Revenue/Client/Month</u>	<u>\$ 7,820</u>
<u>Average Billable Hours/Week/Client</u>	<u>60</u>
<u>Average Billable Rate/Hour</u>	<u>\$ 30</u>
<u>Average Caregiver Pay Rate/Hour</u>	<u>\$ 20</u>
<u>Gross Profit per Hour</u>	<u>\$ 10</u>

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Table 42(a)
Income Statement for the Represented Franchisee
For the Reporting Period

	Total	Percentage of Revenue
Gross Sales (1)	\$2,456,489 1,570,961	100.00%
Cost of Sales (2)	1,605,186	65.3460.75%
Gross Profit (3)	851,303	34.6639.25%
Operating Expenses (4)		
Advertising & Marketing	4,407	0.1887%
Software Fees	75,914	3.094.42%
Background Checks	765	0.0339%
Royalty Fee	147,389	6.00%
Marketing Fee Insurance -	24,565	1.000.79%
Insurance - Liability Accounting	9,596	0.3925%
Accounting Wages	2,550	0.1014.49%
Wages (4) Telephone	155,533	6.330.05%
Telephone Other	4,114	0.1738%
Other Total Operating	20,753	0.8427.66%
Total Operating Expenses	445,586	18.14%
Revenues less Expenses (5)	\$ 182,206	11.60%
Revenues less Expenses (2)	405,717	16.52%

Notes to Table 1-2(b)

The line item for wages includes compensation paid to the Represented Franchisee's two employees, but it does not include any compensation or benefits paid to the Represented Franchisee's owner. As the amount will vary by each Franchised Business, thus we have not included owners' compensation in this table. ~~Revenues less Expenses means cash flow from operations before interest, taxes, depreciation, and amortization.~~ **Key Performance**

**Indicators for the Represented Franchise
For the Reporting Period**

<u>Gross Profit Percentage</u>	<u>39%</u>
<u>Average # of Clients Served/Month</u>	<u>37</u>
<u>Average Revenue/Client/Month</u>	<u>\$ 3,582</u>
<u>Average Billable Hours/Week/Client</u>	<u>28</u>
<u>Average Billable Rate/Hour</u>	<u>\$ 30</u>
<u>Average Caregiver Pay Rate/Hour</u>	<u>\$ 18</u>
<u>Gross Profit per Hour</u>	<u>\$ 12</u>

Table 3(a)

4. Income Statement for the

2. The Represented Franchisee operates from a home office, as we expect other franchisees to do, and did not incur any rent expenses.

**Table 2
For the Reporting Period**

	<u>Total</u>	<u>Percentage of Revenue</u>
<u>Gross Sales (1)</u>	<u>\$ 1,012,290</u>	<u>100.00%</u>
<u>Cost of Sales (2)</u>	<u>653,260</u>	<u>65.53%</u>
<u>Gross Profit (3)</u>	<u>359,030</u>	<u>35.47%</u>
<u>Operating Expenses (4)</u>		

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Advertising & Marketing	17,786	1.76%
Software Fees	37,229	3.68%
Background Checks	1,838	0.18%
Royalty Fee (6)	53,568	5.29%
Marketing Fee (6)	6,750	0.67%
Insurance - Liability	6,423	0.63%
Accounting	2,574	0.25%
Wages	7,730	0.76%
Telephone	2,777	0.27%
Other	5,113	0.51%
Total Operating Expenses	141,788	14.01%
-	-	
Revenues less Expenses (5)	\$ 217,242	21.46%

Table 3(b)

Key Performance Indicators for the Represented Franchise
For the Reporting Period

Gross Profit Percentage	35%
Average # of Clients Served/Month	20 11
Average Revenue/Client/Month	\$7,058 8,013
Average Billable Hours/Week/Client	53 65
Average Billable Rate/Hour	\$34 29
Average Caregiver Pay Rate/Hour	\$20 19
Gross Profit per Hour	\$14 10

Table 4(a)

Income Statement for the Represented Franchisee
For the Reporting Period

	<u>Total</u>	<u>Percentage of Revenue</u>
-		
Gross Sales (1)	\$ 617,797	100.00%
-		
Cost of Sales (2)	405,276	65.60%
Gross Profit (3)	212,521	34.40%
-		
Operating Expenses (4)		
Advertising & Marketing	10,056	1.63%
Software Fees	27,066	4.38%
Background Checks	4,183	0.68%
Royalty Fee (6)	27,246	4.41%
Marketing Fee (6)	5,347	0.87%
Insurance - Liability	6,561	1.06%
Accounting	518	0.08%
Wages	42,319	6.85%
Telephone	2,395	0.39%
Other	12,451	2.02%
Total Operating Expenses	138,142	22.36%
-		
Revenues less Expenses (5)	\$ 74,379	12.04%

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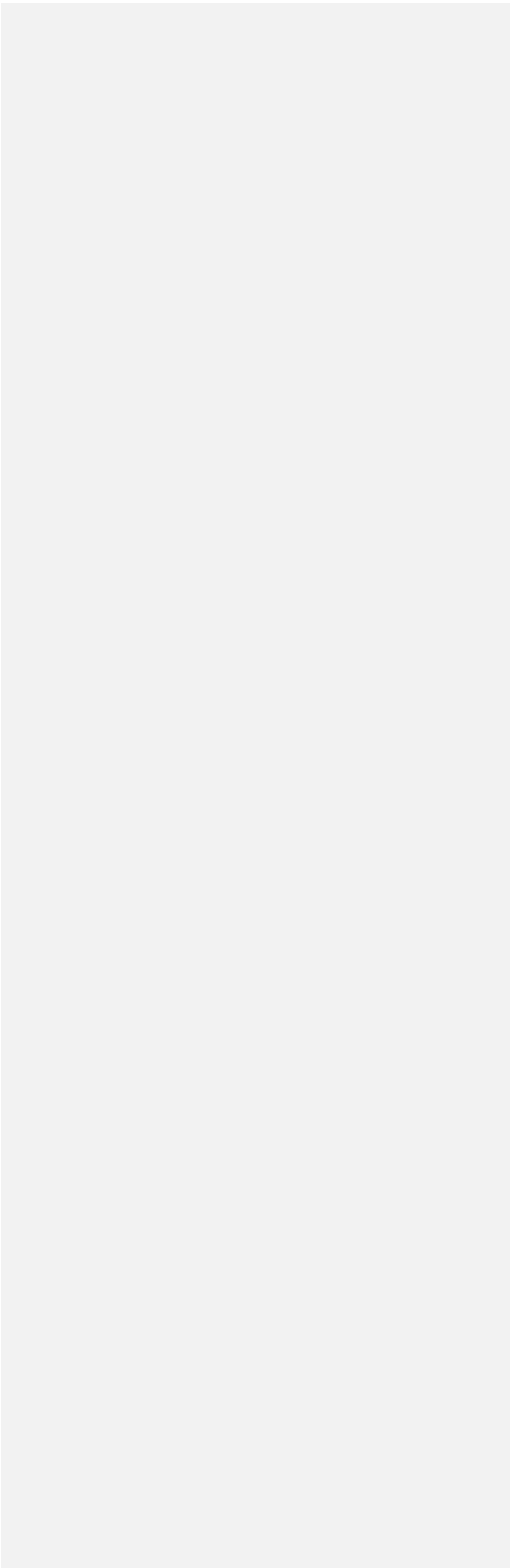


Table 4(b)

Key Performance Indicators for the Represented Franchise
For the Reporting Period

<u>Gross Profit Percentage</u>	<u>34%</u>
<u>Average # of Clients Served/Month</u>	<u>11</u>
<u>Average Revenue/Client/Month</u>	<u>\$ 4,201</u>
<u>Average Billable Hours/Week/Client</u>	<u>31</u>
<u>Average Billable Rate/Hour</u>	<u>\$ 31</u>
<u>Average Caregiver Pay Rate/Hour</u>	<u>\$ 21</u>
<u>Gross Profit per Hour</u>	<u>\$ 10</u>

Table 5(a)

Income Statement for the Represented Franchisee
For the Reporting Period

<u>-</u>	<u>Total</u>	<u>Percentage of Revenue</u>
<u>Gross Sales (1)</u>	<u>\$ 510,464</u>	<u>100.00%</u>
<u>-</u>		
<u>Cost of Sales (2)</u>	<u>327,197</u>	<u>64.10%</u>
<u>Gross Profit (3)</u>	<u>183,267</u>	<u>35.90%</u>
<u>-</u>		
<u>Operating Expenses (4)</u>		
<u>Advertising & Marketing</u>	<u>10,831</u>	<u>2.12%</u>
<u>Software Fees</u>	<u>26,140</u>	<u>5.12%</u>
<u>Background Checks</u>	<u>4,556</u>	<u>0.89%</u>
<u>Royalty Fee (6)</u>	<u>25,251</u>	<u>4.95%</u>
<u>Marketing Fee (6)</u>	<u>2,691</u>	<u>0.53%</u>
<u>Insurance - Liability</u>	<u>4,878</u>	<u>0.96%</u>
<u>Accounting</u>	<u>3,211</u>	<u>0.63%</u>
<u>Wages</u>	<u>10,500</u>	<u>2.06%</u>
<u>Telephone</u>	<u>398</u>	<u>0.08%</u>
<u>Other</u>	<u>6,890</u>	<u>1.35%</u>
<u>Total Operating Expenses</u>	<u>95,346</u>	<u>18.68%</u>
<u>-</u>	<u>-</u>	
<u>Revenues less Expenses (5)</u>	<u>\$ 87,921</u>	<u>17.22%</u>

Table 5(b)

**Key Performance Indicators for the Represented Franchise
For the Reporting Period**

<u>Gross Profit Percentage</u>	<u>36%</u>
<u>Average # of Clients Served/Month</u>	<u>12</u>
<u>Average Revenue/Client/Month</u>	<u>\$ 3,378</u>
<u>Average Billable Hours/Week/Client</u>	<u>29</u>
<u>Average Billable Rate/Hour</u>	<u>\$ 28</u>
<u>Average Caregiver Pay Rate/Hour</u>	<u>\$ 18</u>
<u>Gross Profit per Hour</u>	<u>\$ 10</u>

Notes to Item 19: Tables (a):

1. ~~Some franchises have sold or earned this amount. Your individual results may differ. There is no assurance that you'll sell or earn as much.~~
2. 1. The term "**Gross Sales**" means all revenue that you receive or otherwise derive from the operation of the Franchised Business, ~~whether or not collected~~, including (a) revenue billed or invoiced by you or your designee to clients, (b) any Placement Commissions (as defined in Item 11) that you receive from us, or (c) any other revenue you receive from any party for products or services sold or provided in connection with the Franchised Business.
3. 2. The term "**Cost of Sales**" means the total amount of labor compensation paid to caregivers on behalf of clients.
4. 3. The term "**Gross Profit**" is equal to Gross Sales minus Cost of Sales.
4. We have made certain adjustments to the franchisee's income statements to reflect a more normalized result of operations for the typical franchisee that may not incur certain expenses reported to us by Represented Franchisees. For example, the line item for wages includes compensation paid to administrative and sales employees, but it does not include any compensation or benefits paid to the Represented Franchisee owner. As the amount will vary by each Franchised Business, thus we have not included owners' compensation in this table. Another example is that all of the Represented Franchisees work from a home office and employees work remotely, thus there is no rent expense. Your situation may be different and thus you would have to include a budgeted amount for rent, if necessary.

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5. Revenues less Expenses means cash flow from operations before interest, taxes, depreciation, and amortization

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5. ~~The~~ The term "**Revenue less Expenses**" is equal to Gross Sales minus Cost of Sales minus Total Operating Expenses.

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6. ~~The term "Average" which is also known as the "mean", means the sums of all data points in a set, divided by the total number of data points in that set.~~

6. Royalty and Marketing Fees are less than the required percentages because of the grace period allowed after launch before you have to pay them.

General Notes:

7. ~~This~~ This financial performance representation does not contain necessarily complete information concerning the operating costs and expenses that you will~~may~~ incur in operating your Franchised Business, which must be deducted from the Gross Sales figures to obtain your net income or profit.

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We calculated the

8. ~~The~~ The figures in these Tables 1 and 2 in ~~these~~ are financial performance representations using financial reports submitted by ~~a franchisee~~ the Represented Franchisees. We have not audited or independently verified these financial reports, although we have no information or other reason to believe that they are unreliable. No certified public accountant has audited these figures or expressed his or her opinion concerning their content or form.

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9. ~~Written~~ Written substantiation for the financial performance representation will be made available to you upon reasonable request.

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10. We encourage you to consult with your own accounting, business, and legal advisors to assist you to prepare your budgets and projections, and to assess the likely or potential financial performance of your franchise. We also encourage you to contact existing franchisees to discuss their experiences with the system and their Franchised Business. Notwithstanding the information set forth in this financial performance representation, our existing franchisees are your best source of information about franchise operations.

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Other than in this Item 19, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. 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 Steve Everhart, President, Hallmark Homecare, LLC, 774 Mays Blvd., Suite 10-297, Incline Village, Nevada 89451 (Tel. 888-725-3655), the Federal Trade Commission, and the appropriate state regulatory agencies.

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ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Businesses Summary
For Years 20242022 to 20232024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised Businesses	20222021	1	42	01
	20222023	42	225	423
	20242023	225	2536	2311
Company-Owned Businesses	20222021	1	1	0
	20232022	1	40	01
	20242023	40	0	40
Total Hallmark Businesses	20222021	2	2	0
	20232022	2	225	023
	20242023	225	2536	2311

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Table No. 2
Transfers of Franchised Businesses from Franchisees to New Owners (other than the Franchisor)
For Years ~~2024~~2022 to ~~2023~~2024

State	Year	Number of Transfers
Total	2021	0
	2022	0
	2023	0

Table No. 3
Status of Franchised Businesses
For Years ~~2024~~2022 to ~~2024~~2023

State	Year	Businesses at Start of Year	Businesses Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Businesses at End of the Year
Florida Alabama	2022 2024	0	0	0	0	0	0	0
	2023 2022	0	0	0	0	0	0	0
	20232024	0	31	0	0	0	0	31
Florida	2022	0	0	0	0	0	0	0
	2023	0	3	0	0	0	0	3
	2024	3	4	0	0	0	0	7
Georgia	2022 2024	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	5	0	0	0	0	5
Idaho	2024	5	0	0	0	0	0	5
	2022 2024	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Kentucky	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2022 2024	0	0	0	0	0	0	0
Michigan	2023	0	0	0	0	0	0	0
	2024	0	2	0	0	0	0	2
	2022	0	0	0	0	0	0	0
Minnesota	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2022 2024	0	01	0	0	0	0	01
N Carolina	2022 2023	01	40	0	0	0	0	1
	20232024	1	0	0	0	0	0	1
	20242022	1	0	0	0	0	0	1
Nebraska	2023	1	3	0	0	0	0	4
	2024	4	1	0	0	0	0	5
	2022	40	0	0	0	0	0	40
	2023	40	30	0	0	0	0	40

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State	Year	Businesses at Start of Year	Businesses Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Businesses at End of the Year
Ohio	2021 2024	0	0 1	0	0	0	0	0 1
Nevada	2022	0	0	0	0	0	0	0
	2023 2024	0 0	0 1	0 0	0 0	0 0	0 0	0 1
Ohio	2022	0 0	0 0	0 0	0 0	0 0	0 0	0 0
	2023	0	2	0	0	0	0	2
	2024 2025	2 2	1 1	0 0	0 0	0 0	2 2	1 1
Tennessee	2021 2022	0	0	0	0	0	0	0
	2023 2024	0 0	0 1	0 0	0 0	0 0	0 0	0 1
	2023	0	1	0	0	0	0	1
	2024 2025	1 1	0 0	0 0	0 0	0 0	0 0	1 1
Texas	2021 2022	0	0	0	0	0	0	0
	2023 2024	0 0	0 6	0 0	0 0	0 0	0 0	0 6
Utah	2021 2024	0 6	0	0	0	0	0 1	0 5
Utah	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024 2025	1 1	1 1	0 0	0 0	0 0	1 1	1 1
Virginia	2021 2022	0	0	0	0	0	0	0
	2023 2024	0 0	1 1	0 0	0 0	0 0	0 0	1 1
	2024 2025	1 1	1 1	0 0	0 0	0 0	0 0	2 2
Wisconsin	2022	0	0	0	0	0	0	0
	2023	0	4 0	0	0	0	0	4 0
	2024 2025	0 0	1 1	0 0	0 0	0 0	0 0	1 1
Totals	2021 2022	1	0 1	0	0	0	0	1 2
	2023 2024	4 4	4 4	0 0	0 0	0 0	0 0	2 2
	2023	2	23	0	0	0	0	25
	2024 2025	2 5	1 5	0 0	0 0	0 0	4 4	3 6

Table No. 4
Status of Company-Owned Businesses
For Years ~~2021~~2022 to ~~2024~~2023

State	Year	Businesses at Start of the Year	Businesses Opened	Businesses Reacquired from Franchisee	Businesses Closed	Businesses Sold to Franchisee	Businesses at End of the Year
Nevada	2021 2022	1	0	0	0	0	1
	2023 2024	1 1	0 0	0 0	0 1	0 0	4 0
	2023 2024	4 0	0	0	4 0	0	0
Totals	2021 2022	1	0	0	0	0	1
	2023 2024	1 1	0	0	0 1	0	4 0
	2024 2025	4 0	0	0	4 0	0	0

Table No. 5
Projected Openings as of December 31, ~~2024~~2023

For Fiscal Year Ending on December 31, ~~2024~~2025

State	Franchise Agreements Signed But Outlet Not Open As of 12/31/ 23 24	Projected New Franchised Outlets to Open in 2024 2025 Fiscal Year	Projected New Company-Owned Outlets to Open In 2024 2025 Fiscal Year
Alabama	0	4 0	0
Arizona	1	2 1	0
Florida	3 4	2 5	0
Indiana Georgia	0 1	1	0
Kansas	0	2	0
Michigan	0	2 1	0
Missouri	0	4 0	0
Nebraska	0	1	0
Nevada	0	2 0	0
N Carolina	0 3	2 3	0
Ohio	0	2 0	0
Pennsylvania Tennessee	1	0 2	0
Texas	0 2	2 3	0
Virginia	4 0	0	0
Wisconsin	4 0	0 1	0
Total	7 12	20	0

Current and Former Franchisees. Set forth on **Exhibit A** are: (i) the names of all current franchisees and the address and telephone number of each of their Franchised Businesses, and (ii) the names, city and state, and the current business telephone number, or, if unknown, the last known home telephone number of every franchisee who had a Franchised Business terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under any Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of this disclosure document's issuance date.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Confidentiality Agreements. We have not signed confidentiality clauses with current or former franchisees in the past three fiscal years. In some instances, current and former franchisees may sign provisions restricting their ability to speak openly about their experience with the Hallmark Homecare system. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

Trademark-Specific Franchisee Organizations. As of the date of this disclosure document, there are no trademark-specific franchisee organizations associated with our franchise system.

Item 21

FINANCIAL STATEMENTS

Exhibit B contains the audited financial statement of HHC for the year ended December 31, ~~2024 and December 31,~~ 2023 and of HHI for the ~~years~~year ended December 31, 2022~~-and December 31, 2021.~~ The audited financial statements have been prepared in accordance with United States generally accepted accounting principles. HHI guarantees the performance of our obligations under the Franchise Agreement. A copy of HHI's Guaranty of our obligations is also attached as Exhibit B.

Item 22

CONTRACTS

The following agreements are attached as exhibits to this Disclosure Document:

Franchise Agreement	Exhibit C
Payment and Performance Guarantee	Exhibit C to the Franchise Agreement
State-Required Franchise Agreement Addenda	Exhibit F
Nondisclosure and Noncompete Agreements	Exhibit G
General Release	Exhibit H
Guaranty	Exhibit B

EXHIBIT A TO THE FDD

LIST OF CURRENT AND FORMER FRANCHISEES

List of Current Franchisees (as of December 31, 20242023):

Name	Address	City	State	Phone
Philip Herron	1 W Fifth St, Unit 207	Winston Salem	NC	631-512-6690
Josh & Melissa Reuter	20458 Everton Trail North	Forest Lake	MN	651-335-1361
Patrick Dickenson	709 Windy Hill Dr	McKinney	TX	214-836-9423
Philip Marxen	2411 Vernon Dr	Charlotte	NC	202-247-1727
Will Childers	1629 N Pelham Rd. NE	Atlanta	GA	706-338-5528
Jason & Alison Jarrett	231 40th Ave S	Jacksonville Beach	FL	904-451-6167
Avante Upshaw, Alex Walker & Myron McKeller	2387 Beecher Rd	Atlanta	GA	404-831-2178
Marshall Davis & Randi Bloom	6774 Royal Orchid Cir	Delray Beach	FL	561-271-8340
Marcus Bear	959 Franklin Ave	Columbus	OH	614-512-1956
Chris & Rowena Hartman	1604 Heatherwood Dr	Decatur	GA	404-644-5755
Hrishi Menon	614 Arbor Press Ct.	Glen Allen	VA	804-972-9374
David & Jen Rubine	7597 Sugar Creek Dr.	Youngstown	OH	330-503-8638
Jody Shincke & Erik Tellvik	1420 County Rd 130	Hutto	TX	206-913-7383
Chad & Tricia Hahlen	622 Penstemon Trail	San Antonio	TX	210-758-9915
Walter & Ena Richards	106 Denny Ridge Road	Jasper	GA	470-854-6005
Brandon & Jenelle Bailey	108 Lei Lani Drive	Lebanon	TN	951-265-7016
William Thach	2131 Dilworth Rd E	Charlotte	NC	610-585-3283
Jeremy & Stephanie Deaver	5818 Griffin Village Ct	Greensboro	NC	336-268-7904
Joe Lariscy and Paul & Ashlyn Crane	7600 Hightower Dr	North Richland Hills	TX	254-224-2002
Ryan Fullmer and Zack & Julie Springer	9050 West Overland Rd Ste 210	Boise	ID	208-412-5487

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Patrick & Brittney Stacey	270 McAcres Dr	McDade	TX	505-550-1157
Rosalia Lobosco	163 N 3225 W	Layton	UT	619-200-9819
Andy Jean Roberts	5350 Laithbank Ln.	Alpharetta	GA	770-584-6462
Chris & Melony Frizzell	4785 Ballantrae Blvd	Land O' Lakes	FL	616-318-8523
Charles & Virginia Keith	1900 South College Ave	Tyler	TX	713-823-1376
Stephanie & Mike Patrick	118 Knoll Way	Jupiter	FL	315-741-2331
Luke & Jennifer Anderton	2313 Mizner Bay Ave	Bradenton	FL	941-666-9393
Kevin & Jessica Darczuk	11605 West Garfield Ave	Wauwatosa	WI	414-406-1020
Tony Grego	1082 Fresno Dr.	Westlake	OH	412-334-0401
Cecilia Kalach & Dan Ginsberg	2000 Island Blvd #1209	Aventura	FL	305-457-1511
Amanda Kidwell	915 Washington St	Flatwoods	KY	606-922-0702
Tim Leow & Jamie Princ	410 Bennett Mountain Trace	Chapel Hill	NC	919-619-3393
Bob & Cheer Papworth	2283 North Cascade Dr	St. George	UT	541-797-9635
Vipul Patel	10043 Brocksport Cir	Gotha	FL	321-663-0548
Robert Pattison	10985 Thrush Ridge	Reston	VA	571-585-0805
Alan Reyes	2884 Josephine Dr.	Henderson	NV	818-730-4536
Tyler Seman	6930 W Knollwood	West Bloomfield	MI	248-762-4252
Bob & Arvinder Sidhu	821 Griffin Park View	Birmingham	AL	205-902-9049
Shane Sparks	2922 Riedling Drive	Louisville	KY	502-445-7992
Jason Viergutz	134 South 13th St Suite 1200	Lincoln	NE	402-460-9389

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List of Franchisees that Left the System in Fiscal Year ~~2024~~2023:

None

Name	Address	City	State	Phone
Marcus Bear	959 Franklin Ave	Columbus	OH	614-512-1956
David & Jen Rubino	7597 Sugar Creek Dr.	Youngstown	OH	330-503-8638
Jody Shincke & Erik Tellvik	1420 County Rd 130	Hutto	TX	206-913-7383
Rosalia Lobosco	163 N 3225 W	Layton	UT	619-200-9819

EXHIBIT B
TO THE FDD
FINANCIAL STATEMENTS

EXHIBIT C
TO THE FDD
FRANCHISE AGREEMENT

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EXHIBIT D
TO THE FDD

STATE ADMINISTRATORS/AGENCIES FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013 (213) 576-7500 or (866) 275-2677	Commissioner of Financial Protection and Innovation 320 West 4 th Street, Suite 750 Los Angeles, California 90013
HAWAII	Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2744	Commissioner of Securities Business Registration Division 335 Merchant Street, Room 203 Honolulu, HI 96813
ILLINOIS	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	Illinois Attorney General 500 South Second Street Springfield, Illinois 62706
INDIANA	Indiana Securities Division Secretary of State Room E-111 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State Room E-111 302 West Washington Street Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Maryland Division of Securities 200 St. Paul Place Baltimore, MD 21202 (410) 576-7042	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division 525 West Ottawa Street Williams Building, 6th Floor Lansing, MI 48933 (517) 335-7567	Michigan Department of Commerce Corporations and Securities Bureau 525 West Ottawa Street Williams Building, 6th Floor Lansing, MI 48933
MINNESOTA	Minnesota Department of Commerce Securities-Franchise Registration 85 7th Place East Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce 85 7th Place East Suite 280 St. Paul, MN 55101-2198
NEW YORK	NYS Department of Law Bureau of Investor Protection and Securities 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8236	Secretary of State of New York One Commerce Plaza 99 Washington Avenue Albany, NY 12231

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Ave. State Capitol, Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner 600 East Boulevard Ave. State Capitol, Fifth Floor, Dept. 414 Bismarck, ND 58505-0510
RHODE ISLAND	Securities Division Department of Business Regulations 1511 Pontiac Avenue Cranston, RI 02920 (401) 462-9585	Director of Business Regulation 1511 Pontiac Avenue Cranston, RI 02920
SOUTH DAKOTA	South Dakota Department of Labor and Regulation Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of the Division of Insurance South Dakota Department of Labor and Regulation Division of Insurance 124 S. Euclid, Suite 104 Pierre, SD 57501
VIRGINIA	State Corporation Commission Tyler Building, Ninth Floor 1300 E. Main Street Richmond, VA 23219 (804) 371-9051	Clerk, Virginia State Corporation Commission Tyler Building, Ninth Floor 1300 E. Main Street Richmond, VA 23219
WASHINGTON	Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, Washington 98501 (360) 902-8760	Director of Financial Institutions 150 Israel Road SW Tumwater, WA 98501
WISCONSIN	Division of Securities Department of Financial Institutions 201 W Washington Ave Suite 300 Madison, WI 53703 608-266-8557	Division of Securities, Department of Financial Institutions 201 W Washington Ave Suite 300 Madison, WI 53703

EXHIBIT E
TO THE FDD

MANUALS' TABLE OF CONTENTS

EXHIBIT F
TO THE FDD

STATE-SPECIFIC
ADDITIONAL DISCLOSURES AND FRANCHISE AGREEMENT ADDENDA

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The following are additional disclosures for the Franchise Disclosure Document required by various state franchise laws. Each provision of these additional disclosures will only apply to you if the applicable state franchise registration and disclosure law applies to you.

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ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT FOR

CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, AND WISCONSIN

The following provision applies only to franchisees and Franchised Businesses that are subject to the state franchise disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and/or Wisconsin:

No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on behalf of us. This provision supersedes any other term of any document executed in connection with the Franchised Business.

CALIFORNIA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner of the Department of Financial Protection and Innovation.

In recognition of the requirements of the California Franchise Investment Law, California Corporations Code §§ 31000 through 31516, and the California Franchise Relations Act, California Business and Professions Code §§ 20000 through 20043, the Disclosure Document for Hallmark Homecare in connection with the offer and sale of franchises for use in the State of California is amended to including the following:

California is amended to including the following:

~~1. 4. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT AT LEAST 14 DAYS PRIOR TO THE EXECUTION OF AGREEMENT.~~

~~2. SECTION 31119 OF THE FRANCHISE INVESTMENT LAW STATES THAT IT IS UNLAWFUL TO SELL ANY FRANCHISE IN THIS STATE THAT IS SUBJECT TO REGISTRATION UNDER THIS LAW WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 14 DAYS PRIOR TO THE EXECUTION BY~~

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~~THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 14 DAYS PRIOR TO THE RECEIPT OF CONSIDERATION, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.~~

~~2. 3. SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT APPROVED BY THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION COMMISSIONER OF BUSINESS OVERSIGHT, BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR DEVELOPMENT AGREEMENT OR FRANCHISE AGREEMENT.~~

~~3. 4. OUR WEBSITE, www.hallmarkhomecare.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov www.dfpi.ca.gov.~~

~~4. 5. The following is added at the end of Item 3:~~

~~Neither we, our parent, predecessor or affiliates nor any person in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. Sections 78a et seq., suspending or expelling such persons from membership in that association or exchange.~~

~~Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. Sections 78a et seq., suspending or expelling such persons from membership in that association or exchange.~~

~~5. 6. The following paragraphs are added at the end of Item 17:~~

~~California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee and multi-unit developer concerning termination or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, and the law applies, the law will control.~~

~~to the franchisee and multi unit developer concerning termination or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, and the law applies, the law will control.~~

~~The Franchise Agreement contains a covenant not to compete that extends beyond termination of the franchise. This provision might not be enforceable under California law.~~

~~The Franchise Agreement provides for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C.A. Sections 101 et seq.).~~

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The Franchise Agreement requires application of the laws of the State of Nevada. This provision might not be enforceable under California law.

The Franchise Agreement requires that any action you bring be commenced in federal or state courts in Incline Village, Nevada. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement restricting litigation to a forum outside the State of California.

The Franchise Agreement requires you to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000 – 31516). Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

~~Any provision of a franchise agreement, franchise disclosure document, acknowledgement, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:~~

- ~~(a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.~~
- ~~(b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.~~
- ~~(c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.~~
- ~~(d) Violations of any provision of this division.~~

HAWAII ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

THESE FRANCHISES HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION

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BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE FDD, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FDD CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

Registered agent in the state authorized to receive service of process: Commissioner of Securities, Department of Commerce and Consumer Affairs, Business Registration Division, Securities Compliance Branch, 335 Merchant Street, Room 203, Honolulu, Hawaii 96813.

ILLINOIS ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

The following statements are added to Item 17:

Any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

The Illinois Franchise Disclosure Act provides that any provision in the Franchise Agreement that designates jurisdiction in a forum outside of Illinois is void with respect to any action which is otherwise enforceable in Illinois.

The Illinois Franchise Disclosure Act requires that Illinois law apply to any claim arising under the Illinois Franchise Disclosure Act.

The conditions under which your Franchise Agreement can be terminated and your rights upon nonrenewal may be affected by Sections 19 and 20 of the Illinois Franchise Disclosure Act.

INDIANA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

The following statements are added to Item 17:

The Indiana Deceptive Franchise Practices Law (Indiana Code 23-2-2.7 et seq.) in general governs the relationship between the franchisor and the franchisee by forbidding certain provisions in the franchise agreement and related documents and by preventing the franchisor from engaging in certain acts and practices which could be considered coercive or oppressive to the franchisee. If any of the provisions of the Franchise Agreement conflicts with this law, this law will control.

Any provisions requiring you to sign a general release of claims against us, including upon execution of a successor Franchise Agreement, refund of initial fees, or transfer, does not release any claim you may have under the Indiana Deceptive Franchise Practices Law.

The Franchise Agreement provide that suits must be brought in the State of Nevada. These provisions may not be enforceable under Indiana law.

Indiana franchise laws will govern the Franchise Agreement and any and all other related documents.

MARYLAND ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

1. The following is added to the end of the "Summary" sections of Item 17(c), entitled Requirements for franchisee to renew or extend, and Item 17(m), entitled Conditions for franchisor approval of transfer:

However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to claims or liability arising under the Maryland Franchise Registration and Disclosure Law.

2. The following is added to the end of the "Summary" section of Item 17(h), entitled "Cause" defined – non-curable defaults:

The Franchise Agreement provides for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but we will enforce it to the extent enforceable.

3. The following sentence is added to the end of the "Summary" section of Item 17(v), entitled Choice of forum:

You may bring suit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. The following language is added to the end of the chart in Item 17:

You must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after the grant of the franchise.

MINNESOTA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

1. **Trademarks**. The following sentence is added to the end of Item 13:

Provided you have complied with all provisions of the Franchise Agreement applicable to the Marks, we will protect your rights to use the Marks and we also will indemnify you from any loss, costs or expenses from any claims, suits or

demands regarding your use of the Marks in accordance with Minn. Stat. Sec. 80C.12 Subd. 1(g).

2. **Renewal, Termination, Transfer and Dispute Resolution.** The following is added at the end of the chart in Item 17:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) of the Franchise Agreement and 180 days' notice for non-renewal of the Franchise Agreement.

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J might prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or Franchise Agreement can abrogate or reduce any of Franchisee's rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction. Those provisions also provide that no condition, stipulation or provision in the Franchise Agreement will in any way abrogate or reduce any of your rights under the Minnesota Franchises Law, including, if applicable, the right to submit matters to the jurisdiction of the courts of Minnesota.

Any release required as a condition of renewal, sale and/or transfer/assignment will not apply to the extent prohibited by applicable law with respect to claims arising under Minn. Rule 2860.4400D.

NEW YORK ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT D OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NYS DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005.

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS

WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

- A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
- B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
- C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.
- D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

None of the franchisor, its affiliates, its predecessors, officers, or general partners during the 10-year period immediately before the date of the offering circular: (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 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the "Summary" sections of Item 17(c), entitled Requirements for franchisee to renew or extend, and Item 17(m), entitled Conditions for franchisor approval of transfer:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the "Summary" section of Item 17(d), entitled Termination by franchisee:

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the "Summary" section of Item 17(j), entitled Assignment of contract by franchisor:

However, no assignment will be made except to an assignee that in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

8. The following is added to the end of the "Summary" sections of Item 17(v), entitled Choice of forum, and Item 17(w), entitled Choice of law:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

NORTH DAKOTA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

1. The following is added to the end of Item 5:

Based on our financial condition, the North Dakota Securities Commissioner has required a financial assurance. Therefore, all initial fees owed by you to us will be deferred until we have completed our obligations to you under the Franchise Agreement and your Franchised Business opens for business under the Franchise Agreement.

2. The following is added to the end of the "Summary" sections of Item 17(c), entitled Requirements for franchisee to renew or extend, and Item 17(m), entitled Conditions for franchisor approval of transfer:

However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

3. The following is added to the end of the "Summary" section of Item 17(r), entitled Non-competition covenants after the franchise is terminated or expires:

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, we and you will enforce the covenants to the maximum extent the law allows.

4. The "Summary" section of Item 17(u), entitled Dispute resolution by arbitration or mediation is deleted and replaced with the following:

To the extent required by the North Dakota Franchise Investment Law (unless such requirement is preempted by the Federal Arbitration Act), mediation will be at a site to which we and you mutually agree.

5. The "Summary" section of Item 17(v), entitled Choice of forum, is deleted and replaced with the following:

You must sue us in the State of Nevada, except that to the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota.

6. The "Summary" section of Item 17(w), entitled Choice of law, is deleted and replaced with the following:

Except as otherwise required by North Dakota law, the laws of the State of Nevada will apply.

RHODE ISLAND ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

The following language is added to the end of the "Summary" sections of Item 17(v), entitled Choice of forum, and 17(w), entitled Choice of law:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum

outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

**VIRGINIA ADDENDUM
TO THE FRANCHISE DISCLOSURE DOCUMENT**

The following statements are added to Item 17.h.:

Under 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.

**WASHINGTON ADDENDUM
TO THE FRANCHISE DISCLOSURE DOCUMENT**

In recognition of the requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.010 through 19.100.940, the Disclosure Document for Hallmark Homecare for use in the State of Washington is amended as follows:

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
2. RCW 19.100.180 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.
3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Franchise Agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder 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, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Franchise Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.
7. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable in Washington.
8. Franchisees who receive financial incentives to refer franchise prospects to franchisors may be required to register as franchise brokers under the laws of Washington State.
9. The franchisor may use the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

**THE FOLLOWING PAGES IN THIS EXHIBIT ARE
STATE-SPECIFIC ADDENDA TO THE
FRANCHISE AGREEMENT**

**CALIFORNIA ADDENDUM
TO FRANCHISE AGREEMENT**

THIS ADDENDUM (this “**Addendum**”) is made and entered into by and between Hallmark Homecare, LLC. (“**Franchisor**”), and _____ (“**Franchisee**”). In this Addendum, “**we**,” “**us**,” and “**our**” refers to Franchisor. “**You**” and “**your**” refers to Franchisee.

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated _____, 20____ (the “**Franchise Agreement**”). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) any of the offering or sales activity relating to the Franchise Agreement occurred in California or (b) the Franchised Business that you will operate under the Franchise Agreement will be located in California.

2. **INSOLVENCY.** If any of the provisions of the Franchise Agreement concerning termination are inconsistent with either the California Franchise Relations Act or the Federal Bankruptcy Code (concerning termination of the Agreement on certain bankruptcy-related events), then the Federal Bankruptcy Code applies.

3. **GOVERNING LAW.** The Franchise Agreement is governed by Nevada law. This requirement may be unenforceable under California law.

4. **COVENANT NOT TO COMPETE.** The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

5. **NO WAIVERS.** You must sign a general release if you renew or transfer your franchise. California Corporations Code § 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§ 31000 through 31516). California Business and Professions Code § 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§ 20000 through 20043).

6. **CHOICE OF FORUM.** The Franchise Agreement requires that any litigation be conducted in the state of our principal place of business. This provision may not be enforceable under California law.

IN WITNESS WHEREOF, each of the undersigned has executed this Addendum under seal as of the Effective Date.

FRANCHISOR:

HALLMARK HOMECARE, LLC.

By: _____
Name: Steven Everhart
Title: Manager
Date: _____

FRANCHISEE:

By: _____
Name: _____
Title: _____
Date: _____

ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM (this “**Addendum**”) is made and entered into by and between Hallmark Homecare, LLC. (“**Franchisor**”), and _____ (“**Franchisee**”). In this Addendum, “**we**,” “**us**,” and “**our**” refers to Franchisor. “**You**” and “**your**” refers to Franchisee.

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated _____, 20____ (the “**Franchise Agreement**”). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) any of the offering or sales activity relating to the Franchise Agreement occurred in Illinois and the Franchised Business that you will operate under the Franchise Agreement will be located in Illinois, and/or (b) you are domiciled in Illinois.

2. **GOVERNING LAW.** Section 17.1 (Governing Law) of the Franchise Agreement is deleted and replaced with the following:

EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.), OR OTHER UNITED STATES FEDERAL LAW, THIS AGREEMENT, THE FRANCHISE, AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN US AND YOU WILL BE GOVERNED BY THE LAWS OF THE STATE OF ILLINOIS WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES.

3. **FORUM FOR LITIGATION.** The following sentence is added to the end of Section 17.2 (Forum for Litigation) of the Franchise Agreement:

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement which designates jurisdiction in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois.

4. **MUTUAL WAIVER OF JURY TRIAL AND PUNITIVE DAMAGES.** The following language is added to the end of Sections 17.3 (Mutual Waiver of Jury Trial) and 17.4 (Mutual Waiver of Punitive Damages) of the Franchise Agreement:

HOWEVER, THIS SECTION SHALL NOT ACT AS A CONDITION, STIPULATION OR PROVISION PURPORTING TO BIND ANY PERSON ACQUIRING ANY FRANCHISE TO WAIVE COMPLIANCE WITH ANY PROVISION OF THE ILLINOIS FRANCHISE DISCLOSURE ACT AT SECTION 705/41 OR ILLINOIS REGULATIONS AT SECTION 200.609.

5. **ENTIRE AGREEMENT.** Section 19 (Entire Agreement) of the Franchise Agreement is amended by adding the following:

Notwithstanding the foregoing, nothing in this Agreement is intended to disclaim the express representations we made in the Franchise Disclosure Document.

6. **ILLINOIS FRANCHISE DISCLOSURE ACT.** The following language is added at the end of Section 21 of the Franchise Agreement:

Illinois Franchise Disclosure Act. Section 41 of the Illinois Franchise Disclosure Act states that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Act or any other law of Illinois is void.

IN WITNESS WHEREOF, each of the undersigned has executed this Addendum under seal as of the Effective Date.

FRANCHISOR:

HALLMARK HOMECARE, LLC.

By: _____
Name: Steven Everhart
Title: Manager
Date: _____

FRANCHISEE:

By: _____
Name: _____
Title: _____
Date: _____

**INDIANA ADDENDUM
TO FRANCHISE AGREEMENT**

THIS ADDENDUM (this “**Addendum**”) is made and entered into by and between Hallmark Homecare, LLC. (“**Franchisor**”), and _____ (“**Franchisee**”). In this Addendum, “**we**,” “**us**,” and “**our**” refers to Franchisor. “**You**” and “**your**” refers to Franchisee.

1. **BACKGROUND**. We and you are parties to that certain Franchise Agreement dated _____, 20____ (the “**Franchise Agreement**”). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) you are domiciled in Indiana, and/or (b) the Franchised Business that you will operate under the Franchise Agreement will be located in Indiana.

2. **GOVERNING LAW**. The laws of the State of Indiana supersede any provisions of the Franchise Agreement, or Nevada law if these provisions are in conflict with Indiana law. The Franchise Agreement will be governed by Indiana law, rather than Nevada law as stated in Section 17.1 (Governing Law) of the Franchise Agreement.

3. **CHOICE OF VENUE**. Venue for litigation will not be limited to Nevada, as specified in Section 17.2 (Forum for Litigation) of the Franchise Agreement.

4. **NO WAIVER**. No release language stated in the Franchise Agreement will relieve us or any other person, directly or indirectly, from liability imposed by the laws on franchising of the State of Indiana.

IN WITNESS WHEREOF, each of the undersigned has executed this Addendum under seal as of the Effective Date.

FRANCHISOR:

HALLMARK HOMECARE, LLC.

By: _____
Name: Steven Everhart
Title: Manager
Date: _____

FRANCHISEE:

By: _____
Name: _____
Title: _____
Date: _____

MARYLAND ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM (this “**Addendum**”) is made and entered into by and between Hallmark Homecare, LLC. (“**Franchisor**”), and _____ (“**Franchisee**”). In this Addendum, “**we**,” “**us**,” and “**our**” refers to Franchisor. “**You**” and “**your**” refers to Franchisee.

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated _____, 20____ (the “**Franchise Agreement**”). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) you are domiciled in Maryland, and/or (b) the Franchised Business that you will operate under the Franchise Agreement will be located in Maryland.

2. **RELEASES.** The following is added to the end of Sections 1.3 (Renewal) and 13.2(b) (Conditions for Obtaining Consent) of the Franchise Agreement:

However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to any claims or liability arising under the Maryland Franchise Registration and Disclosure Law.

3. **INSOLVENCY.** The following sentence is added to the end of Section 14.1 (Termination by Us) of the Franchise Agreement:

Section 14.1(c) may not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.).

4. **GOVERNING LAW.** The following sentence is added to the end of Section 17.1 (Governing Law) of the Franchise Agreement:

Notwithstanding the foregoing, the Maryland Franchise Registration and Disclosure Law shall govern any claim arising under that law.

5. **FORUM FOR LITIGATION.** The following language is added to the end of Section 17.2 (Forum for Litigation) of the Franchise Agreement:

You may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

6. **LIMITATIONS OF CLAIMS.** The following sentence is added to the end of Section 17 (Dispute Resolution) of the Franchise Agreement:

You must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after we grant you the franchise.

7. **FRANCHISEE ACKNOWLEDGEMENTS.** The following is added to the end of Section 21 (Franchisee Acknowledgements) of the Franchise Agreement:

All representations requiring you to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

IN WITNESS WHEREOF, each of the undersigned has executed this Addendum under seal as of the Effective Date.

FRANCHISOR:

HALLMARK HOMECARE, LLC.

By: _____
Name: _____ Steven Everhart
Title: _____ Manager
Date: _____

FRANCHISEE:

By: _____
Name: _____
Title: _____
Date: _____

MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM (this “**Addendum**”) is made and entered into by and between Hallmark Homecare, LLC. (“**Franchisor**”), and _____ (“**Franchisee**”). In this Addendum, “**we**,” “**us**,” and “**our**” refers to Franchisor. “**You**” and “**your**” refers to Franchisee.

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated _____, 20____ (the “**Franchise Agreement**”). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) the Franchised Business that you will operate under the Franchise Agreement will be located in Minnesota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Minnesota.

2. **RELEASES.** The following is added to the end of Sections 1.3 (Renewal) and 13.2(b) (Conditions for Obtaining Consent) of the Franchise Agreement:

Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

3. **SUCCESSOR TERM AND TERMINATION TERM.** The following is added to the end of Sections 1.3 (Renewal) and 14 (Termination) of the Franchise Agreement:

However, with respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice of non-renewal of this Agreement.

4. **NOTIFICATION OF INFRINGEMENT AND CLAIMS.** The following sentence is added to the end of Section 8.4 (Use of Intellectual Property) of the Franchise Agreement:

Provided you have complied with all provisions of this Agreement applicable to the Marks, we will protect your right to use the Marks and will indemnify you from any loss, costs or expenses arising out of any claims, suits or demands regarding your use of the Marks in accordance with Minn. Stat. Sec. 80C 12, Subd. 1(g).

5. **GOVERNING LAW.** The following statement is added at the end of Section 17.1 (Governing Law) of the Franchise Agreement:

NOTHING IN THIS AGREEMENT WILL ABROGATE OR REDUCE ANY OF YOUR RIGHTS UNDER MINNESOTA STATUTES CHAPTER 80C OR YOUR RIGHT TO ANY PROCEDURE, FORUM OR REMEDIES THAT THE LAWS OF THE JURISDICTION PROVIDE.

6. **FORUM FOR LITIGATION.** The following language is added to the end of Section 17.2 (Forum for Litigation) of the Franchise Agreement:

NOTWITHSTANDING THE FOREGOING, MINN. STAT. SEC. 80C.21 AND MINN. RULE 2860.4400J PROHIBIT US, EXCEPT IN CERTAIN SPECIFIED CASES, FROM REQUIRING LITIGATION TO BE CONDUCTED OUTSIDE OF MINNESOTA. NOTHING IN THIS AGREEMENT WILL ABROGATE OR REDUCE ANY OF YOUR RIGHTS UNDER

MINNESOTA STATUTES CHAPTER 80.C OR YOUR RIGHTS TO ANY PROCEDURE,
FORUM OR REMEDIES THAT THE LAWS OF THE JURISDICTION PROVIDE.

7. **MUTUAL WAIVER OF JURY TRIAL AND PUNITIVE DAMAGES**. If and then only to
the extent required by the Minnesota Franchises Law, Sections 17.3 and 17.4 of the Franchise
Agreement are deleted.

8. **LIMITATIONS OF CLAIMS**. The following is added to the end of Section 17 of the
Franchise Agreement:

Minnesota law provides that no action may be commenced under Minn.
Stat. Sec. 80C.17 more than 3 years after the cause of action accrues.

IN WITNESS WHEREOF, each of the undersigned has executed this Addendum under
seal as of the Effective Date.

FRANCHISOR:

HALLMARK HOMECARE, LLC.

By: _____
Name: Steven Everhart
Title: Manager
Date: _____

FRANCHISEE:

By: _____
Name: _____
Title: _____
Date: _____

NEW YORK ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM (this “**Addendum**”) is made and entered into by and between Hallmark Homecare, LLC. (“**Franchisor**”), and _____ (“**Franchisee**”). In this Addendum, “**we**,” “**us**,” and “**our**” refers to Franchisor. “**You**” and “**your**” refers to Franchisee.

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated _____, 20____ (the “**Franchise Agreement**”). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) you are domiciled in the State of New York and the Franchised Business that you will operate under the Franchise Agreement will be located in New York, and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in New York.

2. **TRANSFER - BY US.** The following language is added to the end of Section 13.4 (Transfer by Us) of the Franchise Agreement:

However, to the extent required by applicable law, no transfer will be made except to an assignee that, in our good faith judgment, is willing and able to assume our obligations under this Agreement.

3. **RELEASES.** The following language is added to the end of Sections 1.3 (Renewal) and 13.2(b) (Conditions for Obtaining Consent) of the Franchise Agreement:

Notwithstanding the foregoing all rights enjoyed by you and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force to the extent required by the non-waiver provisions of GBL Sections 687.4 and 687.5, as amended.

4. **TERMINATION OF AGREEMENT - BY YOU.** The following language is added to the end of Section 14.3 (Termination by You) of the Franchise Agreement:

You also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

5. **INJUNCTIVE RELIEF.** The following sentence is added to the end of Sections 15.5 (Injunctive and Other Relief) and 17.2 (Forum for Litigation):

Our right to obtain injunctive relief exists only after proper proofs are made and the appropriate authority has granted such relief.

6. **GOVERNING LAW.** The following is added to the end of Section 17.1 (Governing Law) of the Franchise Agreement:

This section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder.

7. **FORUM FOR LITIGATION.** The following statement is added at the end of Section 17.2 (Forum for Litigation) of the Franchise Agreement:

This section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder.

IN WITNESS WHEREOF, each of the undersigned has executed this Addendum under seal as of the Effective Date.

FRANCHISOR:

HALLMARK HOMECARE, LLC.

By: _____
Name: Steven Everhart
Title: Manager
Date: _____

FRANCHISEE:

By: _____
Name: _____
Title: _____
Date: _____

NORTH DAKOTA ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM (this “**Addendum**”) is made and entered into by and between Hallmark Homecare, LLC. (“**Franchisor**”), and _____ (“**Franchisee**”). In this Addendum, “**we**,” “**us**,” and “**our**” refers to Franchisor. “**You**” and “**your**” refers to Franchisee.

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated _____, 20____ (the “**Franchise Agreement**”). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) you are a resident of North Dakota and the Franchised Business that you will operate under the Franchise Agreement will be located or operated in North Dakota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in North Dakota.

2. **RELEASES.** The following is added to the end of Sections 1.3 (Renewal) and 13.2(b) (Conditions for Obtaining Consent) of the Franchise Agreement:

Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

3. **INITIAL FEES.** The following is added to the end of Section 4 (Initial Franchise Fee) of the Franchise Agreement:

Based on our financial condition, the North Dakota Securities Commissioner has required a financial assurance. Therefore, the Franchise Fee owed by you to us will be deferred until we have completed our obligations to you under the Franchise Agreement and your Franchised Business opens for business.

4. **COVENANT NOT TO COMPETE.** The following is added to the end of Section 12.2 (Covenant Not to Compete) of the Franchise Agreement:

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, we will enforce the covenants to the maximum extent the law allows.

5. **GOVERNING LAW.** Section 17.1 (Governing Law) of the Franchise Agreement is deleted and replaced with the following:

EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.), OR OTHER UNITED STATES FEDERAL LAW, AND EXCEPT AS OTHERWISE REQUIRED BY NORTH DAKOTA LAW, THIS AGREEMENT, THE FRANCHISE, AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN US AND YOU WILL BE GOVERNED BY THE LAWS OF THE STATE OF NEVADA WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES, EXCEPT THAT ANY LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP OF A FRANCHISOR AND ITS FRANCHISEE WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION.

6. **FORUM FOR LITIGATION**. The following is added to the end of Section 17.2 (Forum for Litigation) of the Franchise Agreement:

NOTWITHSTANDING THE FOREGOING, TO THE EXTENT REQUIRED BY THE NORTH DAKOTA FRANCHISE INVESTMENT LAW, AND SUBJECT TO YOUR ARBITRATION OBLIGATIONS, YOU MAY BRING AN ACTION IN NORTH DAKOTA FOR CLAIMS ARISING UNDER THE NORTH DAKOTA FRANCHISE INVESTMENT LAW.

7. **WAIVER OF JURY TRIAL**. To the extent required by the North Dakota Franchise Investment Law, Section 17.3 (Waiver of Jury Trial) of the Franchise Agreement is deleted.

8. **WAIVER OF PUNITIVE DAMAGES**. To the extent required by the North Dakota Franchise Investment Law, Section 17.4 (Waiver of Punitive Damages) of the Franchise Agreement is deleted.

IN WITNESS WHEREOF, each of the undersigned has executed this Addendum under seal as of the Effective Date.

FRANCHISOR:

HALLMARK HOMECARE, LLC.

By: _____
Name: Steven Everhart
Title: Manager
Date: _____

FRANCHISEE:

By: _____
Name: _____
Title: _____
Date: _____

RHODE ISLAND ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM (this “**Addendum**”) is made and entered into by and between Hallmark Homecare, LLC. (“**Franchisor**”), and _____ (“**Franchisee**”). In this Addendum, “**we**,” “**us**,” and “**our**” refers to Franchisor. “**You**” and “**your**” refers to Franchisee.

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated _____, 20____ (the “**Franchise Agreement**”). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) the Franchised Business that you will operate under the Franchise Agreement will be located in Rhode Island; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Rhode Island.

2. **NON-RENEWAL AND TERMINATION.** The following paragraph is added to the end of Sections 1.3 (Renewal) and 14.1 (Termination by Us):

Section 6-50-4 of the Rhode Island Fair Dealership Law includes the requirement that, in certain circumstances, a franchisee receive 90 days’ notice of termination, cancellation, non-renewal or substantial change in competitive circumstances. The notice shall state all the reasons for termination, cancellation, non-renewal or substantial change in competitive circumstances and shall provide that the franchisee has 60 days in which to rectify any claimed deficiency and shall supersede the requirements of the Franchise Agreement to the extent they may be inconsistent with the Law’s requirements. If the deficiency is rectified within 60 days the notice shall be void. The above-notice provisions shall not apply if the reason for termination, cancellation or nonrenewal is insolvency, the occurrence of an assignment for the benefit of creditors or bankruptcy. If the reason for termination, cancellation, nonrenewal or substantial change in competitive circumstances is nonpayment of sums due under the Franchise Agreement, you shall be entitled to written notice of such default, and shall have 10 days in which to remedy such default from the date of delivery or posting of such notice.

3. **GOVERNING LAW / FORUM FOR LITIGATION.** The following language is added to the end of Sections 17.1 (Governing Law) and 17.2 (Forum for Litigation) of the Franchise Agreement:

SECTION 19-28.1-14 OF THE RHODE ISLAND FRANCHISE INVESTMENT ACT PROVIDES THAT “A PROVISION IN A FRANCHISE AGREEMENT RESTRICTING JURISDICTION TO A FORUM OUTSIDE THIS STATE OR REQUIRING THE APPLICATION OF THE LAWS OF ANOTHER STATE IS VOID WITH RESPECT TO A CLAIM OTHERWISE ENFORCEABLE UNDER THIS ACT.” TO THE EXTENT REQUIRED BY APPLICABLE LAW, RHODE ISLAND LAW WILL APPLY TO CLAIMS ARISING UNDER THE RHODE ISLAND FRANCHISE INVESTMENT ACT.

IN WITNESS WHEREOF, each of the undersigned has executed this Addendum under seal as of the Effective Date.

FRANCHISOR:

HALLMARK HOMECARE, LLC.

By: _____
Name: Steven Everhart
Title: Manager

Date: _____

FRANCHISEE:

By: _____
Name: _____
Title: _____

Date: _____

**WASHINGTON ADDENDUM
TO FRANCHISE AGREEMENT AND RELATED AGREEMENTS**

THIS ADDENDUM (this “**Addendum**”) is made and entered into by and between Hallmark Homecare, LLC. (“**Franchisor**”), and _____ (“**Franchisee**”). In this Addendum, “**we**,” “**us**,” and “**our**” refers to Franchisor. “**You**” and “**your**” refers to Franchisee.

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated _____, 20____ (the “**Franchise Agreement**”). This Addendum is annexed to and forms part of the Franchise Agreement and any related agreements. This Addendum is being signed because (a) the Franchised Business that you will operate under the Franchise Agreement will be located in Washington; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Washington.

2. **WASHINGTON LAW.** The following paragraphs are added to the end of the Franchise Agreement and any related agreements:

a. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

b. RCW 19.100.180 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.

c. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Franchise Agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

d. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder 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, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

e. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

f. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that

will be adjusted annually for inflation). As a result, any provisions contained in the Franchise Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

g. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable in Washington.

h. Franchisees who receive financial incentives to refer franchise prospects to franchisors may be required to register as franchise brokers under the laws of Washington State.

IN WITNESS WHEREOF, each of the undersigned has executed this Addendum under seal as of the Effective Date.

FRANCHISOR:

HALLMARK HOMECARE, LLC.

By: _____
Name: Steven Everhart
Title: Manager
Date: _____

FRANCHISEE:

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT G
TO THE FDD

FORM OF NONDISCLOSURE AND NONCOMPETE AGREEMENTS

NONDISCLOSURE AND NONCOMPETE AGREEMENT

This Agreement is dated [DATE]. The parties are [NAME OF FRANCHISEE] (referred to as “we”, “us”, and “our”), located at [ADDRESS], and [NAME OF MANAGEMENT EMPLOYEE OR OTHER INDIVIDUAL] (referred to as “you” and “your”). You are signing this Agreement in consideration of, and as a condition to, your association with us and the compensation and/or other payments or benefits you will receive directly or indirectly from us.

BACKGROUND

We are a franchisee of Hallmark Homecare, LLC. (“HHL”) under a Franchise Agreement dated [DATE] (the “**Franchise Agreement**”). We have a license to use certain trademarks designated by HHL (the “**Marks**”), certain policies and procedures used in Hallmark Homecare® businesses (the “**System**”), and the Confidential Information developed and owned by HHL in our Hallmark Homecare® business (the “**Business**”). HHL recognizes that, in order for us to effectively operate our business, our managers and certain other individuals must have access to certain confidential information and trade secrets owned by HHL. Disclosure of this confidential information and trade secrets to unauthorized persons, or its use for any purpose other than the operation of our business, would harm HHL, other franchise owners, and us. Accordingly, HHL requires us to have you to sign this Agreement.

AGREEMENT

1. Confidential Information. As used in this Agreement, “**Confidential Information**” means all operations and training manuals, trade secrets, know-how, methods, training materials, information, management procedures, and marketing and pricing techniques relating to the Business, the System, or HHL’s business. In addition, Confidential Information includes all marketing plans, advertising plans, business plans, financial information, client or caregiver information, employee information, independent contractor information and other confidential information of HHL, HHL’s affiliates, or us (collectively, the “**Interested Parties**”) that you obtain as a result of your association with us.

2. Nondisclosure. You agree not to use or disclose, or permit anyone else to use or disclose, any Confidential Information to anyone outside of our organization (other than the Interested Parties) and not to use any Confidential Information for any purpose, except, if applicable, to carry out your duties as our employee. You also agree not to claim any ownership in or rights to Confidential Information and not to challenge or contest any of the Interested Parties’ ownership of it. These obligations apply both during and after your association with us.

3. Return of Confidential Information. If your association with us ends for any reason or upon our request, you must return to us all records described in Paragraph 1, all other Confidential Information, and any authorized or unauthorized copies of Confidential Information that you may have in your possession or control. You may not retain any Confidential Information after your association with us ends.

4. Noncompete During Association. You may not, during your association with us, without our prior written consent:

(a) own, manage, engage in, be employed by, advise, make loans to, lease to, or have any other interest in any service business offering companion care (each, a “**Competitive Business**”) at any location in the United States;

(b) divert or attempt to divert any actual or prospective business or client of the Business to any Competitive Business by direct or indirect inducement or otherwise; or

(c) perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

5. Noncompete After Association Ends. For two years after your association with us ends for any reason, you will be subject to the same restrictions as in Section 4 (Noncompete During Association), except the restrictions in Section 4(a) and 4(b) shall be geographically limited to any Competitive Business that is located within or operates within a 20-mile radius of the territory of the Business or any other Hallmark Homecare® business that is operating at the time of such separation.

6. Remedies. If you breach or threaten to breach this Agreement, you agree that we will be entitled to injunctive relief (without posting bond) as well as a suit for damages.

7. Severability. If any part of this Agreement is declared invalid for any reason, the invalidity will not affect the remaining provisions of this Agreement. If a court finds any provision of this Agreement to be unreasonable or unenforceable as written, you agree that the court can modify the provision to make it enforceable and that you will abide by the provision as modified.

8. Independent Agreement. The Agreement is independent of any other obligations between you and us. This means that it is enforceable even if you claim that we breached any other agreement, understanding, commitment or promise.

9. Third Party Right of Enforcement. You are signing this Agreement not only for our benefit, but also for the benefit of the other Interested Parties. Each of the Interested Parties shall have the right to enforce this Agreement directly against you.

10. Not an Employment Agreement. This is not an employment agreement. Nothing in this Agreement creates or should be taken as evidence of an agreement or understanding by us, express or implied, to continue your association with us for any specified period.

11. Modification and Waiver. Your obligations under this Agreement cannot be waived or modified except in writing.

12. Governing Law. This Agreement is governed by the laws of the state in which our principal office is located.

13. Attorneys' Fees. If we have to take legal action to enforce this Agreement, we will be entitled to recover from you all of our costs, including reasonable attorneys' fees, to the extent that we prevail on the merits.

14. Representation. You certify that you have read and fully understood this Agreement, and that you entered into it willingly.

WITNESS:

YOU:

Name: _____

Name: _____

NONDISCLOSURE AGREEMENT

This Agreement is dated [DATE]. The parties are [NAME OF FRANCHISEE] (referred to as “we”, “us”, and “our”), located at [ADDRESS], and [NAME OF RECIPIENT OF CONFIDENTIAL INFORMATION] (referred to as “you” and “your”). You are signing this Agreement in consideration of, and as a condition to, your association with us and the compensation, dividends, and/or other payments or benefits you will receive directly or indirectly from us.

BACKGROUND

We are a franchisee of Hallmark Homecare, LLC. (“HHL”) under a Franchise Agreement dated [DATE] (the “**Franchise Agreement**”). We have a license to use certain trademarks designated by HHL (the “**Marks**”), certain policies and procedures used in Hallmark Homecare® businesses (the “**System**”), and the Confidential Information developed and owned by HHL in our Hallmark Homecare® business (the “**Business**”). HHL recognizes that, in order for us to effectively operate our business, our managers and certain other individuals must have access to certain confidential information and trade secrets owned by HHL. Disclosure of this confidential information and trade secrets to unauthorized persons, or its use for any purpose other than the operation of our business, would harm HHL, other franchise owners, and us. Accordingly, HHL requires us to have you to sign this Agreement.

AGREEMENT

1. Confidential Information. As used in this Agreement, “**Confidential Information**” means all operations and training manuals, trade secrets, know-how, methods, training materials, information, management procedures, and marketing and pricing techniques relating to the Business, the Hallmark Homecare® System, or HHL’s business. In addition, Confidential Information includes all marketing plans, advertising plans, business plans, financial information, client or caregiver information, employee information, independent contractor information and other confidential information of HHL, HHL’s affiliates, or us (collectively, the “**Interested Parties**”) that you obtain as a result of your association with us.

2. Nondisclosure. You agree not to use or disclose, or permit anyone else to use or disclose, any Confidential Information to anyone outside of our organization (other than the Interested Parties) and not to use any Confidential Information for any purpose, except, if applicable, to carry out your duties as our employee or as an independent contractor to us. You also agree not to claim any ownership in or rights to Confidential Information and not to challenge or contest any of the Interested Parties’ ownership of it. These obligations apply both during and after your association with us.

3. Return of Confidential Information. If your association with us ends for any reason or upon our request, you must return to us all records described in Paragraph 1, all other Confidential Information, and any authorized or unauthorized copies of Confidential Information that you may have in your possession or control. You may not retain any Confidential Information after your association with us ends.

4. Remedies. If you breach or threaten to breach this Agreement, you agree that we will be entitled to injunctive relief (without posting bond) as well as a suit for damages.

5. Severability. If any part of this Agreement is declared invalid for any reason, the invalidity will not affect the remaining provisions of this Agreement. If a court finds any provision of this Agreement to be unreasonable or unenforceable as written, you agree that the court can modify the provision to make it enforceable and that you will abide by the provision as modified.

6. Independent Agreement. The Agreement is independent of any other obligations between you and us. This means that it is enforceable even if you claim that we breached any other agreement, understanding, commitment or promise.

7. Third Party Right of Enforcement. You are signing this Agreement not only for our benefit, but also for the benefit of the other Interested Parties. Each of the Interested Parties have the right to enforce this Agreement directly against you.

8. Not An Employment Agreement. This is not an employment agreement. Nothing in this Agreement creates or should be taken as evidence of an agreement or understanding by us, express or implied, to continue your association with us for any specified period.

9. Modification and Waiver. Your obligations under this Agreement cannot be waived or modified except in writing.

10. Governing Law. This Agreement is governed by the laws of the state in which our principal office is located.

11. Attorneys' Fees. If we have to take legal action to enforce this Agreement, we will be entitled to recover from you all of our costs, including reasonable attorneys' fees, to the extent that we prevail on the merits.

12. Representation. You certify that you have read and fully understood this Agreement, and that you entered into it willingly.

WITNESS:

YOU:

Name: _____

Name: _____

EXHIBIT H
TO THE FDD

FORM OF GENERAL RELEASE

GENERAL RELEASE

THIS GENERAL RELEASE ("Release") is executed on _____
by _____
("Franchisee"), _____
("Guarantors"), _____
("Transferee") as a condition of (1) the transfer of the Franchise Agreement dated [month] [day], [year] between Hallmark Homecare, LLC. ("HHL") and Franchisee ("Franchise Agreement"); or (2) the execution of a successor Franchise Agreement by Franchisee and HHL. (If this Release is executed under the conditions set forth in (2) above, all references in this Release to "Transferee" should be ignored.)

1. Release by Franchisee, Transferee, and Guarantors. Franchisee and Transferee (on behalf of themselves and their parents, subsidiaries, and affiliates and their respective past and present officers, directors, shareholders, managers, members, agents, and employees, in their corporate and individual capacities), and Guarantors (on behalf of themselves and their respective heirs, representatives, successors and assigns) (collectively, the "Releasors") freely and without any influence forever release (i) HHL, (ii) HHL's past and present officers, directors, shareholders, managers, members, agents, and employees, in their corporate and individual capacities, and (iii) HHL's parent, subsidiaries, and affiliates and their respective past and present officers, directors, shareholders, managers, members, agents, and employees, in their corporate and individual capacities (collectively, the "Released Parties"), from any and all claims, debts, demands, liabilities, suits, judgments, and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively, "Claims"), which any Releasor ever owned or held, now owns or holds, or may in the future own or hold, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances and claims arising out of, or relating to, the Franchise Agreement and all other agreements between any Releasor and HHL or HHL's parent, subsidiaries, or affiliates, arising out of, or relating to any act, omission or event occurring on or before the date of this Release, unless prohibited by applicable law.

2. Risk of Changed Facts. Franchisee, Transferee, and Guarantors understand that the facts in respect of which the release in Section 1 is given may turn out to be different from the facts now known or believed by them to be true. Franchisee, Transferee, and Guarantors hereby accept and assume the risk of the facts turning out to be different and agree that the release in Section 1 shall nevertheless be effective in all respects and not subject to termination or rescission by virtue of any such difference in facts.

3. Covenant Not to Sue. Franchisee, Transferee, and Guarantors (on behalf of Releasors) covenant not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any person or entity released under Section 1 with respect to any Claim released under Section 1.

4. No Prior Assignment and Competency. Franchisee, Transferee, and Guarantors represent and warrant that: (i) the Releasors are the sole owners of all Claims and rights released in Section 1 and that the Releasors have not assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim released under Section 1; (ii) each Releasor has full and complete power and authority to execute this Release, and that the execution of this Release shall not violate the terms of any contract or agreement between them or any court order; and (iii) this Release has been voluntarily and knowingly executed after each of them has had the opportunity to consult with counsel of their own choice.

5. Complete Defense. Franchisee, Transferee, and Guarantors: **(i)** acknowledge that the release in Section 1 shall be a complete defense to any Claim released under Section 1; and **(ii)** consent to the entry of a temporary or permanent injunction to prevent or end the assertion of any such Claim.

6. Successors and Assigns. This Release will inure to the benefit of and bind the successors, assigns, heirs, and personal representatives of the Released Parties and each Releasor.

7. Counterparts. This Release may be executed in two or more counterparts (including by facsimile), each of which shall be deemed an original, and all of which shall constitute one and the same instrument.

8. Capitalized Terms. Any capitalized terms that are not defined in this Release shall have the meaning given them in the Franchise Agreement.

[THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK.]

IN WITNESS WHEREOF, Franchisee, Transferee, and Guarantors have executed this Release as of the date shown above.

FRANCHISEE:

By: _____

Print Name: _____

Title: _____

Date: _____

TRANSFeree:

By: _____

Print Name: _____

Title: _____

Date: _____

GUARANTOR:

Print Name: _____

Date: _____

GUARANTOR:

Print Name: _____

Date: _____

State Effective Dates

The following states have franchise laws that require that the 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.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Hawaii	Pending
Illinois	n/a
Indiana	4/3/2024 Pending
Maryland	n/a
Michigan	3/8/2024 Pending
Minnesota	5/24/2024 Pending
New York	n/a
North Dakota	Pending
Rhode Island	Pending
South Dakota	4/10/ Pending 2024
Virginia	4/16/ Pending 2024
Washington	n/a
Wisconsin	4/10/ Pending 2024

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Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

ITEM 23 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.

If Hallmark Homecare, LLC. ("HHC") offers you a franchise, it must provide this disclosure document to you 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. Iowa requires that we provide you with this Disclosure Document at the earlier of the first personal meeting or 14 calendar days before you sign a binding agreement with, or make payment to, HHC or one of its affiliates in connection with the proposed sale. New York requires that HHC provide you with this Disclosure Document at the earlier of the first personal meeting or ten business days before you sign a binding agreement with, or make payment to, HHC or one of its affiliates in connection with the proposed sale. Michigan requires that HHC provide you with this Disclosure Document ten business days before you sign a binding agreement with, or make payment to, HHC or one of its affiliates in connection with the proposed sale.

If HHC 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 identified on Exhibit D.

This franchise is being offered by the following sellers at the principal business address and phone number listed below (check all that have been involved in the sales process):

Sellers at Hallmark Homecare, LLC, 774 Mays Blvd, Suite 10-297 Incline Village, Nevada 89451, 888-519-2500			
☐ Steven Everhart	☐ _____	☐ _____	☐ _____
Sellers at FranchiseFastlane.com, 14707 California Street, #5 Omaha, Nebraska 68154, 531-333-3278			
☐ _____	☐ _____	☐ _____	☐ _____

HHC's registered agents authorized to receive service of process are set forth on Exhibit D.

Issuance Date: ~~April 1, 2024~~ March 31, 2025

I received a disclosure document from HHC dated as of _____ that included the following Exhibits: A. List of Current and Former Franchisees; B. Financial Statements; C. Franchise Agreement; D. State Administrators/Agencies for Service of Process; E. Manuals Table of Contents; F. State-Specific Additional Disclosures and Riders; G. Form of Nondisclosure and Noncompete Agreements; and H. Form of General Release.

Signature (individually and as an officer)

Date Disclosure Document Received

Print Name

TO BE KEPT FOR YOUR FILES

Print Franchisee's Name (if an Entity)

ITEM 23 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.

If Hallmark Homecare, LLC ("HHC") offers you a franchise, it must provide this disclosure document to you 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. Iowa requires that we provide you with this Disclosure Document at the earlier of the first personal meeting or 14 calendar days before you sign a binding agreement with, or make payment to, HHC or one of its affiliates in connection with the proposed sale. New York requires that HHC provide you with this Disclosure Document at the earlier of the first personal meeting or ten business days before you sign a binding agreement with, or make payment to, HHC or one of its affiliates in connection with the proposed sale. Michigan requires that HHC provide you with this Disclosure Document ten business days before you sign a binding agreement with, or make payment to, HHC or one of its affiliates in connection with the proposed sale.

If HHC 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 identified on Exhibit D.

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Signature (individually and as an officer)

Date Disclosure Document Received

Print Name

Print Franchisee's Name (if an Entity)

TO BE RETURNED TO:
Hallmark Homecare, LLC.
774 Mays Blvd, Suite 10-297
Incline Village, Nevada

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