

FRANCHISE DISCLOSURE DOCUMENT



Signal Health Group Franchise, Inc.
A Nevada corporation
3753 Howard Hughes Parkway, Suite 200, Las Vegas, Nevada 89169
800-953-6183
www.signalhg.com

As a Signal Health Group franchisee, you will operate one of four possible, home-based medical or non-medical service-based businesses, including medical/hospice, medical/home health, non-medical/wellness and mental health, and non-medical/personal support and companionship services. The services are often offered to aging and/or disabled clients. Some of our franchisees may offer supplemental healthcare staffing services to institutional clients, such as hospitals, retirement facilities, and clinics.

The total investment necessary to begin operation of a Signal Health Group franchise is ~~\$65,000~~\$40,200 to ~~\$357~~\$81,800 for a Non-Medical Services Franchised Business, of which ~~\$29,500~~. ~~This includes \$31,500 to \$112,500 that~~ must be paid to the franchisor or affiliate. The total investment necessary to begin operation of a Signal Health Group franchise is \$144,900 to \$290,300 for a Medical Services Franchised Business, of which \$69,500 must be paid to the franchisor or affiliate. The total investment necessary to begin operation under a two- or three-unit Multi-Unit Development Agreement (including the first unit) is ~~\$81,000~~\$70,700 to ~~\$577~~\$345,800. This includes ~~\$45,500~~\$59,000 to ~~\$327,500~~\$120,000 that must be paid to the franchisor. You would be required to develop 2 or 3 units under the Multi-Unit Development Agreement.

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, please contact Hahn March at 3753 Howard Hughes Parkway, Suite 200, Las Vegas, Nevada 89169 and 800-953-6183.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC- HELP or by writing to the FTC at 600 Pennsylvania Avenue, 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: ~~May 18, 2023~~April 12, 2024

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 Exhibit H.
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 F 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 Signal Health Group 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 Signal Health Group franchisee?	Item 20 or Exhibit H 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 document 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 manuals 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 the 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 A.

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.~~ **1. Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by arbitration or litigation only in Nevada. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in Nevada than in your own state.
- 2. Mandatory Minimum Payments. You must make minimum royalty or advertising fund payments, regardless of your sales levels. 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 APPLIES TO TRANSACTIONS GOVERNED BY
THE MICHIGAN FRANCHISE INVESTMENT LAW ONLY)**

The state of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protection 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 sub-franchisor.
- (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

Any questions regarding this notice should be directed to:

State of Michigan Department of Attorney General
 G. Mennen Williams Building, 7th Floor
 525 W. Ottawa Street
 Lansing, Michigan 48909
 Telephone Number: (517) 373 7117

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Exhibits

A.	State Administrators and Agents for Service of Process
B.	Franchise Agreement for Non-Medical Services Business (with Guaranty and Non-Compete Agreement)
C.	Franchise Agreement for Medical Services Business (with Guaranty and Non-Compete Agreement)
D.	Multi-Unit Development Agreement
E.	Form of General Release
F.	Financial Statements
G.	Brand Standards Manual Table of Contents
H.	Current and Former Franchisees
I.	State Addenda to Disclosure Document
J.	State Addenda to Agreements
K.	EFT Authorization Form
L.	<u>Confidentiality and Noncompete Agreement</u>
<u>M.</u>	State Effective Dates
<u>MN.</u>	Receipt (2 copies)

Item 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

In this disclosure document, “we”, “us,” or “our” refers to Signal Health Group Franchise, Inc. (but not to our officers, directors, agents, employees, affiliates, parents, or subsidiaries). “You” means the person to whom we grant a franchise. If you are a corporation, limited liability company, or other entity, each owner of the franchise entity must sign our Guaranty and Non-Compete Agreement, which means that all of the franchise agreement’s provisions also will apply to your owners.

Us, Any Parents, and Certain Affiliates

Our name is Signal Health Group Franchise, Inc. Our principal business address is 3753 Howard Hughes Parkway, Suite 200, Las Vegas, Nevada 89169. We do not have any parent entities. We do not have any affiliates that offer franchises in any line of business or provide products or services to our franchisees.

Our Predecessors

Our predecessor, Signal Health Group Franchise, LLC was formed on May 16, 2018 and offered franchises for sale from that date until September 30, 2019. Signal Health Group Franchise, LLC no longer offers franchises in this or any other line of business.

Our Business Name

We use the names “Signal Health Group Franchise, Inc.” and “Signal Health Group”. We do not intend to use any other names to conduct business.

Agent for Service of Process

Our agent for service of process in Nevada is Hahn March, at 3753 Howard Hughes Parkway #200, Las Vegas, Nevada 89183. Our agents for service of process in other states are disclosed in Exhibit A.

Business Organization

We are a Nevada corporation. We were formed on October 8, 2019.

Information About Our Business and the Franchises Offered

We do not operate businesses of the type being franchised.

We do not have any other business activities. We have not offered franchises in other lines of business.

As a Signal Health Group franchisee, you will operate one of four home-based medical or non-medical service-based businesses, including medical/hospice, medical/home health, non-medical/wellness and mental health, and non-medical/personal support and personal care services.

The services are often offered to aging and/or disabled clients. Some of our franchisees may offer supplemental healthcare staffing services to institutional clients, such as hospitals, retirement facilities, and clinics.

We developed methods for providing nonmedical, personal care and companionship services, and wellness and mental health services (collectively “Non-Medical Services”) to clients. These are broken down into two separate businesses, those that provide wellness and mental health services (“Wellness Services”) and those provide personal care and companionship services including providing personal support (activities of daily living) and companionship to your clients (“Personal Care Services”).

Wellness Services include mental health services, fitness and exercise courses and training, and nutrition services (including meal-ready food preparation). Wellness may be provided in studio, virtually through an app or online, or in a customer’s home.

Personal Care Services are designed to foster client independence and may include meal preparation, light homemaking, transportation, bathing, dressing, toileting, medication management, grocery shopping, errands, and dementia care. Personal Care Services are generally provided to persons with special needs as a result of physical or mental handicap, sickness, and/or old age.

We have also developed methods of providing medical care services (“Medical Services, and collectively with Non-Medical Services referred to as “Care Services”) to clients who have special needs as a result of physical or mental handicap, sickness, and/or old age.

We also developed ways for franchisees to provide Care Services to institutional clients. Together, these methods form a critical part of the Signal Health Group franchise system (the “System”).

Under each franchise agreement, you will provide either Non-Medical Services or Medical Services; you will not provide both.

In addition, if you provide Medical Services, you will either provide hospice services or home health services, depending on your particular license; however, you will not provide both. And, if you provide Non-Medical Services, you will either provide Wellness Services or Personal Care Services; however, you will not provide both. Your particular services will be indicated in your franchise agreement.

Whether a Non-Medical Services Franchised Business or a Medical Services Franchised Business (each of which is a “Franchised Business”), you must operate as a business entity, (e.g., a corporation, limited liability company or partnership), as we do not award Franchised Businesses to individuals. The entity you form may not engage in any other business activities other than the Signal Health Group Franchised Business without our prior written consent.

If we provide you with any confidential information prior to executing a franchise agreement (for example, in connection with a discovery day or upon your request), we reserve the

right to require you to execute a Confidentiality and Noncompete Agreement (attached as Exhibit L to this disclosure document) prior to receiving such confidential information.

Non-Medical Services Franchised Business

As a franchisee who provides Non-Medical Services, you will be required to provide either Wellness Services or Personal Care Services. You can begin operating your Franchised Business once you have completed training and qualify and conform to all non-medical licensing requirements and regulations in your state. It is your responsibility to obtain any required non-medical licenses to operate your Franchised Business.

Each homecare client will have a record of care as required by Signal Health Group record management standards and state regulations. Each homecare client will have a customized care plan designed after their needs have been assessed and matched with a qualified pre-screened caregiver who is compatible with their needs.

You will be providing non-medical services to your clients and therefore will not be permitted to directly bill Medicare for Services.

Medical Services Franchised Business

As a franchisee who provides Medical Services, you will provide medical services to your clients, either as hospice services or as home health services, depending on your license. Medical Services are services offered by physicians, registered nurses, occupational therapists, and certified nursing assistants. Medical Services may also include some bathing and dressing services provided by licensed home health aides but only if prescribed by a physician or registered nurse and only if such bathing and dressing services are being offered in connection with training the client to be able to provide to those services to himself or herself after the training period. Medical Services generally are not offered to clients for more than 60 consecutive days; however, this period can be renewed by the appropriate provider.

You can begin operating your Franchised Business once you have completed training and qualify and conform to all medical licensing requirements and regulations in your state. It is your responsibility to obtain any required medical licenses to operate your Franchised Business.

Multi-Unit Development Agreement

If you sign a Multi-Unit Development Agreement (attached as Exhibit D to this disclosure document), you will develop multiple Signal Health Group outlets, on an agreed-upon schedule. For each future unit franchise, we will require you to sign our then-current form of franchise agreement, which may be different from the form of franchise agreement included in this disclosure document.

The general market for the services your franchise is well developed and continues to evolve. Changes in local and national economic conditions and population density may affect your business. We are unable to predict if these conditions will have an impact on us, our industry, or you, specifically. Our services are not limited to any particular group and we do not anticipate the

business to be dependent on seasonal changes. You will generally face competition from homecare agencies and/or medical providers which range from independent companies to national corporations, including those operated by healthcare systems and other franchised systems. You may encounter competition from other Signal Health Group franchisees or company-owned businesses. Sales are not seasonal.

Laws and Regulations

You must comply with all local, state, and federal laws that apply to your Franchised Business, including those pertaining to the healthcare industry, sanitation, insurance, data privacy, EEOC, OSHA, non-discrimination, employment, and sexual harassment, as applicable. Certain services rendered by your Franchised Business may be governed by the federal Health Insurance Portability and Accountability Act (commonly referred to as “HIPAA”) and you and your employees must comply with it. You must obtain and maintain any employment related permits, licenses, certifications or other approvals necessary for the operation of the Franchised Business, including employment agency licenses.

Licensing

Most states and localities have licensing requirements for medical service providers as well as for non-medical entities that provide non-medical homecare or mental health services, and employment agencies. You must identify all applicable licensing requirements in the location where you plan to operate the Franchised Business, and you must determine whether you meet all applicable licensing requirements necessary to lawfully operate the Franchised Business. You are required to obtain and maintain all applicable licenses, permits, registrations, and certifications. There may be conditions for licensure. For example, certain jurisdictions may mandate that your principal owner, administrator or alternate administrator have a minimum level of education, hold a certain license, or have related work experience; certain jurisdictions may require payment of a fee; in some jurisdictions, you may also be required to obtain a certificate of need prior to applying for licensure and have a full-time registered nurse on staff, even if you are only providing Non-Medical Services (if you will be providing Medical Services, you should have personal licensed to provide such Medical Services).

If you offer Wellness Services and chose to provide meal-ready food preparation, there may be food labelling requirements, and you may need to obtain additional licenses or certificates related to the food preparation portions of your business. For example, the U.S. Food and Drug Administration, the U.S. Department of Agriculture, and various state and local health departments administer and enforce laws and regulations that govern food preparation and service, waste disposal, and sanitary conditions. State and local agencies inspect food preparation facilities for compliance with these requirements. Certain provisions of these laws impose limits on emissions resulting from commercial food preparation.

You are responsible for determining all licensing requirements for the territory under consideration prior to execution of the franchise agreement and you must comply with all applicable licensing requirements. Signal Health Group will support you in determining state licensing requirements to the best of our ability, but this remains your responsibility and we do not assume any liability.

In addition to the licensing requirements applicable to you, the staff of the Franchised Business may need to be licensed, registered and/or certified to perform certain services (“professional licensing”). Many states impose screening requirements for the hiring of health care workers, have regulations concerning employee and client health and safety, and have specific record-keeping requirements (“health care industry requirements”). You are responsible for determining and complying with all applicable professional licensing requirements and health care industry requirements, including, but not limited to, background checks, tuberculosis testing, drug testing and finger printing. Some jurisdictions may also require a certificate of need. We reserve the right and may require you to obtain a particular permit or license if we deem it necessary or advantageous. Failure to obtain and maintain a required license or certificate may result in fines from the issuing authority of said licenses and/or certificates and may result in termination of your franchise agreement.

Federal and State Laws to Prevent Fraud and Abuse

There are federal anti-kickback and practitioner self-referral laws with which you must comply. In addition, some states also have enacted state-specific anti-kickback laws that prohibit payment for referrals and other similar arrangements (“state anti-kickback laws”), and/or state-specific laws prohibiting practitioner self-referrals (“state practitioner self-referral laws”). You must comply with all applicable state and federal anti-kickback and practitioner self-referral laws.

Some states may also have laws that prohibit licensed professionals and/or licensed/certified professional business entities from splitting fees with non-licensed individuals or entities (“fee-splitting” prohibition). You are responsible for investigating and complying with all state-specific requirements regarding fee-splitting.

There are also federal and state laws that prohibit presenting, or causing to be presented, false or fraudulent claims for payment for certain health care items and services. You must comply with all applicable state and federal laws that pertain to billing and reimbursement for health care items and services, including without limitation false claims act requirements.

Corporate Structure, Corporate Name, and Office

Some states may require home health agencies to be organized using a particular type of business entity structure or may require your entity to enter into “management agreements” covering the providers of services. You are responsible for investigating and complying with all state-specific requirements regarding which business entities may provide home health services.

You must make an assumed name filing to legally use the name Signal Health Group. Some jurisdictions restrict the use of the word “nurse” in a corporate name or assumed name. You must investigate whether such a restriction is applicable to you and whether you will, upon becoming properly licensed, permitted, registered, or certified, be able to use the name Signal Health Group.

You will need to have an office to operate your business. In some jurisdictions, you may be able to operate from a residential setting (however, we require you to have an office if you have

a Medical Services Franchised Business); however, in others, you may be required to obtain commercial or professional space. You must verify that local zoning laws permit the Franchised Business to be run from your location. In any setting, you must ensure that you are HIPAA compliant, and there may be signage requirements applicable to your Franchised Business.

HIPAA and Health Information Privacy Laws

You must comply with the applicable HIPAA provisions as amended from time to time, including all regulations implementing HIPAA. Many states have also implemented state-specific laws protecting the privacy and confidentiality of various types of health information. You must identify and comply with all applicable state health information privacy laws.

Additional Laws Applicable to Medical Services Franchised Business

If you operate a Medical Services Franchised Business, there may be additional laws, rules, or regulations applicable to your business.

You must provide skilled Medical Services performed by licensed staff, including—as applicable—registered nurses (“RNs”), licensed practical nurses (“LPNs/LVNs”), physical therapists (“PTs”), physical therapy assistants (“PTAs”), occupational therapists (“OTs”), certified occupational therapy assistants (“COTAs”), speech therapists (“STs”), medical social workers (“MSWs”), home health aides (“HHAs”), and certified nursing assistants (“CNAs”). All services provided must follow written orders and a plan of care signed by a physician or other approved medical provider.

The Centers for Medicare & Medicaid Services (“CMS”) has additional requirements that you must meet, including:

- You must receive an approved CMS 855A enrollment or certification, as well as other potential additional certification, licensure, and accreditation requirements.
- You will need to have a full-time administrator and a full-time or part time clinical manager. Under CMS conditions of participation, there are certain education, experience, and licensing requirements for an individual to be approved as an administrator or clinical manager, and we require that you have an administrator or clinical manager that is an RN.
- You must meet enrollment and capitalization requirements and provide skilled home health services to a minimum of number of patients.
- You must meet additional information collection and transmission requirements.

Health Law Compliance Generally

We do not provide assistance in determining which specific state laws apply to your Franchised Business and you are solely responsible for investigating, understanding, and complying with the laws, regulations, and requirements applicable to you and your Franchised Business.

We highly recommend that you consult with local counsel, experienced in the above areas of the law, and with one of our preferred suppliers of state homecare licensing services, before becoming a franchise partner. You should also consult with counsel during the term of the franchise agreement because these laws and regulations may change.

Other Laws and Regulations

You are also subject to employment laws such as the Fair Labor Standards Act and various state laws governing such matters as minimum wages, overtime, and working conditions. You will also be subject to other laws or regulations that are not specific to the industry, but applicable to businesses generally, including labor laws, insurance requirements, business licensing laws and tax regulations, and the Americans with Disabilities Act.

You alone are responsible for investigating and complying with all applicable laws and regulations, despite any information that we may give you. You should consult with a legal advisor about legal requirements that may apply to your Franchised Business, including any permits and licenses necessary to operate in your market.

Prior Business Experience

We have offered franchises since October 2019. None of our affiliates has offered franchises in other lines of business. None of our affiliates provides products or services to our franchisees. The following of our affiliates operate or have operated Signal Health Group businesses:

Affordable Home Care, Inc. has operated a Signal Health Group business in Newcastle, Indiana since 2012 and another Signal Health Group business in Fort Wayne, Indiana, since 2012. Aging and Disabled Home Care LLC has operated a Signal Health Group business in Richmond, Indiana since 2015.

During August 2021, our affiliate, SHG Receivables Management, Inc., acquired all of the stock of Signal Health Group, Inc. and Signal Health Group Palliative Care, Inc., who are franchisees. SHG Receivables Management, Inc., is owned by our President and Chief Executive Officer, Hahn March.

Item 2 BUSINESS EXPERIENCE

Hahn March: President & Chief Executive Officer: Hahn March has been our President (and the President of our predecessor) since May 2018. She has also been the President of Signal Health Group Corporate since February 2014, and the President of Signal Health Group, Inc. since October 2019. Ms. Hahn has been President of Signal Health Group, LLC since May 2018. Ms. Hahn is located at 3753 Howard Hughes Parkway, Suite 200, Las Vegas, Nevada 89169.

Nicole Farmer: Clinical Trainer: Nicole Farmer has been our Clinical Trainer since January 2022. She has also been the Skilled Director for Indiana Signal Health Group since February 2019. Prior to that, she was sales/marketing/orders employee for Stateline Medical Equipment between 2015 and 2019. All of these positions are/were held in Richmond, Indiana.

Joel Stewart: Director of Franchise Development: Joel Stewart has been our Director of Franchise Development in Las Vegas, Nevada, since January 2023. He has also been Franchise

Consultant for Integrity Commercial which is in Torrington, Connecticut, since June 2016 and the Chief Executive Officer of Veteran Franchise Initiative in Cedar Park, Texas, since November 2018.

Melissa Busby: Onboarding Director: Melissa Busby has been our Onboarding Director since January 2023. She has also been the Chief Operating Officer of our affiliate, Affordable Home Care, Inc., since January 2023, and an administrative assistant for that entity between May 2018 and January 2023. All of these positions are/were held in Newcastle, Indiana.

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 FEES

Initial Franchise Fee

For each franchise agreement, we charge an initial franchise fee (“Initial Franchise Fee”) based on the size of your territory and the type of franchise agreement you sign. Regardless of whether you purchase a Non-Medical Services franchise agreement or a Medical Services franchise agreement, a “Base Territory” means a geographic territory that includes up to 100,000 persons aged 60 or older (“Senior Citizens”) living in your territory at the time of the signing of the franchise agreement, based on the information we have.

For a Non-Medical Services franchise agreement, you pay us ~~\$30,000, as the initial franchise fee for a Base Territory. If at the time of signing your franchise agreement, and subject to the market type, availability, and out our discretion, you wish to increase the size of your Base Territory, the initial franchise fee will be increased by an amount equal to (i) the number of Senior Citizens in your territory which exceeds 100,000 at the time of the signing of the franchise agreement, multiplied by (ii) \$0.50.~~ 29,500 as the initial franchise fee for a Base Territory.

For a Medical Services franchise agreement, you pay us ~~\$60,000, 69,500~~ as the initial franchise fee for a Base Territory. ~~If at the time of signing your franchise agreement, and subject to the market type, availability, and out our discretion, you wish to increase the size of your Base Territory, the initial franchise fee will be increased by an amount equal to (i) the number of Senior Citizens in your territory which exceeds 100,000 at the time of the signing of the franchise agreement, multiplied by (ii) \$1.00.~~

~~For example, if you are granted a territory with 99,000 estimated Senior Citizens, your Initial Franchise Fee would be \$30,000 if you purchase a Non-Medical Services Franchised Business, and the Initial Franchise Fee would be \$60,000 if you purchase a Medical Services Franchised Business. If you are granted a territory with 150,000 estimated Senior Citizens, your Initial Franchise Fee would be \$55,000 for a Non-Medical Services Franchised Business (\$30,000 for the Base Territory plus \$25,000 (\$.50 x 50,000 additional Senior Citizens), and your Initial Franchise Fee would be \$110,000 for a Medical Services Franchised Business (\$60,000 for the Base Territory plus \$50,000 (\$1.00 x 50,000 additional Senior Citizens).~~

The Initial Franchise Fee is payable on execution of the franchise agreement.

If (1) you fail to complete the initial training program to our satisfaction, (2) we conclude, no more than 10 days after you complete the initial training program, that you do not have the ability to satisfactorily operate your franchise, or (3) you are unable to open your business because you cannot obtain any licenses required to open the business (despite your best reasonable efforts to obtain such licenses), then we have the right to terminate your franchise agreement. If we do so, we will refund your franchise fee less any out-of-pocket costs we have incurred, subject to your signing a general release of our liability. Otherwise, the franchise fee is not refundable. In addition, if you or your affiliate signs a Multi-Unit Development Agreement, as defined below, in no event will any portion of your initial franchise fees be refundable.

Over the past fiscal year, the range of initial franchise fees we charged was \$30,000-\$60,000.

License Assistance Fee

~~We~~If you want us to assist you with your license, we charge a license assistance fee ("License Assistance Fee") which covers our assistance in working with preferred suppliers for state homecare licensing services that assist you in obtaining a license applicable for your business. Our current fee is \$~~12~~2,500 for a Non-Medical Services Franchised Business and \$~~24~~2,500 for a Medical Services Franchised Business. In addition, you will reimburse us for any state fees or other third-party fees or costs we incur in connection with this assistance.

~~One~~If you request our license assistance, one License Assistance Fee is payable upon execution of the franchise agreement. As with the initial franchise fee, if (1) you fail to complete the initial training program to our satisfaction, or (2) we conclude, no more than 10 days after you complete the initial training program, that you do not have the ability to satisfactorily operate your franchise, then we have the right to terminate your franchise agreement. If we do so, we will refund your license assistance fee less any out-of-pocket costs we have incurred, subject to your signing a general release of our liability. Otherwise, the license assistance fee is not refundable.

Except as otherwise provided in this Item, the initial fees are uniform to all franchisees in the System.

Multi-Unit Development

If you and we agree that you will develop multiple franchises (whether that be a Medical Services or Non-Medical Services franchise, within the same geographical territory then you will

sign our Multi-Unit Development Agreement (“MUDA”) in the form of Exhibit D to this disclosure document. Your franchise fees will be reduced as follows:

- If you agree to enter into a Non-Medical Personal Care Services agreement and a Medical Home Health Services agreement, the total initial franchise fees would be ~~\$70~~80,000 for a Base Territory.
- If you agree to enter into a Non-Medical Personal Care Services agreement, a Medical Home Health Services agreement, and a Medical Hospice Services agreement, the total initial franchise fees would be \$120,000 for a Base Territory.

Under either scenario, every franchise agreement would still require a separate License Assistance Fee, ~~and every agreement would include the additional initial franchise fees for a territory larger than a Base Territory as described in this Item (\$0.50 for each additional Senior Citizens above 100,000 under the Non Medical Personal Care Services agreement, and \$1.00 for each additional Senior Citizens above 100,000 under each of the Medical Home Health Services and the Medical Hospice services agreement).~~

All fees under a MUDA are non-refundable.

Item 6 OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty	5% of your gross sales, subject to monthly minimums	Monthly, on or before the 15 th day of the following month	See Notes 1, 2, and 3.
Brand Development Fund Contribution	1% of your gross sales	Monthly, on or before the 15 th day of the following month	We have not yet started a Brand Development Fund
Market Cooperative Contribution	As determined by the cooperative. Currently, none.	Monthly, on or before the 15 th day of the following month	We have the right to establish local or regional advertising cooperatives. The maximum contribution that a co-op may require is 5% of gross sales.
Replacement / Additional Training fee	Currently, \$500 to \$2,000 per day	Prior to attending training	If you send a manager or other employee to our training program after you open or if you request additional training, we will charge our then-current training fee.

Type of Fee	Amount	Due Date	Remarks
Technology fee	Currently, between \$250 and \$2,000 per month, depending on the number of clients serviced	Monthly, on or before the 15 th day of the month	See Note 4
Third party vendors	Pass-through of costs, plus reasonable administrative charge. Currently, none.	Varies	We have the right to require franchisees to use third-party vendors and suppliers that we designate. Examples can include computer support vendors, mystery shopping, and customer feedback systems. The vendors and suppliers may bill franchisees directly, or we have the right to collect payment for these vendors together with a reasonable markup or charge for administering the payment program.
Brand convention fee	As determined by us; currently, none.	Prior to convention	If we elect to conduct a national or regional convention, we will charge you the attendance fee even if you do not attend. You are responsible for all travel and living expenses of attending any such meeting or convention.
Non-compliance fee	\$500 <u>per instance</u>	On demand	We may charge you \$500 if for any <u>aspect of</u> your business <u>which</u> is not in compliance with our system specifications or the franchise agreement and you fail to correct the non-compliance after 30 days' notice. Thereafter, we may charge you \$250 per week until you correct such non-compliance.
Reimbursement	Amount that we spend on your behalf, plus 10%	Within 15 days of invoice	If we pay any amount that you owe or are required to pay to a third party, you must reimburse us.
Breach of territory fee	The greater of (i) \$500 or (ii) 75% of the amount paid by the customer outside of your territory.	On demand	If you serve a customer outside of your territory without our prior written permission, we may impose this fee.

Type of Fee	Amount	Due Date	Remarks
Late fee	\$100 plus interest on the unpaid amount at a rate equal to 18% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law)	On demand	We may charge a late fee if you fail to make a required payment when due.
Insufficient funds fee	\$30 (or, if such amount exceeds the maximum allowed by law, then the maximum allowed by law)	On demand	We may charge an insufficient funds fee if a payment made by you is returned because of insufficient funds in your account.
Costs of collection <u>or enforcement</u>	Our actual costs	As incurred	Payable if we incur costs (including reasonable attorney fees) in attempting to collect amounts you owe to us <u>or otherwise enforcing your franchise agreement.</u>
Special support fee	Our then-current fee, plus our expenses. Currently, \$600 per day.	On demand	If we provide in-person support to you in response to your request (including any Medicaid/Medicare certification assistance), we may charge this fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).
Customer complaint resolution	Our expenses		We may take any action we deem appropriate to resolve a customer complaint about your business. If we respond to a customer complaint, we may require you to reimburse us for our expenses.

Type of Fee	Amount	Due Date	Remarks
Management <u>Temporary management</u> fee	5% of gross sales plus any expenses	When billed	We have the right to temporarily manage your business and charge this fee if (i) you die or become incapacitated, (ii) we exercise our right to purchase your business after your franchise agreement end, or (iii) you operate the business in a dangerous manner.
Records audit <u>Audit costs</u>	Our actual cost	On demand	Payable only if (1) we audit you because you have failed to submit required reports or other non-compliance, or (2) the audit concludes that you under-reported gross sales by more than 3% for any month.
Special evaluation fee	Currently \$600, plus our out-of-pocket costs	On demand	Payable only if we conduct an evaluation of your business because of a governmental report, customer complaint or other customer feedback, or your default or non-compliance with any system specification.
Non-compliance cure costs and fee	Our out-of-pocket costs and internal cost allocation, plus 10%	When billed	We may cure your non-compliance on your behalf (for example, if you do not have required insurance or you don't satisfy your local advertising requirement, we may purchase insurance for you, or make advertising expenditures on your behalf, as applicable), and you will owe our costs plus a 10% administrative fee.
Renewal fee	An amount equal to 20% of the then-current franchise fee based on your territory	Upon renewal	Payable if you enter into a successor franchise agreement at the end of your agreement term.

Type of Fee	Amount	Due Date	Remarks
Transfer fee	\$15,000 plus any broker fees and other out-of-pocket costs we incur, unless to an existing franchisee in which case the transfer fee is \$7,500 plus any broker fees and other out-of-pocket costs we incur.	When transfer occurs <u>\$1,500 when you notify us of your intent to transfer or sell your business; the balance due at the closing of the transaction</u>	Payable if you <u>desire to transfer or</u> sell your business.
Liquidated damages	An amount equal to royalty fees and Brand Development Fund contributions for the lesser of (i) 2 years or (ii) the remaining months of the franchise term.	On demand	Payable if we terminate your franchise agreement because of your default, or if you terminate the franchise agreement without the right to do so.
Indemnity	All of our costs and losses from any legal action related to the operation of your franchise <u>or any act by you or your employees</u>	On demand	You must indemnify and defend (with counsel reasonably acceptable to us) us and our affiliates against all losses in any action by or against us related to, or alleged to arise out of, the <u>development or</u> operation of your franchise, <u>or any act or omission by you or any employee of your business</u> (unless caused by our <u>intentional</u> misconduct or <u>gross</u> negligence).
Prevailing party's legal costs	Our attorney fees, court costs, and other expenses of a legal proceeding, if we are the prevailing party	On demand	In any legal proceeding (including arbitration), the losing party must pay the prevailing party's attorney fees, court costs and other expenses.

All fees are payable only to us (other than software subscription charges). All fees are imposed by us and collected by us (other than software subscription charges). All fees are non-refundable. We do not represent that all fees are uniform for all franchisees; we reserve the right to change, waive, or eliminate fees for any one or more franchisees as we deem appropriate. There are currently no marketing cooperatives, purchasing cooperatives, or other cooperatives that impose fees on you.

Notes

1. “Gross Sales” is defined in our franchise agreement as the total dollar amount of all sales generated through your business for a given period, including, but not limited to, payment for any services or products sold by you, whether for cash or credit. Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected, or (iii) sales of prepaid cards or similar products (but the redemption of any such card or product will be included in Gross Sales).

2. You must report your gross sales to us each month. If you fail to report your gross sales, we will withdraw estimated royalty fees and Brand Development Fund contributions based on 125% of the most recent gross sales you reported. We will true-up the actual fees after you report gross sales.

3. We currently require you to pay royalty fees and other amounts due to us by pre-authorized bank draft. However, we can require an alternative payment method. If we permit you to pay by credit card or any other method which causes us to incur a processing fee, you will be responsible for the amount of the processing fee.

4. We require you to use certain software as described in Item 11. The current fees range from \$250 to \$750 per month for a Non-Medical Services Franchised Business, and between \$750 and \$2,000 per month for a Medical Services Franchised Business. Currently, you pay subscription fees directly to the software supplier, and not to us. We provide improved remote technology support for systems, such as phone, domain and email addresses, reducing the requirements for external technology support. The monthly fee amount, which is paid to a third party, varies depending on how many patients you provide services to. We reserve the right to require you to pay technology fees to us.

Item 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT - FRANCHISE AGREEMENT

NON-MEDICAL SERVICES FRANCHISED BUSINESS:

Type of expenditure (see Note 1)	Amount	Method of payment	When due	To whom payment is to be made
Initial franchise fee (see Note 2)	\$30,000 29,500 - \$110,000 29,500	Check or wire transfer	Upon signing the franchise agreement	Us
License assistance fee (see Note 3)	\$1,5000 - \$2,500	Check or wire transfer	Upon signing the franchise agreement	Us
Leased Premises (see Note 4)	\$0- - \$51,000	Check, debit, and/or credit	As incurred or when billed	Vendors and suppliers
Utilities	\$0 - \$500	Check, debit, and/or credit	Upon ordering service	Utility providers
Market Introduction Program	\$1,000100 - \$31,000	Check, debit, and/or credit	As incurred or when billed	Vendors and suppliers
Administrator/Clinical Office Manager (see Note 5)	\$0 - \$4512,000	As arranged	Before beginning operations	Employee or contractor
Computer Systems (<u>see Note 6</u>)	\$3,0000 - \$51,000	Check, debit, and/or credit	As incurred	Vendors and suppliers
Insurance (see Note <u>67</u>)	\$31,800 - \$62,800	Check	Upon ordering	Insurance company
State Bonds (see Note <u>78</u>)	\$0 - \$300	As arranged	Before beginning operations	Vendors and suppliers

Type of expenditure (see Note 1)	Amount	Method of payment	When due	To whom payment is to be made
Vehicle (see Note 89)	\$0 - \$21,200	Check	Upon purchase or lease	Vendor
Office Equipment and Supplies	\$500 100 - \$31,000	Check, debit, and/or credit	As incurred	Vendors
Licenses and Permits (see Note 910)	\$200 - \$5,000	Check	Upon application	Government
Medical Equipment and Supplies (see Note 1011)	\$2,000 500 - \$101,000	Check, debit, and/or credit	Before beginning operations	Vendors and suppliers
Accreditation (see Note 11)	\$0 - \$8,500	As arranged	If applicable, before beginning operations	State accreditation bodies
Professional Fees (lawyer, accountant, etc.)	\$1,0000 - \$71,000	Check, debit, and/or credit	As incurred or when billed	Professional service firms
Travel, lodging and meals for initial training	\$21,000 - \$42,000	Cash, debit or credit	As incurred	Airlines, hotels, and restaurants
Capital Reserve (see Note 12)	\$0 - \$40,000	As arranged	Before beginning operations	Banks or savings institutions
Additional funds (for first 3 months) (see Note 1312)	\$207,000 - \$10020,000	Varies	Varies	Employees, suppliers, utilities
Total	\$65,000 40,200 - \$35781,800			

~~YOUR ESTIMATED INITIAL INVESTMENT - MULTI-UNIT DEVELOPMENT AGREEMENT~~

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
First franchise (see table above)	\$65,000 - \$357,800			
Additional initial franchise fees (see Note 14)	\$15,000 - \$215,000	Check or wire transfer	Upon signing the MUDA	Us
Business planning and miscellaneous expenses	\$1,000 - \$5,000	Check	As incurred	Vendors and suppliers
Total	\$81,000 - \$577,800			

Notes

1. Your lease security deposit and utility deposits will usually be refundable unless you owe money to the landlord or utility provider. None of the other expenditures in this table will be refundable, except that the initial franchise fee and license assistance fee are refundable only as described in Item 5. Neither we nor any affiliate finances any part of your initial investment.

2. See Item 5 for more details. The low estimate assumes that you are purchasing a Non-Medical Franchised Business with a ~~territory of 60,000 senior citizens~~ Base Territory. The high estimate assumes that you are purchasing a Non-Medical Franchised Business with a ~~territory of 150,000 senior citizens~~ Base Territory.

3. See Item 5 for more details. This line does not include any state fees or other third-party fees or expenses we incur, for which you must reimburse us. Our estimate of those fees and expenses are covered by Note 910, below.

~~4. If you have a Medical Services Franchised Business, you must have a commercial office for your business.~~ If you have a Non-Medical Services Franchised Business and if permitted by State regulations and local zoning rules and ordinances, you can operate the Non-Medical Franchised Business from your home. Some states may not allow you to operate the Franchised Business in a home office. You may operate the Franchised Business from a small, rented space of approximately 500 square feet. If you must lease a space, your lease costs can vary based on variance in square footage, cost per square foot and required maintenance costs. It is difficult to estimate lease acquisition costs because of the wide variation in these costs between various locations.

5. The low-end estimate assumes that you will be the office manager. The high-end estimate covers 3 months' worth of salary and benefits for this person, if not you.

6. The low-end estimate assume that you already have the hardware that is needed for your business. See Item 11 for more details.

7. See Item 8 for more information. The price of insurance coverage has varied widely in recent years, but we estimate the annual premium cost to be between a low of approximately

\$1,800 and a high of approximately \$2,800 annually for commercial general liability insurance, workers compensation and crime coverage insurance. Employer's liability insurance is extra and you should obtain prices from your state agencies or your insurance agent or broker for these. Factors that may affect your cost of insurance include the size and location of the Franchised Business, value of the leasehold improvements, equipment, number of employees and other factors. We require you to use our approved insurance brokers and those insurance companies we designate. Worker's compensation insurance and crime insurance will vary per state and the amount of your payroll. The amounts represented are estimates for the initial 3 months of operation and are expected to increase with the growth of the Franchised Business.

8. Requirements to obtain bonds in connection with a home health care business vary by state. The amounts represented are estimates of what you will spend on state bonds during the initial 3 months of operation.

9. If you will be using an automobile for business purposes or to assist your clients, you may be required to have a vehicle. We reserve the right to require you to wrap the vehicle with the Signal Health Group brand after you have been in business for more than 6 months. The estimated cost to wrap the vehicle is \$2,500 to \$5,000. Your vehicle must meet the specifications in our manuals, which includes that the vehicle be no older than 5 years at the time the vehicle is wrapped. You may use a vehicle that you already own provided that it meets our specifications. If you are using your own vehicle, your vehicle acquisition cost may be zero. If you lease the vehicle, your vehicle acquisition cost may be as high as indicated in the chart. The amounts you pay for a vehicle are typically non-refundable. Lease terms are provided, on approved credit terms, directly by the vehicle dealer or leasing company.

10. In addition to the license assistance fee that you will pay to us if you request our license assistance services, if necessary, you will acquire a Home Health Agency licensure or other licenses necessary to operate your business and to provide the full scope of services that you are required to provide. State rules vary on the required licenses. Licensing fees are paid with the submission of an application or upon renewal and are non-refundable. Licenses must be renewed annually. State and local government agencies typically charge fees for operating licenses, registration, and certification. Your actual costs may vary from the estimates based on the requirements of state and local government agencies. Any fees paid to us are non-refundable. You should inquire about the cancellation and refund policy of the agencies at or before the time of payment.

11. See Item 8 for more details.

12. You are required to have working capital in the form of cash or other liquid assets to begin operations which should be approximately \$7,000 to \$20,000 for a Non-Medical Services Franchised Business (of these figures, at least 75% should consist of cash with no more than 25% being other liquid assets) for operating expenses, including initial salaries. We estimate the start-up phase to be 3 months from the date you open your business. This is our best estimate of the working capital necessary to open your business and includes money required to pay suppliers and employees, which may include the hiring of a full or part-time sales employee, in the event that you are doing less than the minimum number of sales calls per week. In formulating the amount

required for additional funds, we relied on the following factors, basis, and experience: the development of Signal Health Group businesses by our affiliate, development of Signal Health Group businesses by our franchisees, and our general knowledge of the industry

MEDICAL SERVICES FRANCHISED BUSINESS:

<u>Type of expenditure</u> <u>(see Note 1)</u>	<u>Amount</u>	<u>Method of</u> <u>payment</u>	<u>When due</u>	<u>To whom payment</u> <u>is to be made</u>
<u>Initial franchise fee (see</u> <u>Note 2)</u>	<u>\$69,500</u> - <u>\$69,500</u>	<u>Check or wire</u> <u>transfer</u>	<u>Upon signing</u> <u>the franchise</u> <u>agreement</u>	<u>Us</u>
<u>License assistance fee</u> <u>(see Note 3)</u>	<u>\$0</u> - <u>\$4,500</u>	<u>Check or wire</u> <u>transfer</u>	<u>Upon signing</u> <u>the franchise</u> <u>agreement</u>	<u>Us</u>
<u>Leased Premises (see</u> <u>Note 4)</u>	<u>\$500</u> - <u>\$3,000</u>	<u>Check, debit,</u> <u>and/or credit</u>	<u>As incurred or</u> <u>when billed</u>	<u>Vendors and</u> <u>suppliers</u>
<u>Utilities</u>	<u>\$1,000</u> - <u>\$2,000</u>	<u>Check, debit,</u> <u>and/or credit</u>	<u>Upon</u> <u>ordering</u> <u>service</u>	<u>Utility providers</u>
<u>Market Introduction</u> <u>Program</u>	<u>\$1,000</u> - <u>\$5,000</u>	<u>Check, debit,</u> <u>and/or credit</u>	<u>As incurred or</u> <u>when billed</u>	<u>Vendors and</u> <u>suppliers</u>
<u>Administrator/Clinical</u> <u>Manager (see Note 5)</u>	<u>\$0</u> - <u>\$45,000</u>	<u>As arranged</u>	<u>Before</u> <u>beginning</u> <u>operations</u>	<u>Employee or</u> <u>contractor</u>
<u>Computer Systems (see</u> <u>Note 6)</u>	<u>\$0</u> - <u>\$2,000</u>	<u>Check, debit,</u> <u>and/or credit</u>	<u>As incurred</u>	<u>Vendors and</u> <u>suppliers</u>
<u>Insurance (see Note 7)</u>	<u>\$2,500</u> - <u>\$3,500</u>	<u>Check</u>	<u>Upon</u> <u>ordering</u>	<u>Insurance company</u>
<u>State Bonds (see Note 8)</u>	<u>\$0</u> - <u>\$300</u>	<u>As arranged</u>	<u>Before</u> <u>beginning</u> <u>operations</u>	<u>Vendors and</u> <u>suppliers</u>
<u>Vehicle (see Note 9)</u>	<u>\$0</u> - <u>\$2,000</u>	<u>Check</u>	<u>Upon</u> <u>purchase or</u> <u>lease</u>	<u>Vendor</u>
<u>Office Equipment and</u> <u>Supplies</u>	<u>\$200</u> - <u>\$2,000</u>	<u>Check, debit,</u> <u>and/or credit</u>	<u>As incurred</u>	<u>Vendors</u>
<u>Licenses and Permits</u> <u>(see Note 10)</u>	<u>\$200</u> - <u>\$5,000</u>	<u>Check</u>	<u>Upon</u> <u>application</u>	<u>Government</u>
<u>Medical Equipment and</u> <u>Supplies (see Note 11)</u>	<u>\$1,000</u> - <u>\$3,000</u>	<u>Check, debit,</u> <u>and/or credit</u>	<u>Before</u> <u>beginning</u> <u>operations</u>	<u>Vendors and</u> <u>suppliers</u>

<u>Type of expenditure</u> <u>(see Note 1)</u>	<u>Amount</u>	<u>Method of</u> <u>payment</u>	<u>When due</u>	<u>To whom payment</u> <u>is to be made</u>
<u>Accreditation (see Note 12)</u>	<u>\$0 - \$8,500</u>	<u>As arranged</u>	<u>If applicable, before beginning operations</u>	<u>State accreditation bodies</u>
<u>Professional Fees (lawyer, accountant, etc.)</u>	<u>\$0 - \$1,000</u>	<u>Check, debit, and/or credit</u>	<u>As incurred or when billed</u>	<u>Professional service firms</u>
<u>Travel, lodging and meals for initial training</u>	<u>\$1,000 - \$2,000</u>	<u>Cash, debit or credit</u>	<u>As incurred</u>	<u>Airlines, hotels, and restaurants</u>
<u>Medical Survey (see Notes 13 and 14)</u>	<u>\$18,000 - \$32,000</u>	<u>As arranged</u>	<u>As incurred</u>	<u>Vendors</u>
<u>Additional funds (for first 3 months) (see Note 14)</u>	<u>\$50,000 - \$100,000</u>	<u>Varies</u>	<u>Varies</u>	<u>Employees, suppliers, utilities</u>
<u>Total</u>	<u>\$144,900 - \$290,300</u>			

Notes

1. Your lease security deposit and utility deposits will usually be refundable unless you owe money to the landlord or utility provider. None of the other expenditures in this table will be refundable, except that the initial franchise fee and license assistance fee are refundable only as described in Item 5. Neither we nor any affiliate finances any part of your initial investment.

2. See Item 5 for more details. The low estimate assumes that you are purchasing a Medical Franchised Business with a Base Territory.

3. See Item 5 for more details. This line does not include any state fees or other third-party fees or expenses we incur, for which you must reimburse us. Our estimate of those fees and expenses are covered by Note 10, below.

4. If you have a Medical Services Franchised Business, you must have a commercial office for your business. You may operate the Franchised Business from a small, rented space of approximately 500 square feet. If you must lease a space, your lease costs can vary based on variance in square footage, cost per square foot and required maintenance costs. It is difficult to estimate lease acquisition costs because of the wide variation in these costs between various locations.

5. Medical Services Franchised Businesses must have an administrator and clinical manager. The low-end estimate assumes ~~either that you have a Non-Medical Services Franchised Business or~~ that you personally satisfy the requirements. The high-end estimate covers 3 months' worth of salary and benefits for this person.

6. The low-end estimate assume that you already have the hardware that is needed for your business. See Item 11 for more details.

7. See Item 8 for more information. The price of insurance coverage has varied widely in recent years, but we estimate the annual premium cost to be between a low of approximately \$3,8002,500 and a high of approximately \$6,8003,500 annually for commercial general liability insurance, workers compensation and crime coverage insurance. Employer's liability insurance is extra and you should obtain prices from your state agencies or your insurance agent or broker for these. Factors that may affect your cost of insurance include the size and location of the Franchised Business, value of the leasehold improvements, equipment, number of employees and other factors. We require you to use our approved insurance brokers and those insurance companies we designate. Worker's compensation insurance and crime insurance will vary per state and the amount of your payroll. The amounts represented are estimates for the initial 3 months of operation and are expected to increase with the growth of the Franchised Business.

78. Requirements to obtain bonds in connection with a home health care business vary by state. The amounts represented are estimates of what you will spend on state bonds during the initial 3 months of operation.

9. If you will be using an automobile for business purposes or to assist your clients, you may be required to have a vehicle. We reserve the right to require you to wrap the vehicle with the Signal Health Group brand after you have been in business for more than 6 months. The estimated cost to wrap the vehicle is \$2,500 to \$5,000. Your vehicle must meet the specifications in our manuals, which includes that the vehicle be no older than 5 years at the time the vehicle is wrapped. You may use a vehicle that you already own provided that it meets our specifications. If you are using your own vehicle, your vehicle acquisition cost may be zero. If you lease the vehicle, your vehicle acquisition cost may be as high as indicated in the chart. The amounts you pay for a vehicle are typically non-refundable. Lease terms are provided, on approved credit terms, directly by the vehicle dealer or leasing company.

10. In addition to the license assistance fee that you will pay to us if you request our license assistance services, if necessary, you will acquire a Home Health Agency licensure or other licenses necessary to operate your business and to provide the full scope of services that you are required to provide. State rules vary on the required licenses. Licensing fees are paid with the submission of an application or upon renewal and are non- refundable. Licenses must be renewed annually. State and local government agencies typically charge fees for operating licenses, registration, and certification. Your actual costs may vary from the estimates based on the requirements of state and local government agencies. Any fees paid to us are non-refundable. You should inquire about the cancellation and refund policy of the agencies at or before the time of payment.

~~11. Requirements to obtain bonds in connection with a home health care business vary by state. The amounts represented are estimates of what you will spend on state bonds during the initial 3 months of operation.~~

~~8. If you will be using an automobile for business purposes or to assist your clients, you may be required to have a vehicle. We reserve the right to require you to wrap the vehicle~~

~~with the Signal Health Group brand after you have been in business for more than 6 months. The estimated cost to wrap the vehicle is \$2,500 to \$5,000. Your vehicle must meet the specifications in our manuals, which includes that the vehicle be no older than 5 years at the time the vehicle is wrapped. You may use a vehicle that you already own provided that it meets our specifications. If you are using your own vehicle, your vehicle acquisition cost may be zero. If you lease the vehicle, your vehicle acquisition cost may be as high as indicated in the chart. The amounts you pay for a vehicle are typically non-refundable. Lease terms are provided, on approved credit terms, directly by the vehicle dealer or leasing company.~~

~~9. In addition to the license assistance fee that you will pay to us, if necessary, you will acquire a Home Health Agency licensure or other licenses necessary to operate your business and to provide the full scope of services that you are required to provide. State rules vary on the required licenses. Licensing fees are paid with the submission of an application or upon renewal and are non-refundable. Licenses must be renewed annually. State and local government agencies typically charge fees for operating licenses, registration, and certification. Your actual costs may vary from the estimates based on the requirements of state and local government agencies. Any fees paid to us are non-refundable. You should inquire about the cancellation and refund policy of the agencies at or before the time of payment.~~

~~10.~~ If you have a Medical Services Franchised Business you will be required to purchase medical equipment and supplies. ~~See Item 8 for more details. If you have a Non-Medical Services Franchised Business, some of these purchases are recommended but not required. See Item 8 for more details.~~

~~11.~~ Some states require that you obtain accreditation prior to licensure. This may extend the amount of time it takes you to open the Franchised Business.

~~12.~~ 13. Once you begin looking for your 6 - 8 non-billable patients to admit, CHAP requires a 90 day window for the Medicare survey to take place. You should be prepared to provide care for as long as 90 days. All patients need to be diagnosed by a Medical Doctor. By the time the survey takes place, you are allowed to have as many as 6-8 patients discharged. The estimated cost for providing care is \$3,000 - \$4,000 Per Patient

~~14.~~ If you have a Medical Services Franchised Business, in some locations you may be required to maintain an initial capital reserve for some amount of time.

~~13.~~ You are required to have working capital in the form of cash or other liquid assets to begin operations which should be approximately ~~\$20,000 to \$30,000 for a Non-Medical Services Franchised Business and~~ \$50,000 to \$100,000 for a Medical Services Franchised Business (of these figures, at least 75% should consist of cash with no more than 25% being other liquid assets) for operating expenses, including initial salaries. We estimate the start-up phase to be ~~3 to 6~~ months from the date you open your business. This is our best estimate of the working capital necessary to open your business and includes money required to pay suppliers and employees, which may include the hiring of a full or part-time sales employee, in the event that you are doing less than the minimum number of sales calls per week. In formulating the amount required for additional funds, we relied on the following factors, basis, and experience: the

development of Signal Health Group businesses by our affiliate, development of Signal Health Group businesses by our franchisees, and our general knowledge of the industry.

YOUR ESTIMATED INITIAL INVESTMENT - MULTI UNIT DEVELOPMENT AGREEMENT

<u>Type of expenditure</u>	<u>Amount</u>	<u>Method of payment</u>	<u>When due</u>	<u>To whom payment is to be made</u>
<u>First franchise (see table above)</u>	<u>\$40,200 - \$290,300</u>			
<u>Additional initial franchise fees (see Note 14)</u>	<u>\$29,500 - \$50,500</u>	<u>Check or wire transfer</u>	<u>Upon signing the MUDA</u>	<u>Us</u>
<u>Business planning and miscellaneous expenses</u>	<u>\$1,000 - \$5,000</u>	<u>Check</u>	<u>As incurred</u>	<u>Vendors and suppliers</u>
<u>Total</u>	<u>\$70,700 - \$345,800</u>			

14. This estimate assumes you sign a Multi-Unit Development Agreement committing to two or three franchises in the same geographical territory. The franchise fee for your first unit is counted in the “Estimated Initial Investment – Franchise Agreement” table. Your initial may be reduced for the second and each additional franchise if you commit to opening a Non-Medical Personal Care Services Franchised Business and one or two Medical Services Franchised Businesses. You will pay all initial franchise fees upon signing the MUDA. The low-end estimate assumes that you will open ~~at two~~ Non-Medical Personal Care Services Franchised Business ~~and one Medical Services Franchised Business, with a territory of no greater than 100,000 senior citizens, in the same Base Territory.~~ The high-end estimate assumes that you will open a Non-Medical Personal Care Services Franchised Business and two Medical Services Franchised Businesses, in a ~~territory of approximately 150,000 senior citizens~~ Base Territory.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Generally

We have the right to require you to purchase or lease all goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating your business (1) either from us or our designee, or from suppliers approved by us, or (2) according to our specifications. You must comply with any changes we make in the future to these specifications.

Specific Obligations

The following are our current specific obligations for purchases and leases:

A. Real Estate. Your business location is subject to our approval and must meet our specifications. If you have a Medical Services Franchised Business, you must have office space; however, otherwise, you may start your Franchised Business from your home, subject to applicable laws. If you choose to secure or are required to secure office space, you will need sufficient space to operate computer and telephone equipment and maintain records. We estimate that you will need a minimum of 500 square feet.

B. Insurance. You must obtain insurance as described in the Franchise Agreement and in our Brand Standards Manual, which includes:

General Liability Insurance Minimums	
Professional Liability (per occurrence)	\$1,000,000
Professional Liability (aggregate)	\$3,000,000
Commercial General Liability (per occurrence)	\$1,000,000
Commercial General Liability (aggregated)	\$3,000,000
Cyber Liability	\$250,000
Sexual Misconduct and Physical Abuse	\$1,000,000
Tenant Legal Liability (if applicable)	\$50,000
Employee Benefits Liability	\$1,000,000
Owned and non-owned Auto Liability	\$2,000,000
Medical Expenses	\$5,000
Worker's Compensation	Coverage A – Statutory Workers Compensation Coverage B – Employers Liability Limit Bodily Injury \$100,000 Each
Business Interruption	
Additional Insured for Mortgagees, Lenders, clients (when applicable or required)	Include in General Liability
Crime (employee theft with first- and third-party coverage)	\$50,000 \$2,500 max deductible
State Bonds (if applicable)	Per State, City and/or County

Your policies (other than Workers Compensation) must list us and our affiliates as an additional insured, must include a waiver of subrogation in favor of us and our affiliates, must be primary and non-contributing with any insurance carried by us or our affiliates, and must stipulate that we receive 30 days' prior written notice of cancellation.

C. Point-of-sale software and hardware, and related software and hardware. You must purchase (or lease) the point-of-sale software and hardware, and related software and hardware, that we specify. See Item 11 for more details.

D. Licensing Services. If you pay us a Licensing Assistance Fee, we will provide you with the licensing assistance services covered by the fee (see Item 5 for more details). This is a fee for us to work with our preferred suppliers for state homecare licensing services.

E. Scheduling software. You must use the scheduling software that we designate.

F. Accounting Software. You must use the accounting software that we designate unless you obtain our approval for another software service.

G. Medical Equipment and Supplies. If you have a Medical Services Franchised Business, you must purchase the medical equipment and supplies as we direct in our Manual or otherwise. This equipment includes health monitoring equipment (like blood pressure cuffs, thermometers, stethoscopes, and pulse oximeters), personal protective equipment (including gloves, surgical masks, N95 masks, face shields, eye goggles, gowns, and foot covers), infection control supplies (including hand sanitizer, alcohol swabs, wipes), and an appropriate visit supply bag. Other routine disposable items should be available such as medical tape, gauze pads, saline, lab collection tubes, urine specimen containers, sharps containers, syringes, Coban, IV start kits, catheters and catheter insertion kits, irrigation trays, and other customary supplies.

H. Advertising and Marketing. Except as otherwise provided in the Brand Standards Manual and advertising or marketing materials that we furnish to you, you must submit all advertising and marketing materials to us for our written approval before use. You must ensure that all advertising or marketing materials that you use are clear, factual, ethical, and not misleading; comply with our brand standards; and comply with all laws. We have the right to establish and control all digital marketing.

Us or our Affiliates as Supplier

Neither we nor any affiliate is currently a supplier of any good or service that you must purchase (except for the services covered by the licensing assistance fee), although we reserve to the right to be a supplier (or the sole supplier) of a good or service in the future.

Ownership of Suppliers

None of our officers owns an interest in any supplier to our franchisees.

Alternative Suppliers

If you want to use a supplier that is not on our list of approved suppliers, you must request our approval in writing. We have the sole discretion to approve or reject an alternative supplier. We may condition our approval on criteria we deem appropriate, such as evaluations of the supplier's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. Our criteria for approving suppliers are not available to you. We permit you to contract with alternative suppliers who meet our criteria only if you request our approval in writing, and we grant approval. There is no fee for us to review or approve an alternate supplier. We will provide you with written notification of the approval or disapproval of any supplier you propose within 30 days after receipt of your request. We may grant approvals of new suppliers or revoke past approvals of suppliers on written notice to you, or by updating our Manual.

Issuing Specifications and Standards

We issue specifications and standards to you for applicable aspects of the franchise in our Manual and/or in written directives. We may issue new specifications and standards for any aspect of our brand system, or modify existing specifications and standards, at any time by revising our Manual and/or issuing new written directives (which may be communicated to you by any method we choose). We will generally (but are not obligated to) issue new or revised specifications only after evaluation of the intended changes. We may also conduct limited market testing in one or more outlets.

Revenue to Us and Our Affiliates

We currently do not derive revenue from the required purchases and leases by franchisees. However, the franchise agreement does not prohibit us from doing so.

Proportion of Required Purchases and Leases

We estimate that the required purchases and leases to establish your Franchised Business are 40% to 60% of your total purchases and leases to establish your Franchised Business.

We estimate that the required purchases and leases of goods and services to operate your Franchised Business are 25% to 45% of your total purchases and leases of goods and services to operate your Franchised Business.

Payments by Designated Suppliers to Us

We do not currently receive payments from any designated suppliers based on purchases by you or other franchisees. However, the franchise agreement does not prohibit us from doing so. We have the right to earn a profit from any product we supply or from designated suppliers. We are not required to give you an accounting of any payments we receive from designated suppliers, nor are we required to share any benefits of supplier payments with you or with any other franchisee.

Purchasing or Distribution Cooperatives

No purchasing or distribution cooperative currently exists.

Negotiated Arrangements

We do not negotiate purchase arrangements with suppliers, including price terms, for the benefit of franchisees. However, we may do so in the future.

Benefits Provided to You for Purchases

We do not provide any material benefit to you based on your purchase of particular goods or services, or your use of particular suppliers.

Item 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in agreement	Disclosure document item
a. Site selection and acquisition/lease	§§ 6.1, 6.2	Item 11
b. Pre-opening purchase/leases	§§ 6.2, 6.3	Items 5, 7, 8 and 11
c. Site development and other pre-opening requirements	Article 6	Items 5, 7, 8 and 11
d. Initial and ongoing training	§§ 5.2, 6.4, 7.6	Items 5, 6, 8 and 11
e. Opening	§§ 6.4, 6.5, 6.6	Items 7, 8 and 11
f. Fees	Article 4, §§ 2.2, 5.3, <u>6.6</u> , 7.8, 7.24, 8.4, 10.5, 11.2, 11.3, 11.13, 14.5, 15.2, 16.1, 17.6	Items 5, 6 and 7
g. Compliance with standards and policies/operating manual	Article 7, §§ 6.3, 9.1, 9.2, 10.1, 10.4, 11.1	Items 8, 11 and 14
h. Trademarks and proprietary information	Article 12, § 13.1	Items 13 and 14
i. Restrictions on products/services offered	§§ 7.3, 7.24, 7.24	Items 8, 11 and 16
j. Warranty and customer service requirements	§§ 7.3, 7.8, 7.9	Item 8
k. Territorial development and sales quotas	§ 2.2	Item 12
l. Ongoing product/service purchases	Article 8	Items 6 and 8
m. Maintenance, appearance, and remodeling requirements	§§ 3.2, 7.12, 7.13, 15.2	Items 6, 7 and 8
n. Insurance	§ 7.15	Items 6, 7 and 8
o. Advertising	Article 9	Items 6, 7, 8 and 11
p. Indemnification	Article 16	Items 6 and 8
q. Owner's participation/management/staffing	§§ 2.4, 7.5, 11.14	Items 15
r. Records and reports	Article 10	Item 11
s. Inspections and audits	§§ 10.5, 11.2	Items 6 and 11
t. Transfer	Article 15	Items 6 and 17

Obligation	Section in agreement	Disclosure document item
u. Renewal	§§§ 3.2, <u>18.11</u>	Items 6 and 17
v. Post-termination obligations	Articles 13 and 14	Item 17
w. Non-competition covenants	§ 13.2	Item 17
x. Dispute resolution	Article 17	Items 6 and 17

Item 10 FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease, or obligations.

Item 11 FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

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

Our Pre-Opening Obligations

Before you open your business:

A. *Your site.* If you sign a Multi-Unit Development Agreement, we will approve the location of future sites and territories for those sites, and our then-current standards for sites and territories will apply. We are not obligated to further assist you in locating a site or negotiating the purchase or lease of the site.

- (i) We generally do not own your premises and lease it to you.
- (ii) We do not select your site (although we reserve the right to approve your location if you have a Medical Services Franchised Business or if you have a Non-Medical Services Franchised Business and you move the location to a site other than the primary residence of the Principal Executive). If we have the right to approve your location, you must find a potential site and submit your site to us for approval, together with all information and documents about the site that we request.
- (iii) The factors we consider in approving sites are general location and neighborhood, competition, trade area demographics, traffic patterns, parking, size, physical characteristics of existing buildings, and lease terms.
- (iv) We are not obligated to assist you in conforming the premises of your site to local ordinances and building codes and obtaining any required permits. This will be your responsibility.

B. *Hiring and training employees.* All hiring decisions and conditions of employment are your sole responsibility. (Section 7.5)

C. *Necessary equipment, signs, fixtures, opening inventory, and supplies.* We will provide you a list of our specifications and approved suppliers for equipment, signs, fixtures, opening inventory, and supplies necessary to open your Franchised Business. (Section 5.2) We do not provide these items directly; we only provide the names of approved suppliers. We do not deliver or install these items.

D. *Brand Standards Manual.* We will give you access to our Brand Standards Manual in such format as we deem appropriate. (Section 5.1).

E. *Initial Training Program.* We will conduct our initial training program. (Section 5.2). The current initial training program is described below.

F. *Business plan review.* If you request, we will review your pre-opening business plan and financial projections. (Section 5.2)

G. *Market introduction plan.* We will advise you regarding the planning and execution of your market introduction plan. (Section 5.2)

H. *On-site opening support.* We will have a representative provide on-site support for at least 2-3 days in connection with your business opening, at our expense. (Section 5.2).

I. *Licensing Assistance.* If you pay us a Licensing Assistance Fee, we will provide you with licensing assistance services (Section 5.2).

Length of Time to Open

The typical length of time between signing the franchise agreement and the opening of your Franchised Business is 3 to 12 months, but it may take significantly longer in some states due to the length of time it takes to obtain licensure; you should investigate the length of time required for licensure in your state before signing the franchise agreement. Factors affecting the length of time between signing and operating include your ability to obtain a lease, develop your location, obtain permits, and licenses, and hire employees. Other factors include how quickly you become accredited (where applicable) and acquire the certificates or licenses required to operate the Franchised Business. If your state allows you to begin operations without a license, or the time it takes to obtain a license is short, you may begin operations sooner than others who are required to wait to obtain state licenses.

Our Post-Opening Obligations

After you open your business:

A. *Developing products or services you will offer to your customers.* Although it is our intent to refine and develop products or services that you will offer to your customers, the franchise agreement does not obligate us to do so.

B. *Hiring and training employees.* All hiring decisions and conditions of employment are your sole responsibility. (Section 7.5)

C. *Improving and developing your business; resolving operating problems you encounter.* If you request, we will provide advice to you (by telephone or electronic communication) regarding improving and developing your Franchised Business, and resolving operating problems you encounter, to the extent we deem reasonable. If we provide in-person support in response to your request, we may charge a fee (currently \$600 per day) plus any out-of-pocket expenses (such as travel, lodging, and meals for our employees providing onsite support). (Section 5.3)

D. *Establishing prices.* Upon your request, we will provide recommended prices for products and services. (Section 5.3). For national accounts (including accounts which we expect to be served by multiple franchisees), we reserve the right to set pricing. Otherwise, you retain the discretion to determine prices you charge.

E. *Establishing and using administrative, bookkeeping, accounting, and inventory control procedures.* ~~We~~To the extent we determine, we will provide you our recommended procedures for administration, bookkeeping, accounting, and inventory control (Section 5.3). We may make any such procedures part of required (and not merely recommended) procedures for our system.

F. *Brand Development Fund.* We will administer the Brand Development Fund once it is established (Section 5.3). We will prepare an unaudited annual financial statement of the Brand Development Fund within 120 days of the close of our fiscal year and will provide the financial statement to you upon written request. (Section 9.3)

G. *Website.* We will maintain a website for the Signal Health Group brand, which will include your Franchised Business's information and telephone number. (Section 5.3)

Advertising

Our obligation. Once established, we will use the Brand Development Fund only for marketing and related purposes and costs. Media coverage is primarily local. We use outside vendors and consultants to produce advertising. We are not required to spend any amount of advertising in the area or territory where any particular franchisee is located. We will maintain the brand website (which may be paid for by the Brand Development Fund). We have no other obligation to conduct advertising.

Your own advertising material. You may use your own advertising or marketing material only with our approval. To obtain our approval, you must submit any proposed advertising or marketing material at least 14 days prior to use. If we do not respond, the material is deemed rejected. If you develop any advertising or marketing materials, we may use those materials for any purpose, without any payment to you. We have the right to establish and control all social media accounts and other digital marketing. You must ensure that all advertising or marketing materials that you use are clear, factual, ethical, and not misleading; comply with our brand standards; and comply with all laws.

Franchise Advisory council. We currently have a franchise advisory council composed of members of the Signal Health Group leadership team. To sit on the council, one must meet the eligibility requirements of the council's bylaws. To be a member of the council, a franchisee must have operated for at least one full year. The purpose of the council is to discuss matters of importance to the future and growth of the System, and the council serves in an advisory capacity only. We have the right to form, change, merge or dissolve the council at any time.

Local or Regional Advertising Cooperatives. We do not currently have any local or regional advertising cooperatives. We have the right to require you to participate in a local or regional advertising cooperative. We will define the area of the cooperative based on media markets, or other geographic criteria that we deem appropriate. Each franchisee in the area would have one vote per outlet (unless the franchisee is in default under its franchise agreement). The amount you must contribute to the cooperative will be determined by vote of the members, but not less than 1% and not more than 5% of gross sales. If our own outlets are members of a cooperative, they must contribute to the cooperative on the same basis as franchisees, and they will vote on the same basis as other members. We administer the cooperative, but we have the right to delegate responsibility for administration to an outside company such as an advertising agency or accounting firm, or to the franchisee members of the cooperative. We have the right to require the cooperative to operate from written bylaws or other governing documents that we determine. The documents are not currently available for you to review. Cooperatives will prepare annual financial statements which will be made available for review only by us and by the members of the cooperative. We have the power to require cooperatives to be formed, changed, dissolved, or merged.

Brand Development Fund. You and all other franchisees must contribute to our Brand Development Fund once it is established. Your contribution is 1% of gross sales per month. We reserve the right to have other franchisees contribute a different amount or at a different rate. Outlets that we or our affiliates own are not obligated to contribute to the Brand Development Fund. We administer the fund. The fund is not audited. We will make unaudited annual financial statements available to you upon written request.

We did not spend any money from the Brand Development Fund in our most recently concluded fiscal year.

If less than all Brand Development Funds are spent in the fiscal year in which they accrue, the money will remain in the Brand Development to be spent in the next year.

No money from the Brand Development Fund is spent principally to solicit new franchise sales.

Market introduction plan. You must develop a market introduction plan and obtain our approval of the plan at least 30 days before the projected opening date of your business.

Required spending. After you open, you must spend the greater of \$1,000 or 2% of gross sales each month on marketing your Franchised Business. This amount is only a minimum requirement, and we do not represent that it is the optimal amount of money for you to spend on marketing.

Point of Sale and Computer Systems

You must purchase, install, and maintain a computer system that meets the functional requirements for utilizing the software we require scheduling software and QuickBooks accounting software, including all further updates, supplements, and modifications we require (the “Computer System”).

The Computer System includes Generation software for Non-Medical Services Franchised Businesses and Axxess software for Medical Services Franchised Businesses.

There are no substitutes for the scheduling software, the Generation software, or Axxess software. There are no substitutes for QuickBooks accounting software, except if you use different accounting software for your existing business, you may also use it for the Franchised Business if we grant you approval to do so. If you use different accounting software, we will have no obligation to support you in the implementation, use, or compatibility of such alternate software, and you will bear all costs associated with the implementation, use or customization of the alternate software to ensure compatibility with our existing systems. We regularly evaluate our software functionality and may upgrade software and other technology to support efficiency within the system. We are currently evaluating our scheduling software and may move to a different software platform. You may incur costs if we make this move.

We require you purchase a laptop, printer, fax or scanner and a personal digital assistant (i.e., iPhone, Android) as well as any other computer supplies you may need. We also require that you have a designated business administration phone line.

We estimate the cost of the required computers and peripherals to be between \$3,000 and \$5,000.0 (assuming that you have a laptop, printer, fax or scanner and a personal digital assistant (i.e., iPhone, Android) and related items that you need and that these items can be used with the required software) and \$2,000.

You are wholly responsible for all hardware and computer network maintenance and maintenance and upgrades of other software which must be done in a timely manner. The cost for such periodic computer maintenance and upgrades will depend on the type of systems and software you purchase as well as any maintenance contracts you choose to enter into. Generally, we estimate the cost will range from \$250 to \$750 per month for Non-Medical Services Franchised Businesses and \$750 to \$2,000 per month for Medical Services Franchised Business (with the range depending on the size of your territory and number of clients you service). We reserve the right to specify different hardware and software systems in the future, including proprietary software that we develop exclusively for the Franchised Business. Except for annual maintenance, we are not responsible for any maintenance or upgrades to your computer hardware, network connectivity, or software. There are no contractual limits on the frequency and cost of your obligation to maintain, upgrade and update the computer hardware and software in conformance with our directives.

You must give us independent access to the information that will be generated or stored in these systems. The information that we may access will include sales, customer data, and reports. There is no contractual limitation on our right to access the information.

Brand Standards Manual

See Exhibit G for the table of contents of our Brand Standards Manual as of the date this disclosure document, with the number of pages devoted to each subject. The Manual has 171 pages.

Training Program

Prior to the opening of the Franchised Business, we will provide you an Initial Training Program, components of which may be conducted online and consists of a training course of 5-6 days (for a Non-Medical Franchised Business) or 6-7 days (for a Medical Franchised Business) duration at our corporate office in Las Vegas, Nevada or another location designated by us, covering all aspects of the Franchised Business. All training will be under the direction of Nicole Farmer. Nicole has 3 years of experience with the company and 8 years of experience in the subject taught. The training materials that we use are a PowerPoint presentation and handouts corresponding to the various topics covered in the PowerPoint presentation.

Attendance is mandatory at the Initial Training Program and it must be completed within 12 weeks of signing the Franchise Agreement. There is currently no charge for attendance at Initial Training Program by you. You are responsible for all travel and living expenses for your principal owner and any additional trainees and all wages payable to any trainee; no wages will be payable by us to any such trainee for any service rendered during the course of such training. We generally offer training every 4 to 8 weeks. Following the completion of our franchise opener (see below) and the Initial Training Program to our satisfaction, you must commence operations of the Franchised Business within 30 days, unless otherwise agreed to in writing by us. If, in our opinion, you demonstrate an inability to effectively manage a Signal Health Group franchise and do not complete the training program to our satisfaction, then we may terminate the Franchise Agreement.

Initial Training for Non-Medical Services Franchised Business:

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Policies – Administrative	4	0	Las Vegas, NV
Policies – Personnel	4	0	Las Vegas, NV
HR – Processes and Records	4	0	Las Vegas, NV
Client Admissions	4	0	Las Vegas, NV
Personal Care Skills Techniques	4	0	Las Vegas, NV

Marketing Strategies	8	0	Las Vegas, NV
Referral Sources	0	8	Las Vegas, NV
Agency Set-Up and Training	0	8	Las Vegas, NV or Franchisee's location
On-Location Targeted Marketing	0	8	Las Vegas, NV or Franchisee's location
Totals	28	24	

Initial Training for Medical Services Franchised Business:

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Policies – Administrative	4	0	Las Vegas, NV
Policies – Personnel	4	0	Las Vegas, NV
HR – Processes and Records	4	0	Las Vegas, NV
Policies – Client Services	2	0	Las Vegas, NV
CMS Regulatory Environment	2	0	Las Vegas, NV
Administrator Training	2	0	Las Vegas, NV
Clinical Manager Training	2	0	Las Vegas, NV
Intake Processes	2	0	Las Vegas, NV
Field Staff Training	2	0	Las Vegas, NV
Marketing Strategies	8	0	Las Vegas, NV
Referral Sources	0	8	Las Vegas, NV
Agency Set-Up and Training	0	8	Las Vegas, NV or Franchisee's location
On-Location Targeted Marketing	0	8	Las Vegas, NV or Franchisee's location
Totals	32	24	

There is no fee for up to 2 people to attend training. You must pay the travel and living expenses of people attending training.

Your principal executive and general manager must attend training. You may send any additional people to training that you want (up to the maximum described above). You must complete training to our satisfaction at least four weeks before opening your business.

Your business must at all times be under your on-site supervision or under the on-site supervision of a general manager who has completed our training program. If you need to send a new general manager to our training program, we will charge a fee, which is currently \$500 to

\$2,000 per day. Otherwise, we do not currently require additional training programs or refresher courses, but we have the right to do so.

We may also require you or your employees to attend and complete any additional or refresher training we require, which may include continuing educational seminars or courses.

Item 12 TERRITORY

Your Location

If you have a Medical Services Franchised Business, we require that you manage the business from a small office. If you have a Non-Medical Services Franchised Business, we anticipate that you will manage from your home or from a small office setting. Your primary office must be located in your territory.

Territory

Upon execution of the Franchise Agreement, we will assign you a protected, nonexclusive territory (“Territory”). The Territory will be identified in the Franchise Agreement’s Data Sheet. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets we own, from other channels of distribution or competitive brands that we control. Unless we mutually agree otherwise, we will use our best efforts to grant you a Territory that will have at least 60,000 resident senior citizens (as determined by the most current United States census data available, compiled in software provided to us by Tetrad Computer Applications Inc.). However, because we assign territories based on U.S. Census data, we cannot guarantee that your Territory will have 60,000 resident senior citizens.

The boundaries of your Territory will not change, even if the population within your Territory increases or decreases. We will not grant another franchisee a territory within your Territory based on an increase of the resident senior citizens population.

You may not solicit or accept clients or conduct marketing/advertising outside your Territory unless (1) the client(s) do not belong to the Territory of another System franchisee, or (2) we direct otherwise.

Limited Protections

We offer certain limited protections in your Territory depending on the type of Franchised Business that you purchase:

- If you purchase a Medical Services hospice franchise, we will not establish, either as a company or as an affiliate owned business or franchise, another Medical Services Franchised Business within your Territory that provides hospice services; however, we may establish, either as a company or as an affiliate owned business or as a franchise, a Non-Medical Services Franchised Business or a Medical

Services Franchised Business that that provides home health services within all of part of your Territory.

- If you purchase a Medical Services home health services franchise, we will not establish, either as a company or as an affiliate owned business or franchise, another Medical Services Franchised Business within your Territory that provides home health services; however, we may establish, either as a company or as an affiliate owned business or as a franchise, a Non-Medical Services Franchised Business or a Medical Services Franchised Business that that provides hospice services within all of part of your Territory.
- If you purchase a Non-Medical Services Wellness Services franchise, we will not establish, either as a company or as an affiliate owned business or franchise, another Non-Medical Services Franchised Business that provides Wellness Services within your Territory; however, we may establish, either as a company or as an affiliate owned business or as a franchise, a Medical Services Franchised Business or a Non-Medical Services Franchised Business that that provides Personal Care Services within all of part of your Territory.
- If you purchase a Non-Medical Services Personal Care Services franchise, we will not establish, either as a company or as an affiliate owned business or franchise, another Non-Medical Services Franchised Business that provides Personal Care Services within your Territory; however, we may establish, either as a company or as an affiliate owned business or as a franchise, a Medical Services Franchised Business or a Non-Medical Services Franchised Business that that provides Wellness Services within all of part of your Territory

We have no proximity policy. We may establish franchisor-owned locations, other franchises, or sub-franchises at any location outside your Territory, regardless of proximity to the boundaries of your Territory.

Relocation

If you have a Non-Medical Franchised Business and you operate the Franchised Business from your primary residence, you are not required to obtain our prior approval to move the Franchised Business within your Territory if such move is a result of a relocation of your primary residence. If you operate from your primary residence and want to move to commercial office space or you want to change your existing commercial office space, you will need to obtain our prior written approval. Such approval will be based on the same criteria we require for obtaining the original location as more particularly described in Item 11. We have no obligation to approve a move outside of your Territory.

If you have a Medical Franchised Business or you operate from a location other than your primary residence, you may relocate the Franchised Business only with our prior written approval.

Option to Acquire Additional Franchises

You do not receive any options, rights of first refusal, or similar rights to acquire additional franchises.

Restrictions on Us from Soliciting or Accepting Orders in Your Territory; Alternative Services

Although we agree not to distribute your existing services within your Territory, certain other products or services from our affiliates, whether currently existing, in research and development, or developed in the future, may be distributed in your Territory by us or our affiliates, or our franchisees, licensees or designees, in such manner and through such channels of distribution as we, in our sole discretion, will determine. We reserve the right, among others, to any service arrangements relating to our sale of products and services through alternative channels of distribution. We also reserve the right to serve (or authorize other franchisees to serve) customers in your Territory if: (i) you are in default of your agreement, (ii) you are incapable of meeting customer demand in your Territory (in our reasonable opinion); (iii) if you are incapable of properly serving a particular customer in your Territory (in our reasonable opinion). The Franchise Agreement grants you no rights: (i) to distribute the services as described in this paragraph; or (ii) to share in any of the proceeds from our activities through alternate channels of distribution.

National and/or Regional Accounts

We may enter into and service national or regional account contracts with businesses that have locations within your Territory upon providing you with written notice, regardless of whether you have previously serviced such a customer in the past. You will be given the option to service the national account clients located within your Territory (provided they are for services covered by your franchise agreement and the services are performed in accordance with and under the terms and conditions of our agreement and with the national account). We are not otherwise required to compensate you for any sales we make within that Territory.

Competition by Us Under Different Trademarks

Neither we nor any affiliates, operates, franchises, or has plans to operate or franchise a business under a different mark selling goods or services similar to those you will offer. However, the franchise agreement allows us to do so.

Item 13 TRADEMARKS

Principal Trademarks

The following are the principal trademarks that we license to you. These trademarks are owned by us. They are registered on the Principal Register of the United States Patent and Trademark Office.

MARK	REGISTRATION NUMBER	REGISTRATION DATE
Signal Health Group	5831346	August 13, 2019
	5831349	August 13, 2019

Because the federal trademark registrations are less than six years old, no affidavits are required at this time, and no required affidavits have been filed. The registration has not yet been renewed.

Determinations

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court. There are no pending infringement, opposition, or cancellation proceedings.

Litigation

There is no pending material federal or state court litigation regarding our use or ownership rights in a trademark.

Agreements

There are no currently effective agreements that significantly limit our rights to use or license the use of trademarks listed above in a manner material to the franchise.

Protection of Rights

We protect your right to use the principal trademarks listed in this Item, and we protect you against claims of infringement or unfair competition arising out of your use of the trademarks, to the extent described in this section.

The franchise agreement obligates you to notify us of the use of, or claims of rights to, a trademark identical to or confusingly similar to a trademark licensed to you. The franchise agreement does not require us to take affirmative action when notified of these uses or claims. We have the right to control any administrative proceedings or litigation involving a trademark licensed by us to you.

If you use our trademarks in accordance with the franchise agreement, then (i) we will defend you (at our expense) against any legal action by a third party alleging infringement by your use of the trademark, and (ii) we will indemnify you for expenses and damages if the legal action is resolved unfavorably to you.

Under the franchise agreement, we may require you to modify or discontinue using a trademark, at your expense. You will have a reasonable period of time to comply with the change, not to exceed 90 days. After such period, you would no longer have the right to use the unmodified or discontinued trademark. Your rights under the franchise agreement do not change, other than the modification or discontinuation of the trademark.

Superior Prior Rights and Infringing Uses

We do not know of either superior prior rights or infringing uses that could materially affect your use of the principal trademarks. You should understand that there could be other businesses using trademarks, trade names or other symbols similar to our Marks with superior rights to our rights. Before starting your business, you should research this possibility, using telephone directories, trade directories, Internet directories, or otherwise in order to avoid the possibility of having to change your business name.

Item 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents

We do not own rights in, or licenses to, patents that are material to the franchise. We do not have any pending patent applications.

Copyrights

All of our original works of authorship fixed in a tangible medium of expression are automatically protected under the U.S. Copyright Act, whether or not we have obtained registrations. This includes our Brand Standards Manual as well as all other sales, training, management and other materials and software that we have created or will create. You may use these copyrighted materials during the term of the franchise, in a manner consistent with our ownership rights, solely for your Franchised Business.

We do not have any registered copyrights. There are no pending copyright applications for our copyrighted materials. There are no currently effective determinations of the U.S. Copyright Office (Library of Congress) or any court regarding any copyright.

There are no agreements currently in effect that limit our right to use or license the use of our copyrighted materials.

We have no obligation to protect any of our copyrights or to defend you against claims arising from your use of copyrighted items. The franchise agreement does not require us to take affirmative action when notified of copyright infringement. We control any copyright litigation. We are not required to participate in the defense of a franchisee or indemnify a franchisee for expenses or damages in a proceeding involving a copyright licensed to the franchisee. We may require you to modify or discontinue using the subject matter covered by any of our copyrights, at your expense.

We do not know of any copyright infringement that could materially affect you.

Proprietary Information

We have a proprietary, confidential Brand Standards Manual and related materials that include guidelines, standards and policies for the development and operation of your Franchised Business. We also claim proprietary rights in other confidential information or trade secrets that include all methods for developing and operating the business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information and know-how.

All customer data and point-of-sale data generated by your Franchised Business is confidential information and is exclusively owned by us. We license such data back to you without charge solely for your use in connection with your Signal Health Group business.

You (and your owners, if the franchise is owned by an entity) must protect the confidentiality of our Brand Standards Manual and other proprietary information, and you must use our confidential information only for your franchised business. We may require your managers and key employees to sign confidentiality agreements.

You must disclose to us all ideas, plans, improvements, concepts, methods, and techniques relating to your Signal Health Group business that you conceive or develop. We will automatically own all such innovations, and we will have the right to incorporate any innovations into our system for use by all franchisees, without any compensation to you.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Your Participation

You are required to participate personally in the direct operation of your business and must devote substantial time and attention to the business.

If you are the sole owner of the business, then you are deemed the “Principal Executive”. If the business is owned through a corporation or limited liability company, You must designate one person as your “Principal Executive”. The Principal Executive is the executive primarily responsible for your business and has decision-making authority on behalf of the business. The Principal Executive must own at least 10% of the business. The Principal Executive must complete our initial training program. The Principal Executive must complete any post-opening training programs that we develop in the future. The Principal Executive must make reasonable efforts to attend all in-person meetings and remote meetings (such as telephone or video conference calls), including regional or national brand conferences, that we require. The Principal Executive cannot fail to attend more than three consecutive required meetings.

If your business is owned by an entity, all owners of the business must sign our Guaranty and Non-Compete Agreement which is Attachment 2 to the Franchise Agreement (see Exhibit B and Exhibit C as applicable).

“On-Premises” Supervision

When your business performs services for a customer, you are not required to personally conduct “on-premises” supervision of your business. However, we recommend on-premises supervision by you. There is no limit on who you can hire as an on-premises supervisor, except as provided in this Item. The general manager of your business (whether that is you or a hired person) must successfully complete our training program.

If the Franchised Business is owned by an entity, we do not require that the general manager own any equity in the entity.

Restrictions on Your Manager

There is no limit on who you can hire as a general manager, except that the general manager of your Franchised Business (whether that is you or a hired person) must successfully complete our training program and have obtained our approval to act as general manager.

In addition, if we request, you must have your general manager (and other key employees that we reasonably designate) sign a confidentiality and non-compete agreement. We will not require you to enter into a confidentiality and non-compete agreement that violates applicable state law. We do not require you to place any other restrictions on your manager.

Other Restrictions

Your Franchised Business must at all times be staffed with at least one individual who has successfully completed our initial training program. In the event that you operate more than one Franchised Business, you will have a properly trained general manager who has been approved by us at each location. You will keep us informed at all times of the identity of any employees acting as general manager, as well as others employed by your Franchised Business, and any change in their employment status. All persons providing Care Services must be employed by you and may not work as independent contractors (unless required by applicable law).

In addition, you and all of your employees must (a) undergo a criminal background check, which you must pass to our satisfaction; and (b) provide at least two (2) references meeting our satisfaction. You and your employees must routinely undergo criminal background rescreening. Any employee failing to meet our criteria for a clean criminal background check must be terminated immediately.

Item 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

If you purchase a Medical Services Franchised Business, you may not offer Non-Medical Services, and if purchase a Non-Medical Services Franchised Business, you may not offer Medical Services.

Within the Medical Services, if you have a Medical Services Franchised Business that offers hospice services, you may not offer home health services or Non-Medical Services. Conversely, if you have a Medical Services Business that offers home health services, you may not offer hospice services or Non-Medical Services.

Within the Non-Medical Services, if you have a Non-Medical Franchised Business that offers Wellness Services, you may not offer Personal Care Services or Medical Services. Conversely, if you have a Non-Medical Franchised Business that offers Personal Care Services, you may not offer Wellness Services or Medical Services.

You must offer and sell all of the services which we require and only the services which we authorize for the System and for your particular type of Franchised Business. You will not offer to sell or provide at or through the Franchised Business any merchandise, products or services that have not been approved in writing, or use the premises for any other business purpose other than the operation of your Franchised Business. You may not offer and sell any products or services which do not meet our standards and specifications, including services that require billing or reimbursement by Medicare or Medicaid.

We reserve the right to allow certain products or services that are not otherwise authorized for general use as a part of the System to be offered locally or regionally based on factors, including test marketing, your qualifications and regional or local differences.

You will provide any Care Services that you are authorized to offer in accordance with our standards and specifications and in accordance with your franchise agreement.

We have the right to require you to offer and sell additional goods or services as we may designate. There are no limits on our right to do so. You must stop using or offering disapproved services or products immediately upon notice that such services or products have been discontinued. If the law prohibits the use or sale of any product or service, use must cease immediately.

Item 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION
THE FRANCHISE RELATIONSHIP

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

Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	Franchise Agreement (FA): § 3.1 Multi-Unit Development Agreement (MUDA): §1(a)	The term of the franchise agreement is 10 years from date of signing. The MUDA will expire on the date that your last franchise is scheduled to open.
b. Renewal or extension of the term	FA: § 3.2 MUDA: none	You may obtain a successor franchise agreement for up to 1 additional 10-year terms.
c. Requirements for franchisee to renew or extend	FA: §§§ 3.2, 18.11 MUDA: none	For our franchise system, “renewal” means that at the end of your term, you sign our successor franchise agreement for an additional 10-year term. You may be asked to sign a contract with materially different terms and conditions than your original contract. To renew, you must give advance notice to us; be in compliance with all contractual obligations to us and third parties; must have substantially complied with the franchise agreement and other agreements with us throughout the term; <u>have not defaulted more than twice under the franchise agreement; complied with all requirements of ethics and values;</u> renovate to our then-current standards; satisfy any renewal training requirements we have; sign then-current form of franchise agreement and related documents (including personal guaranty); pay renewal fee; sign general release (unless prohibited by applicable law). If you continue operating your franchise after the expiration of the term without a renewal agreement, then we may either terminate your operation at any time or deem you to have

Provision	Section in franchise or other agreement	Summary
		renewed your agreement for a 10-year term and collect the renewal fee. consider the agreement as having expired (meaning that you are in violation of our rights) or consider the term to continue on a month-to-month basis.
d. Termination by franchisee	FA: § 14.1 MUDA: § 4	If we violate a material provision of the franchise agreement and fail to cure or to make substantial progress toward curing the violation within 30 days after notice from you. If you sign a MUDA, you may terminate it at any time.
e. Termination by franchisor without cause	Not Applicable	
f. Termination by franchisor with cause	FA: § 14.2 MUDA: § 4	We may terminate your agreement for cause, subject to any applicable notice and cure opportunity. If you sign a Multi-Unit Development Agreement, termination of your MUDA does not give us the right to terminate your franchise agreement. However, if your franchise agreement is terminated, we have the right to terminate your MUDA.
g. “Cause” defined--curable defaults	FA: § 14.2 MUDA: none	Non-payment by you (10 days to cure); violate franchise agreement other than non-curable default (30 days to cure).
h. “Cause” defined--non-curable defaults	FA: § 14.2 MUDA: § 4	FA: Misrepresentation when applying to be a franchisee; knowingly submitting false information; bankruptcy; fail to open by specified deadline ; violation of law; violation of confidentiality; violation of non-compete; violation of <u>ethics and values</u> ; violation of transfer restrictions; slander or libel of us; refusal to cooperate with our audit or evaluation <u>business inspection</u> ; cease operations for more than 5 consecutive days ; operate in a manner dangerous to health or safety (if not corrected within 48 hours); three defaults in 12 months; two or more defaults within 36 months of any applicable health-inspection standards; cross-termination; charge or conviction of, or plea to a felony, or commission or accusation

Provision	Section in franchise or other agreement	Summary
		of an act that is reasonably likely to materially and unfavorably affect our brand; any other breach of franchise agreement which by its nature cannot be cured. MUDA: failure to meet development schedule; violation of franchise agreement or other agreement which gives us the right to terminate it.
i. Franchisee's obligations on termination/non-renewal	FA: §§ 14.3 – 14.6 MUDA: none	Pay all amounts due; return Manual and proprietary items; cancel assumed names; cancel or transfer phone, post office boxes, directory listings, and digital marketing accounts; cease doing business; remove identification; purchase option by us.
j. Assignment of agreement by franchisor	FA: § 15.1 MUDA: § 7	Unlimited
k. "Transfer" by franchisee - defined	FA: Article 1 MUDA: Background Statement	For you (or any owner of your business) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the business, (ii) the franchise agreement, (iii) any direct or indirect ownership interest in the business, or (iv) control of the business.
l. Franchisor's approval of transfer by franchisee	FA: § 15.2 MUDA: § 7	No transfers without our approval.
m. Conditions for franchisor's approval of transfer	FA: § 15.2 MUDA: none	Pay transfer fee; buyer meets our standards; buyer is not a competitor of ours; buyer and its owners sign our then-current franchise agreement and related documents (including personal guaranty); you've made all payments to us and are in compliance with all contractual requirements; buyer completes training program; you sign a general release (subject to state law); business complies with then-current system specifications.
n. Franchisor's right of first refusal to acquire franchisee's business	FA: § 15.5 MUDA: none	If you want to transfer your business (other than to your co-owner or your spouse, sibling, or child), we have a right of first refusal.

Provision	Section in franchise or other agreement	Summary
o. Franchisor's option to purchase franchisee's business	FA: § 14.6 MUDA: none	When your franchise agreement expires or is terminated, we will have the right to purchase any or all of the assets of your business.
p. Death or disability of franchisee	FA: §§ 2.4, 11.12, 15.4 MUDA: none	If you die or become incapacitated, a new principal executive acceptable to us must be designated to operate the business, and your executor must transfer the business to an approved new owner within nine months. We also have the right to temporarily operate the business if you die or become incapacitated.
q. Non-competition covenants during the term of the franchise	FA: § 13.2 MUDA: none	Neither you, any owner of the business, or any spouse of an owner may have ownership interest in, lend money or provide financial assistance to, provide services to, or be employed by, any competitor.
r. Non-competition covenants after the franchise is terminated or expires	FA: § 13.2 MUDA: none	For two years, neither you, any owner of the business, or any spouse of an owner may have ownership interest in, lend money or provide financial assistance to, provide services to, or be employed by a competitor located within twenty miles of your former territory or the territory of any other Signal Health Group business operating on the date of termination or expiration.
s. Modification of the agreement	FA: § 18.4 MUDA: § 7	No modification or amendment of the agreement will be effective unless it is in writing and signed by both parties. This provision does not limit our right to modify the Manual or system specifications.
t. Integration/merger clause	FA: § 18.3 MUDA: § 7	Only the terms of the agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement (or MUDA) may not be enforceable. However, no claim made in any franchise agreement (or MUDA) is intended to disclaim the express representations made in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	FA: § 17.1 MUDA: § 7	All disputes are resolved by arbitration (except for injunctive relief) (subject to applicable state law).

Provision	Section in franchise or other agreement	Summary
v. Choice of forum	FA: §§ 17.1; 17.5 MUDA: § 7	Arbitration will take place where our headquarters is located (currently, Las Vegas, Nevada) (subject to applicable state law). Any legal proceedings not subject to arbitration will take place in the District Court of the United States, in the district where our headquarters is then located, or if this court lacks jurisdiction, the state courts of the state and county where our headquarters is then located (subject to applicable state law).
w. Choice of law	FA: § 18.8 MUDA: § 7	Nevada (subject to applicable state law).

For additional disclosures required by certain states, refer to Exhibit J - State Addenda to Disclosure Document.

Item 18 PUBLIC FIGURES

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

Item 19 FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in 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.

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 are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Hahn March, 3753 Howard Hughes Parkway, Suite 200, Las Vegas, Nevada 89169, and 800-953-6183, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20
OUTLETS AND FRANCHISEE INFORMATION

Table 1
Systemwide Outlet Summary
For Years ~~2020~~2021 to ~~2023~~2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021 2020	0 3	3 7	+ 3 4
	2021 2022	3 7	7	+ 4 0
	2023 2022	7	7 13	0 +6
Company-Owned*	2021 2020	3 2	3 4	0 +2
	2022 2021	3 4	5 4	+ 2 0
	2023 2022	5 4	5 2	0 -2
Total Outlets	2021 2020	3 5	6 11	+ 3 6
	2022 2021	6 11	12 11	+ 6 0
	2023 2022	12 11	12 15	0 +4

* These are owned and operated by our affiliate(s), including those owned by Affordable Home Care, Inc.; Aging and Disabled Home Care LLC; Signal Health Group, Inc.; and Signal Health Group Palliative Care, Inc.

Table 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years ~~2020~~2021 to ~~2023~~2022

State	Year	Number of Transfers
N/A	2021 2020	0
	2022 2021	0
	2023 2022	0
Total	2021 2020	0
	2021 2022	0
	2023 2022	0

Table 3
Status of Franchised Outlets
For Years ~~2020~~2021 to 20232022

State	Year	Outlets at the Start of the Year	Outlets Opened	Terminations	Non-Renewals	Re-acquired by Franchisor	Ceased operations other reasons	Outlets at End of the Year
Arizona	2021 ² 020	0	0 ₁	0	0	0	0	0 ₁
	2022 ² 021	0 ₁	1 ₀	0	0	0	0	1
	2022 ² 023	1	0	0	0	0	0	1
Indiana	2021 ² 020	0	0	0	0	0	0	0
California	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Georgia	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Indiana	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Massachusetts	2021 ² 020	0	0 ₁	0	0	0	0	0 ₁
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Minnesota	2021 ² 020	0	0 ₁	0	0	0	0	0 ₁
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Nevada	2020 ² 021	0 ₂	2 ₁	0	0	0 ₂	0	2 ₁
	2021	2	1	0	0	2	0	1
	2022	1	0	0	0	0	0	1
	2023	1	3	0	0	0	1	3
South Dakota	2020 ² 021	0	0 ₁	0	0	0	0	0 ₁
	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
Texas	2021	0	1 ₀	0	0	0	0	1 ₀
	2022	1 ₀	0	0	0	0	0	1 ₀
	2023	0	1	0	0	0	0	1
Wisconsin	2020 ² 021	0 ₁	1 ₀	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Totals	2020 ² 023	0 ₁	3 ₀	0	0	0	0	3 ₁

State	Year	Outlets at the Start of the Year	Outlets Opened	Terminations	Non-Renewals	Re-acquired by Franchisor	Ceased operations other reasons	Outlets at End of the Year
<u>Totals</u>	2021	3	6	0	0	2	0	7
	2022	7	0	0	0	0	0	7
	2023	7	7	0	0	0	1	13

Table 4
Status of Company-Owned Outlets
For Years ~~2020~~2021 to ~~2023~~2022

State	Year	Outlets at the Start of the Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Indiana	2020 2021	32	0	0	0	0	32
	2022 2021	32	0	0	0	0	32
	2022 2023	32	0	0	0	0	32
Nevada	2020 2021	0	0	02	0	0	02
	2022 2021	02	0	20	0	0	2
	2022 2023	2	0	0	0	02	20
Totals	2020 2021	32	0	02	0	0	34
	2022 2021	34	0	20	0	0	54
	2022 2023	54	0	0	0	02	52

Table 5
Projected Openings As Of December 31, ~~2022~~2023

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
California Florida	0	1	0
Georgia Tennessee	0	1	0
Michigan	0	1	0
Minnesota	0	1	0
Nevada Texas	1	1	0
South Dakota Vermont	0	1	0
Texas	0	2	0
Wisconsin	01	1	0
Totals	02	95	0

Current Franchisees

Exhibit H contains the names of all current franchisees (as of the end of our last fiscal year) and the address and telephone number of each of their outlets.

Former Franchisees

Exhibit H contains the name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date.

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

Confidentiality Clauses

In the last three fiscal years, no franchisees have signed any contract, order, or settlement provision that directly or indirectly restricts a current or former franchisee from discussing his or her personal experience as a franchisee in our system with any prospective franchisee.

Franchisee Organizations

There are no trademark-specific franchisee organizations associated with our franchise system.

Item 21 FINANCIAL STATEMENTS

Exhibit G contains our audited financial statements for December 31, ~~2022~~2023; December 31, ~~2022~~2021; and December 31, 2020; ~~it also includes our unaudited financial statements as of April 30, 2023. Our fiscal year ends December 31~~2021, and our unaudited interim financial statements for the period from January 1, 2024 to July 31, 2024.

Item 22 CONTRACTS

Copies of all proposed agreements regarding this franchise offering are attached as the following Exhibits:

- B. Franchise Agreement for Non-Medical Services Business (with Guaranty and Non-Compete Agreement)
- C. Franchise Agreement for Medical Services Business (with Guaranty and Non-Compete Agreement)
- D. Multi-Unit Development Agreement

- E. Form of General Release
- J. State Addenda to Agreements
- K. EFT Authorization Form
- L. Confidentiality and Noncompete Agreement

Item 23 RECEIPTS

Exhibit M contains detachable documents acknowledging your receipt of this disclosure document. These are attached as the last two pages of this disclosure document.

EXHIBIT A

STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

We may register this Disclosure Document in some or all of the following states in accordance with the applicable state law. If and when we pursue franchise registration, or otherwise comply with the franchise investment laws, in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in each state and the state offices or officials that we will designate as our agents for service of process in those states:

State	State Administrator	Agent for Service of Process (if different from State Administrator)
California	Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 2101 Arena Blvd. Sacramento, CA 95834 866-275-2677 www.dfpi.ca.gov Ask.DFPI@difpi.ca.gov	
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities P.O. Box 40 Honolulu, HI 96810 (808) 586-2722	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, IN 46204 (317) 232-6681	
Maryland	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Commissioner of Securities 200 St. Paul Place Baltimore, MD 21202-2020

State	State Administrator	Agent for Service of Process (if different from State Administrator)
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1st Floor Lansing, MI 48933 (517) 373-7117	
Minnesota	Minnesota Department of Commerce Securities-Franchise Registration 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Commissioner of Commerce Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500
New York	New York State Department of Law Investor Protection Bureau 28 Liberty St. 21st Floor New York, NY 10005 212-416-8222	Secretary of State 99 Washington Avenue Albany, NY 12231
North Dakota	North Dakota Securities Department 600 East Boulevard Ave., State Capital Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	
Oregon	Department of Consumer & Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310 (503) 378-4140	
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue Building 68-2 Cranston, RI 02920-4407 (401) 462-9527	
South Dakota	Division of Insurance 124 South Euclid Suite 104 Pierre, SD 57501-3185 (605) 773-3563	
Virginia	State Corporation Commission 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	-Department of Financial Institutions Securities Division P.O. Box 90334 1200 Olympia, WA 98507 98504-1200 (360) 902-8760	Department of Financial Institutions Securities Division 150 Israel Rd SW Tumwater, WA 98501 (360) 902-8760

State	State Administrator	Agent for Service of Process (if different from State Administrator)
Wisconsin	Division of Securities Department of Financial Institutions 4822 Madison Yards Way Madison, WI 53705 (608) 266-0448	Division of Securities Department of Financial Institutions 4822 Madison Yards Way Madison, WI 53705 (608) 261-7577

EXHIBIT B

**FRANCHISE AGREEMENT FOR NON-MEDICAL SERVICES FRANCHISED
BUSINESS**



FRANCHISE AGREEMENT

SUMMARY PAGE

- | | |
|---|---|
| 1. Franchisee | _____ |
| 2. Initial Franchise Fee | \$ _____ |
| 3. License Assistance Fee | \$ _____ |
| 4. Business Location | _____ |
| 5. Territory | _____ |
| 6. Opening Deadline | _____ |
| 7. Principal Executive | _____ |
| 8. Franchisee's Address | _____ |
| 9. Type of Non-Medical Services Franchised Business | ☐ WELLNESS SERVICES
☐ PERSONAL CARE SERVICES |

FRANCHISE AGREEMENT (NON-MEDICAL SERVICES)

This Agreement is made between Signal Health Group Franchise, Inc., a Nevada corporation (“Signal Health Group Franchising”), and Franchisee effective as of the date signed by Signal Health Group Franchising (the “Effective Date”).

Background Statement:

A. Signal Health Group Franchising and its affiliates have created and own a system (the “System”) for developing and operating business which provide medical services, companion care, home healthcare services, including supplemental healthcare staffing services and personal care service (collectively, “Care Services”) skilled to clients with varying needs within their homes and supplemental healthcare staffing (“Staffing Services”) to institutional clients, such as hospitals, retirement facilities and clinics, which are provided under the name “Signal Health Group”.

B. The System includes (1) methods, procedures, and standards for developing and operating a Signal Health Group business, (2) plans, specifications, equipment, signage and trade dress for Signal Health Group businesses, (3) particular products and services, (4) the Marks, (5) training programs, (6) business knowledge, (7) marketing plans and concepts, and (8) other mandatory or optional elements as determined by Signal Health Group Franchising from time to time.

C. The parties desire that Signal Health Group Franchising license the Marks and the System to Franchisee for Franchisee to develop and operate a Signal Health Group business on the terms and conditions of this Agreement.

ARTICLE 1. DEFINITIONS

“**Action**” means any action, suit, proceeding, claim, demand, governmental investigation, governmental inquiry, or judgment, or appeal thereof, whether formal or informal.

“**Advertising and Promotional Content**” means all advertising, marketing, promotional, customer relationship management, public relations, and other brand-related programs, materials, and content relating to Signal Health Group or the Business, including without limitation any printed materials (such as business cards, signs, counter cards, banners, posters, displays, window clings, leaflets, direct mail materials, coupons, and published advertisements); promotional items (such as branded specialty and novelty items, products, and clothing); audio or video advertising (such as radio, television, or podcast ads or online video postings); and Digital Marketing.

“**Approved Vendor**” means a supplier, vendor, or distributor of Inputs which has been approved by Signal Health Group Franchising.

“**Brand Development Fund**” means the fund established (or which may be established) by Signal Health Group Franchising into which Brand Development Fund Contributions are deposited.

“Business” means the Signal Health Group business owned by Franchisee and operated under this Agreement.

“Competitor” means any business which offers Care Services.

“Confidential Information” means all non-public information of or about the System, Signal Health Group Franchising, and any Signal Health Group business, including all methods for developing and operating the Business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information, and know-how.

“Data Security Event” means any act, both actual or suspected, that initiates either internally or from outside the Business’ computers, point-of-sale terminals, and other technology or networked environment and violates any laws or explicit or implied security policies, including attempts (either failed or successful) to gain unauthorized access (or to exceed authorized access) to the System, other Signal Health Group businesses, or their data or to view, copy, or use Privacy Information or Confidential Information without authorization or in excess of authorization; unwanted disruption or denial of service; unauthorized use of a system for processing or storage of data; and changes to system hardware, firmware, or software characteristics without Signal Health Group Franchising’s knowledge, instruction, or consent.

“Digital Marketing” means social media accounts (such as Facebook, Twitter, Instagram, Pinterest, Snapchat, TikTok, etc.), applications, keyword or adword purchasing programs, accounts with websites featuring gift certificates or discounted coupons (such as Groupon, Living Social, etc.), mobile applications, online videos, display banner campaigns, branded content social media campaigns, e-mail marketing campaigns, or other means of digital advertising on the Internet or any other means of digital or electronic communications that are intended to promote Signal Health Group and/or the Business.

“Gross Sales” means the total dollar amount of all sales generated through the Business for a given period, including, but not limited to, payment for any services or products sold by Franchisee, whether for cash or credit. Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected by Franchisee, or (iii) sales of prepaid cards or similar products (but the redemption of any such card or product will be included in Gross Sales).

“Input” means any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Business.

“Location” means the location stated on the Summary Page.

“Losses” includes (but is not limited to) all losses; damages; fines; charges; expenses; lost profits; reasonable attorneys’ fees; travel expenses, expert witness fees; court costs; settlement amounts; judgments; loss of Signal Health Group Franchising’s reputation and goodwill; costs of or resulting from delays; financing; costs of advertising material and media time/space and the costs of changing, substituting or replacing the same; and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

“Manual” means Signal Health Group Franchising’s confidential Brand Standards Manual(s), including any supplements, additions, or revisions from time to time, which may be in any form or media.

“Marks” means the trade name and logo contained on the Summary Page, and all other trade names, trademarks, service marks and logos specified by Signal Health Group Franchising from time to time for use in a Signal Health Group business.

“Medical Services” means services offered by physicians, registered nurses, occupational therapists, and certified nursing assistants. Medical Services may also include some bathing and dressing services provided by licensed home health aides but only if prescribed by a physician or registered nurse and only if such bathing and dressing services are being offered in connection with training the customer or client to be able to provide to those services to himself or herself after the training period.

“National Account” means any client which on its own behalf or through agents, franchisees, or other third parties owns, manages, controls or otherwise has responsibility for a business in more than one (1) location, including institutional clients such as hospitals, senior citizen centers, senior day care facilities, nursing homes, and hospices, whose physical presence and/or clientele are not confined within any one particular franchisee’s territory regardless of the aggregate contract amount of the services to be performed. Any dispute as to whether a particular client is a National Account shall be determined by Signal Health Group Franchising in its sole discretion and Signal Health Group Franchising’s determination shall be final and binding.

“Owner” means each person or entity which directly or indirectly owns or controls any equity of Franchisee. If Franchisee is an individual person, then “Owner” means Franchisee.

“Personal Care Services” means personal care and companionship services (activities of daily living), such as meal preparation, light homemaking, transportation, bathing, dressing, toileting, medication management, grocery shopping, errands, and dementia care. Personal Care Services are generally provided to persons with special needs as a result of physical or mental handicap, sickness, and/or old age.

“Privacy Information” means all information that identifies, relates to, describes, is reasonably capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular consumer or household. Privacy Information includes but is not limited to, the following if it identifies, relates to, describes, is reasonably capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular consumer or household: identifiers such as a real name, alias, postal address, unique personal identifier, online identifier, Internet Protocol address, email address, account name, social security number, driver’s license or state identification card number, passport number, signature, physical characteristics or description, telephone number, insurance policy number, bank account number, credit card number, debit card number or any other financial information, medical information or health insurance information; characteristics of protected classifications under state or federal law; commercial information, including records of personal property, products or services purchased, obtained or considered, or other purchasing or consuming histories or tendencies; biometric information; Internet or other electronic network activity information including, but not limited to, browsing history, search

history, and information regarding a consumer's interaction with an internet website, application, or advertisement; geolocation data; audio or electronic information; professional or employment-related information; education information that is not publicly available personally identifiable information as defined in the Family Educational Rights and Privacy Act (20 USC § 1232g; 34 CFR Part 99); information covered by the Health Insurance Portability and Accountability Act (commonly referred to as "HIPAA"), and inferences drawn from any of the information identified in this subsection to create a profile about a consumer reflecting the consumer's preferences, characteristics, psychological trends, predispositions, behavior, attitudes, intelligence, abilities and aptitudes. Privacy Information does not include publicly available information that is lawfully made available to the general public from federal, state, or local government records.

"Required Vendor" means a supplier, vendor, or distributor of Inputs which Signal Health Group Franchising requires franchisees to use.

"System Standards" means, as of any given time, the then-current mandatory procedures, requirements, and/or standards of the System as determined by Signal Health Group Franchising, which may include without limitation, any procedures, requirements and/or standards for appearance, business metrics, cleanliness, customer service, data protection and privacy, design, environmental protection and sustainability, equipment, inventory, maintenance, marketing and public relations, minimum numbers and types of personnel, operating days, operating hours, presentation of Marks, product and service offerings, quality of products and services (including any guaranty and warranty programs), refund and replacement policies, reporting, safety, technology (such as computers, computer peripheral equipment, smartphones, procedures, security systems, Technology, temporary operational changes due to special circumstances (such as a pandemic), uniforms, and vehicles.

"Technology" means point-of-sale systems, back-office systems, information management systems, security systems, video monitors, customer-facing software, and other software, backup and archiving systems, computers, computer peripheral equipment, cash registers, smartphones, tablets, and similar equipment; communications systems (including email, audio, and video systems); backup and archiving systems; payment acceptance systems (including credit and debit card systems, check verification services, and other payment systems, as well as any compliance programs relating to those systems), and internet access, as well as upgrades, supplements, and modifications thereto), temporary operational changes due to special circumstances (such as a pandemic), uniforms, and vehicles to any Technology.

"Territory" means the territory stated on the Summary Page.

"Transfer" means for Franchisee (or any Owner) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the Business, (ii) this Agreement, (iii) any direct or indirect ownership interest in the Business, or (iv) control of the Business.

"Wellness Services" means mental health services, fitness and exercise courses and training, and nutrition services (including meal-ready food preparation).

ARTICLE 2. GRANT OF LICENSE

2.1 Grant.

(a) Generally. Signal Health Group Franchising grants to Franchisee the right to operate a Non-Medical Services Signal Health Group business solely in the Territory. Franchisee shall develop, open and operate a Signal Health Group business in the Territory for the entire term of this Agreement. Franchisee shall exert its best efforts to promote and enhance the Business.

(b) Type of Non-Medical Services Business.

(i) If the “WELLNESS SERVICES” box is checked on the Summary Page, you will be considered to be a “Wellness Business”, and you will only be permitted to provide Wellness Services. You will not be permitted to provide Personal Care Services.

(ii) If the “PERSONAL CARE SERVICES” box is checked on the Summary Page, you will only be considered to be “Personal Care Business”, and you will only be permitted to provide Personal Care Services, and you will not be permitted to provide Wellness Services.

2.2 Protected Territory.

(a) Limitation. Franchisee shall not solicit or market to potential customers outside of the Territory, except for solicitations or marketing which are primarily targeted inside the Territory and which incidentally reach potential customers outside of the Territory.

(b) Service. Franchisee shall not serve customers outside of the Territory without Signal Health Group Franchising’s prior written permission. Signal Health Group Franchising may withdraw permission at any time. If Franchisee serves a customer outside of the Territory without Signal Health Group Franchising’s prior written permission, Signal Health Group Franchising may impose a fee equal to the greater of (i) \$500 or (ii) 75% of the amount paid by such customer to Franchisee. This fee is a reasonable estimate of Signal Health Group Franchising’s internal cost of personnel time attributable to addressing Franchisee’s breach of this Section, and it is not a penalty or estimate of all damages arising from Franchisee’s breach. This fee is in addition to all of Signal Health Group Franchising’s other rights and remedies.

(c) Exclusivity. Except as provided in this section, Signal Health Group Franchising shall not establish, nor license the establishment of, another business within the Territory or which serves customers located in the Territory selling the same or similar goods or services under the same or similar trademarks or service marks as a Signal Health Group business. Signal Health Group Franchising and its affiliates retain the right to do any of the following (all without any compensation to Franchisee):

(i) serve (or authorize other franchisees to serve) customers in the Territory if Franchisee is in default, or if Franchisee is incapable of meeting customer demand in the Territory (in Signal Health Group Franchising’s reasonable opinion);

- (ii) serve (or authorize other franchisees to serve) a particular customer in the Territory if Franchisee fails to properly serve such customer, or if Signal Health Group reasonably believes that Franchisee will not properly serve such customer;
- (iii) establish and license others to establish and operate Signal Health Group businesses outside the Territory, notwithstanding their proximity to the Territory or their potential impact on the Business;
- (iv) operate and license others to operate businesses anywhere—including within the Territory—that do not sell Care Services under the same or similar trademarks or service marks as a Signal Health Group business;
- (v) serve (or authorize other franchisees to serve) National Accounts in the Territory;
- (vi) sell and license others to sell any products and services in the Territory under any trademarks or service marks (including the Marks) through channels of distribution (including the internet) other than Signal Health Group outlets;
- (vii) establish and license others to establish and operate Signal Health Group businesses anywhere—including within the Territory—which provide Medical Services;
- (viii) acquire or be acquired by (under any form of business transaction) a Competitor that has (or may in the future have) outlets in the Territory which compete with the Business under trademarks or service marks other than the Marks; and
- (ix) engage in any action not specifically precluded by the express terms of this Agreement

Furthermore, if Franchisee is a Personal Care Business, Signal Health Group Franchising retains the right to establish and license to others to establish and operate Signal Health Group businesses anywhere—including within the Territory—which provide Wellness Services. If Franchisee is a Wellness Business, Signal Health Group Franchising retains the right to establish and license to others to establish and operate Signal Health Group businesses anywhere—including within the Territory—which provide Personal Care Services.

2.3 Franchisee Control. Franchisee represents that Attachment 1 (i) identifies each owner, officer and director of Franchisee, and (ii) describes the nature and extent of each owner’s interest in Franchisee. If any information on Attachment 1 changes (which is not a Transfer), Franchisee shall notify Signal Health Group Franchising within 10 days.

2.4 Principal Executive. Franchisee agrees that the person designated as the “Principal Executive” on the Summary Page is the executive primarily responsible for the Business and has decision-making authority on behalf of Franchisee. Signal Health Group Franchising is entitled to rely on any communication, decision, or act by the Principal Executive as being the communication, decision, or act of Franchisee. The Principal Executive must have at least 10% ownership interest in Franchisee. The Principal Executive must participate in the direct operation of the Business and must devote substantial time and attention to the Business. If the Principal Executive dies, becomes incapacitated, transfers his/her interest in Franchisee, or otherwise ceases

to be the executive primarily responsible for the Business, Franchisee shall promptly designate a new Principal Executive, subject to Signal Health Group Franchising's reasonable approval.

2.5 Guaranty. If Franchisee is an entity, then Franchisee shall have each Owner sign a personal guaranty of Franchisee's obligations to Signal Health Group Franchising, in the form of Attachment 2.

2.6 No Conflict. Franchisee represents to Signal Health Group Franchising that Franchisee and each of its Owners (i) are not violating any agreement (including any confidentiality or non-competition covenant) by entering into or performing under this Agreement, (ii) are not a direct or indirect owner of any Competitor, and (iii) are not listed or "blocked" in connection with, and are not in violation under, any anti-terrorism law, regulation, or executive order.

ARTICLE 3. TERM

3.1 Term. This Agreement commences on the Effective Date and continues for 10 years.

3.2 Successor Agreement. When the term of this Agreement expires, Franchisee may enter into a successor agreement for one additional period of 10 years, subject to the following conditions prior to expiration:

- (i) Franchisee notifies Signal Health Group Franchising of the election to renew between 90 and 180 days prior to the end of the term;
- (ii) Franchisee (and its affiliates) are in compliance with this Agreement and all other agreements with Signal Health Group Franchising (or any of its affiliates) at the time of election and at the time of renewal;
- (iii) Franchisee (and its affiliates) have been in substantial compliance with this Agreement and all other agreements with Signal Health Group Franchising (or any of its affiliates) throughout the term of any such agreement(s);
- ~~(iv)~~ (iv) Franchisee did not (A) receive written notice of default under this Agreement from Signal Health Group Franchising more than twice during the term, or (B) failed to cure a written notice of default under this Agreement within the cure period (if any) provided in this Agreement;
- (v) Franchisee and its Owners complied with Section 7.24 of this Agreement at all times during the term
- (vi) Franchisee has made or agrees to make (within a period of time acceptable to Signal Health Group Franchising) changes to the Business as Signal Health Group Franchising requires to conform to the then-current System Standards;
- ~~(vii)~~ Franchisee and its Principal Executive and any general manager must complete any renewal training we require;

- (~~viii~~) Franchisee and its Owners execute Signal Health Group Franchising's then-current standard form of franchise agreement and related documents (including personal guaranty), which may be materially different than this form (including, without limitation, higher and/or different fees), except that the form of the franchise agreement will be amended to provide that (A) Franchisee will not pay another initial franchise fee, (B) Franchisee will not receive more renewal or successor terms than originally granted to Franchisee, and (C) the Territory will not be changed;
- (~~viii~~) Franchisee pays a renewal fee equal to 20% of our then-current initial franchise fee based on your Territory; and
- (~~viii~~) Franchisee and each Owner executes a general release (on Signal Health Group Franchising's then-standard form) of any and all claims against Signal Health Group Franchising, its affiliates, and their respective owners, officers, directors, agents and employees.

ARTICLE 4. FEES

4.1 Initial Franchise Fee. Upon signing this Agreement, Franchisee shall pay an initial franchise fee in the amount stated on the Summary Page. This initial franchise fee is not refundable, except as provided in Section 6.4 and Section 6.5.

4.2 License Assistance Fee. Upon signing this Agreement, Franchisee shall pay the license assistance fee in the amount stated on the Summary Page. This license assistance fee is not refundable, except as provided in Section 6.4. In addition, Franchisee shall reimburse Signal Health Group Franchising for any state fees or other third-party fees or costs that Signal Health Group Franchising incurs in connection with assisting Franchisee in obtaining any applicable licenses.

4.3 Royalty Fee. Franchisee shall pay Signal Health Group Franchising a monthly royalty fee (the "Royalty Fee") equal to 5% of Gross Sales. Franchisee shall pay the Royalty Fee for any given month so that it is received by Signal Health Group Franchising on the on or before the 15th day of the following month.

4.4 Marketing Contributions.

(a) Brand Development Fund Contribution. Franchisee shall pay Signal Health Group Franchising a contribution to the Brand Development Fund (the "Brand Development Fund Contribution") equal to 1% of Franchisee's Gross Sales (or such lesser amount as Signal Health Group Franchising determines), at the same time as the Royalty Fee.

(b) Market Cooperative Contribution. If the Business participates in a Market Cooperative, then Franchisee shall contribute to the Market Cooperative a percentage of Gross Sales (or other amount) determined by the Market Cooperative, not to exceed 5%.

4.5 Replacement / Additional Training Fee. If Franchisee sends an employee to Signal Health Group Franchising's training program after opening or if Franchisee requests additional

training, Signal Health Group Franchising may charge its then-current training fee. As of the date of this Agreement, the training fee is \$500 to \$2,000 per day.

4.6 Non-Compliance Fee. Signal Health Group Franchising may charge Franchisee \$500 for any instance of non-compliance with the System Standards or this Agreement (other than Franchisee's non-payment of a fee owed to Signal Health Group Franchising) which Franchisee fails to cure after 30 days' notice. Thereafter, Signal Health Group Franchising may charge Franchisee \$250 per week until Franchisee ceases such non-compliance. This fee is a reasonable estimate of Signal Health Group Franchising's internal cost of personnel time attributable to addressing the non-compliance, and it is not a penalty or estimate of all damages arising from Franchisee's breach. The non-compliance fee is in addition to all of Signal Health Group Franchising's other rights and remedies (including default and termination under Section 14.2).

4.7 Reimbursement. Signal Health Group Franchising may (but is never obligated to) pay on Franchisee's behalf any amount that Franchisee owes to a supplier or other third party. If Signal Health Group Franchising does so or intends to do so, Franchisee shall pay such amount plus a 10% administrative charge to Signal Health Group Franchising within 15 days after invoice by Signal Health Group Franchising accompanied by reasonable documentation.

4.8 Technology Fee. Signal Health Group Franchising reserves the right to charge Franchisee a commercially-reasonable fee (the "Technology Fee") in exchange for software and other technology-related services and products provided by Signal Health Group Franchising. Signal Health Group Franchising has no liability or obligation to Franchisee with respect any third-party software that Signal Health Group Franchising provides to Franchisee. The Technology Fee for a given month is due and payable at the same time as the Royalty Fee, unless Signal Health Group Franchising determines otherwise. Any partial month will be pro-rated. Signal Health Group Franchising may add, remove, or alter the software or technology products or services that it provides. Signal Health Group Franchising may change Technology Fee. Signal Health Group Franchising does not guarantee that the Technology Fee is solely a pass-through of Signal Health Group Franchising's costs.

4.9 Payment Terms.

(a) Method of Payment. Franchisee shall pay the Royalty Fee, Brand Development Fund Contribution, Technology Fee, and any other amounts owed to Signal Health Group Franchising by pre-authorized bank draft or in such other manner as Signal Health Group Franchising may require. Franchisee shall comply with Signal Health Group Franchising's payment instructions, including executing all documents reasonably required by Signal Health Group Franchising. If Signal Health Group Franchising permits Franchisee to pay by credit card or other method which causes Signal Health Group Franchising to incur a processing fee, Franchisee shall be responsible for the amount of the processing fee.

(b) Calculation of Fees. Franchisee shall report monthly Gross Sales to Signal Health Group Franchising by the 15th day of the following month. If Franchisee fails to report monthly Gross Sales, then Signal Health Group Franchising may withdraw estimated Royalty Fees and Brand Development Fund Contributions equal to 125% of the last Gross Sales reported to Signal Health Group Franchising, and the parties will true-up the actual fees after Franchisee reports

Gross Sales. Franchisee acknowledges that Signal Health Group Franchising has the right to remotely access Franchisee's point-of-sale system to calculate Gross Sales.

(c) Late Fees and Interest. If Franchisee does not make a payment on time, Franchisee shall pay a \$100 "late fee" plus interest on the unpaid amount at a rate equal to 18% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law).

(d) Insufficient Funds. Signal Health Group Franchising may charge \$30 for any payment returned for insufficient funds (or, if such amount exceeds the maximum allowed by law, then the fee allowed by law).

(e) Costs of Collection~~Upon signing this Agreement, Franchisee shall pay a license assistance fee in the amount stated on the Summary Page. This license assistance fee is not refundable, except as provided in Section 6.4. In addition, Franchisee shall reimburse Signal Health Group Franchising for any state fees or other third party fees or costs that Signal Health Group Franchising incurs in connection with assisting Franchisee in obtaining any applicable licenses.~~

~~**4.3 Royalty Fee.** Franchisee shall pay Signal Health Group Franchising a monthly royalty fee (the "Royalty Fee") equal to 5% of Gross Sales. Franchisee shall pay the Royalty Fee for any given month so that it is received by Signal Health Group Franchising on the on or before the 15th day of the following month.~~

~~**4.4 Marketing Contributions.**~~

~~(a) Brand Development Fund Contribution. Franchisee shall pay Signal Health Group Franchising a contribution to the Brand Development Fund (the "Brand Development Fund Contribution") equal to 1% of Franchisee's Gross Sales (or such lesser amount as Signal Health Group Franchising determines), at the same time as the Royalty Fee.~~

~~(b) Market Cooperative Contribution. If the Business participates in a Market Cooperative, then Franchisee shall contribute to the Market Cooperative a percentage of Gross Sales (or other amount) determined by the Market Cooperative, not to exceed 5%.~~

~~**4.5 Replacement / Additional Training Fee.** If Franchisee sends an employee to Signal Health Group Franchising's training program after opening or if Franchisee requests additional training, Signal Health Group Franchising may charge its then current training fee. As of the date of this Agreement, the training fee is \$500 to \$2,000 per day.~~

~~**4.6 Non-Compliance Fee.** Signal Health Group Franchising may charge Franchisee \$500 for any instance of non-compliance with the System Standards or this Agreement (other than Franchisee's non-payment of a fee owed to Signal Health Group Franchising) which Franchisee fails to cure after 30 days' notice. Thereafter, Signal Health Group Franchising may charge Franchisee \$250 per week until Franchisee ceases such non-compliance. This fee is a reasonable estimate of Signal Health Group Franchising's internal cost of personnel time attributable to addressing the non-compliance, and it is not a penalty or estimate of all damages arising from Franchisee's breach. The non-compliance fee is in addition to all of Signal Health Group Franchising's other rights and remedies (including default and termination under Section 14.2).~~

~~4.7 — **Reimbursement.** Signal Health Group Franchising may (but is never obligated to) pay on Franchisee's behalf any amount that Franchisee owes to a supplier or other third party. If Signal Health Group Franchising does so or intends to do so, Franchisee shall pay such amount plus a 10% administrative charge to Signal Health Group Franchising within 15 days after invoice by Signal Health Group Franchising accompanied by reasonable documentation.~~

~~4.8 — **Technology Fee.** Signal Health Group Franchising reserves the right to charge Franchisee a commercially reasonable fee (the "Technology Fee") in exchange for software and other technology related services and products provided by Signal Health Group Franchising. Signal Health Group Franchising has no liability or obligation to Franchisee with respect any third party software that Signal Health Group Franchising provides to Franchisee. The Technology Fee for a given month is due and payable at the same time as the Royalty Fee, unless Signal Health Group Franchising determines otherwise. Any partial month will be pro-rated. Signal Health Group Franchising may add, remove, or alter the software or technology products or services that it provides. Signal Health Group Franchising may change Technology Fee. Signal Health Group Franchising does not guarantee that the Technology Fee is solely a pass-through of Signal Health Group Franchising's costs.~~

~~4.9 — **Payment Terms:**~~

~~(a) — **Method of Payment.** Franchisee shall pay the Royalty Fee, Brand Development Fund Contribution, Technology Fee, and any other amounts owed to Signal Health Group Franchising by pre-authorized bank draft or in such other manner as Signal Health Group Franchising may require. Franchisee shall comply with Signal Health Group Franchising's payment instructions, including executing all documents reasonably required by Signal Health Group Franchising. If Signal Health Group Franchising permits Franchisee to pay by credit card or other method which causes Signal Health Group Franchising to incur a processing fee, Franchisee shall be responsible for the amount of the processing fee.~~

~~(b) — **Calculation of Fees.** Franchisee shall report monthly Gross Sales to Signal Health Group Franchising by the 15th day of the following month. If Franchisee fails to report monthly Gross Sales, then Signal Health Group Franchising may withdraw estimated Royalty Fees and Brand Development Fund Contributions equal to 125% of the last Gross Sales reported to Signal Health Group Franchising, and the parties will true-up the actual fees after Franchisee reports Gross Sales. Franchisee acknowledges that Signal Health Group Franchising has the right to remotely access Franchisee's point-of-sale system to calculate Gross Sales.~~

~~(c) — **Late Fees and Interest.** If Franchisee does not make a payment on time, Franchisee shall pay a \$100 "late fee" plus interest on the unpaid amount at a rate equal to 18% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law).~~

~~(d) — **Insufficient Funds.** Signal Health Group Franchising may charge \$30 for any payment returned for insufficient funds (or, if such amount exceeds the maximum allowed by law, then the fee allowed by law).~~

~~(e) Costs of Collection and Enforcement.~~ Franchisee shall repay any costs incurred by Signal Health Group Franchising ~~(including reasonable attorney fees)~~ in attempting to collect payments owed by Franchisee ~~or to enforce any other provision of this Agreement (including, without limitation, reasonable attorney fees).~~

(f) Application. Signal Health Group Franchising may apply any payment received from Franchisee to any obligation and in any order as Signal Health Group Franchising may determine, regardless of any designation by Franchisee.

(g) Obligations Independent; No Set-Off. The obligations of Franchisee to pay to Signal Health Group Franchising any fees or amounts described in this Agreement are not dependent on Signal Health Group Franchising's performance and are independent covenants by Franchisee. Franchisee shall make all such payments without offset or deduction.

(h) Taxes. Franchisee will be responsible for (and shall immediately remit to Signal Health Group Franchising upon demand) all sales taxes, use taxes, and other taxes imposed on the fees payable by Franchisee to Signal Health Group Franchising or its affiliates and on services or goods furnished to Franchisee by Signal Health Group Franchising or its affiliates, unless the tax is an income tax assessed on Signal Health Group Franchising or its affiliate for doing business in the state where the Business is located.

ARTICLE 5. ASSISTANCE

5.1 Manual. Signal Health Group Franchising shall make its Manual available to Franchisee.

5.2 Pre-Opening Assistance.

(a) Pre-Opening Specifications and Vendors. To the extent not included in the Manual, Signal Health Group Franchising shall provide Franchisee with (i) applicable System Standards and other specifications as Signal Health Group Franchising deems appropriate (which may include specifications regarding inventory, supplies, materials, and other matters), and (ii) Signal Health Group Franchising's lists of Approved Vendors and/or Required Vendors.

(b) Business Plan Review. If requested by Franchisee, Signal Health Group Franchising shall review and advise on Franchisee's pre-opening business plan and financial projections. **Franchisee acknowledges that Signal Health Group Franchising accepts no responsibility for the performance of the Business.**

(c) Pre-Opening Training. Signal Health Group Franchising shall make available its standard pre-opening training to the Principal Executive and up to 1 other employees, at Signal Health Group Franchising's headquarters and/or at a Signal Health Group business designated by Signal Health Group Franchising. Signal Health Group Franchising shall not charge any fee for this training. Franchisee is responsible for its own travel, lodging, meal, and other out-of-pocket expenses. Signal Health Group Franchising reserves the right to vary the length and content of the initial training program based on the experience and skill level of any individual attending the program.

(d) Market Introduction Plan. Signal Health Group Franchising shall advise Franchisee regarding the planning and execution of Franchisee's market introduction plan.

(e) On-Site Opening Assistance. Signal Health Group Franchising shall have a representative support Franchisee's business opening with at least 2-3 days of onsite opening training and assistance, at Signal Health Group Franchising's expense.

(f) License Assistance. ~~When~~If Franchisee pays ~~the~~a License Assistance Fee set forth in Section 4.2, Signal Health Group Franchising will assist Franchisee in working with the preferred suppliers for licensing services assistance- (if the License Assistance Fee is \$0 or Franchisee fails to pay the License Assistance Fee, Signal Health Group Franchising will not provide these licensing services assistance). Such assistance may include, if applicable, reviewing, completing, and submitting required state and local legal documents and managing the process for obtaining applicable licenses. Signal Health Group Franchising's assistance is not a representation, warranty, or guarantee that Franchisee will succeed in obtaining any licenses as a result of any assistance that Signal Health Group Franchising provides.

5.3 Post-Opening Assistance.

(a) Advice, Consulting, and Support. If Franchisee requests, Signal Health Group Franchising shall provide advice to Franchisee (by telephone or electronic communication) regarding improving and developing Franchisee's business, and resolving operating problems Franchisee encounters, to the extent Signal Health Group Franchising deems reasonable. If Signal Health Group Franchising provides in-person support in response to Franchisee's request, Signal Health Group Franchising may charge its then-current fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).

(b) Pricing. Upon request, Signal Health Group Franchising shall provide recommended prices for products and services offered by franchisees of the System.

(c) Procedures. To the extent Signal Health Group Franchising determines in its sole discretion, Signal Health Group Franchising shall provide Franchisee with Signal Health Group Franchising's recommended administrative, bookkeeping, accounting, and inventory control procedures. Signal Health Group Franchising may make any such procedures part of required (and not merely recommended) System Standards.

(d) Marketing. Signal Health Group Franchising shall manage the Brand Development Fund.

(e) Internet. Signal Health Group Franchising shall maintain a website for Signal Health Group, which will include Franchisee's contact information.

ARTICLE 6. LOCATION, DEVELOPMENT, AND OPENING

6.1 Location. Franchisee is solely responsible for selecting the Location. If the Location is not stated on the Summary Page, then Franchisee shall find a suitable Location that meets Signal Health Group Franchising's System Standards (if any) within the Territory. Franchisee shall not be required to lease commercial office space unless the laws and regulations applicable to the

Business prevent Franchisee from operating the Franchised Business from a home office. If the Location is not at the primary residence of the Principal Executive, Franchisee must obtain Signal Health Group Franchising's approval for to move the Location.

6.2 Lease. In connection with any lease between Franchisee and the landlord of the Location: (i) if requested by Signal Health Group Franchising, Franchisee must submit the proposed lease to Signal Health Group Franchising for written approval, and (ii) the term of the lease (including renewal terms) must be for a period of not less than the term of this Agreement. Neither Signal Health Group Franchising's review of the Lease, nor Signal Health Group Franchising's acceptance of the site Franchisee has selected, constitutes a representation or guarantee that Franchisee will succeed at the selected Location or an expression of Signal Health Group Franchising's opinion regarding the terms of the Lease. Signal Health Group Franchising encourages Franchisee to seek independent counsel from a lawyer or business adviser to assist Franchisee in selecting a location and negotiating a lease for the Business premises.

6.3 Development. If the Location will be open to the public or used for meeting customers or potential customers, then Franchisee shall construct (or remodel) and finish the Location in conformity with Signal Health Group Franchising's System Standards.

6.4 New Franchisee Training. Franchisee's Principal Executive and any general manager must complete Signal Health Group Franchising's training program for new franchisees to Signal Health Group Franchising's satisfaction at least four weeks before opening the Business. If the Principal Executive (i) fails to complete the initial training program to Signal Health Group Franchising's satisfaction, or (ii) Signal Health Group Franchising, no more than 10 days after the Principal Executive completes the initial training program, that the Principal Executive does not have the ability to satisfactorily operate the Business, then Signal Health Group Franchising may terminate this Agreement. In such event, Signal Health Group Franchising shall refund the initial franchise fee and any license assistance fee ~~to~~paid by Franchisee (less any franchise broker fees and other out-of-pocket costs incurred by Signal Health Group Franchising related to Franchisee), subject to Franchisee's prior execution of a general release of liability of Signal Health Group Franchising and its affiliates, in a form prescribed by Signal Health Group Franchising. Notwithstanding anything herein or in this Agreement to the contrary, if Franchisee or its affiliate or Principal Executive has signed a Multi-Unit Development Agreement, in no event is the initial franchise fee or any part thereof refundable.

6.5 Conditions to Opening.

(a) Franchisee shall notify Signal Health Group Franchising at least 30 days before Franchisee intends to open the Business. Before opening, Franchisee must satisfy all of the following conditions: (1) Franchisee is in compliance with this Agreement, (2) Franchisee has obtained all applicable governmental permits and authorizations, (3) the Business conforms to all applicable System Standards, (4) Franchisee has hired sufficient employees, (5) Franchisee's officers and employees have completed all of Signal Health Group Franchising's required pre-opening training; and (6) Signal Health Group Franchising has given its written approval to open, which will not be unreasonably withheld.

(b) If Franchisee is unable to open the Business due to Franchisee's inability to obtain any licenses required for Franchisee to open the Business, then Signal Health Group Franchising may terminate this Agreement. In such event (and only if Franchisee has exercised its best reasonable efforts to obtain such licenses), Signal Health Group Franchising shall refund the initial franchise fee to Franchisee (less any franchise broker fees and other out-of-pocket costs incurred by Signal Health Group Franchising related to Franchisee), subject to Franchisee's prior execution of a general release of liability of Signal Health Group Franchising and its affiliates, in a form prescribed by Signal Health Group Franchising. Notwithstanding anything herein or in this Agreement to the contrary, if Franchisee or its affiliate or Principal Executive has signed a Multi-Unit Development Agreement, in no event is the initial franchise fee or any part thereof refundable.

6.6 Opening Date. Franchisee shall open the Business on or before the date stated on the Summary Page. If no deadline is set forth on the Summary Page, Franchisee shall open the Business within 12 months of the Effective Date.

ARTICLE 7. OPERATIONS

7.1 Compliance with Manual and System Standards. Franchisee shall at all times and at its own expense comply with all mandatory obligations contained in the Manual and with all other System Standards, as they are now or hereafter established. Franchisee acknowledges and agrees that the products and services offered under the Marks have a reputation for excellence and that Franchisee's compliance with all System Standards is of the utmost importance to Signal Health Group Franchising.

7.2 Compliance with Law. Franchisee and the Business shall comply with all laws, rules, ordinances, and regulations applicable to Franchisee or to the Business. Franchisee and the Business shall obtain and keep in force all governmental permits and licenses necessary for the Business. Franchisee is solely responsible for all such compliance, notwithstanding any information provided by Signal Health Group Franchising.

7.3 Products, Services, and Methods of Sale.

(a) Generally. Franchisee shall offer those non-Medical Services, and only those non-Medical Services, from time to time prescribed by Signal Health Group Franchising in the Manual or otherwise in writing. Unless otherwise approved or required by Signal Health Group Franchising, Franchisee shall not make sales by any other means, including without limitation by wholesale, by delivery, by mail order, or over the internet. Franchisee shall provide all products and perform all services in a high-quality manner that meets or exceeds the customer's reasonable expectations and all applicable System Standards. Franchisee shall implement any guaranties, warranties, or similar commitments regarding products and/or services that Signal Health Group Franchising may require.

(b) Health Inspection Scores. In addition to Franchisee's obligations to comply with all System Standards pursuant to Section 7.1 and with all applicable laws pursuant to Section 7.2, if Franchisee is a Wellness Business that provides meal-ready food preparations, Franchisee must achieve a health code inspection score of 90, "A" or higher pursuant to the grading or rating system of any applicable governmental authority. If the applicable government authority does not score

inspections on a numerical or alphabetical scale, then a rating by the governing body similar in nature to a “90” or “A” will be the governing standard. Franchisee will provide Signal Health Group Franchising a copy of any inspection report and score within two business days after receipt.

7.4 Prices. Franchisee retains the sole discretion to determine the prices it charges for products and services, except for National Accounts where Signal Health Group Franchising has agreed-upon pricing.

7.5 Personnel.

(a) Management. The Business must at all times be under the on-site supervision of the Principal Executive or a general manager who has completed Signal Health Group Franchising’s training program.

(b) Service. Franchisee shall cause its personnel to render competent and courteous service to all customers and members of the public.

(c) Appearance. Franchisee shall cause its personnel to comply with any dress attire, uniform, personal appearance and hygiene standards set forth in the Manual.

(d) Qualifications. Signal Health Group Franchising may set minimum qualifications for categories of employees employed by Franchisee.

(e) Staffing. Franchisee must hire or engage sufficient number of personnel to service its volume of Business, and Franchisee must comply with any System Standards regarding staffing levels.

(f) Sole Responsibility. Franchisee is solely responsible for all hiring decisions and all terms and conditions of employment of all of its personnel, including recruiting, hiring, training, scheduling, supervising, compensation, and termination. Franchisee is solely responsible for all actions of its personnel. Franchisee and Signal Health Group Franchising are not joint employers, and no employee of Franchisee will be an agent or employee of Signal Health Group Franchising. Within seven days of Signal Health Group Franchising’s request, Franchisee and each of its employees shall sign an acknowledgment form stating that Franchisee alone (and not Signal Health Group Franchising) is the employee’s sole employer. Franchisee shall use its legal name on all documents with its employees and independent contractors, including, but not limited to, employment applications, time cards, pay checks, and employment and independent contractor agreements, and Franchisee shall not use the Marks on any of these documents. Signal Health Group Franchising has the right to require: (i) that all persons providing Care Services be employed by Franchisee (and not be an independent contractor, unless required by applicable law); (ii) that all of Franchisee’s employees (a) undergo a criminal background check (and routine rescreening), and (b) provide at least two (2) references.

7.6 Post-Opening Training. Signal Health Group Franchising may at any time require that the Principal Executive and/or any other employees complete training programs, in any format and in any location determined by Signal Health Group Franchising. Signal Health Group Franchising may charge a reasonable fee for any training programs. Signal Health Group Franchising may require Franchisee to provide training programs to its employees. If a training program is held at

a location which requires travel by the Principal Executive or any other employee, then Franchisee shall pay all travel, living and other expenses.

7.7 ~~Software~~Technology. Without limiting the generality of Section 7.1 or Section 8.1, Franchisee shall acquire and use all ~~software and related systems~~Technology required by Signal Health Group Franchising. Signal Health Group Franchising has the right to prohibit Franchisee from using any Technology which is not approved or required by Signal Health Group Franchising. Franchisee shall enter into any subscription and support agreements related to the Technology that Signal Health Group Franchising may require. Franchisee shall upgrade, update, or replace any ~~software~~Technology from time to time as Signal Health Group Franchising may require. Franchisee shall protect the confidentiality and security of all ~~software systems~~Technology, and Franchisee shall abide by any System Standards related thereto. Franchisee shall give Signal Health Group Franchising unlimited access to Franchisee's ~~point of sale system and other software systems used in the Business, by any means designated by Signal Health Group Franchising~~Technology used in the Business, by any means designated by Signal Health Group Franchising. Despite Franchisee's obligation to acquire and use Technology according to System Standards, Franchisee has sole and complete responsibility for: (a) acquiring, operating, maintaining, and upgrading Franchisee's Technology; (b) the manner in which Franchisee's Technology interfaces with Signal Health Group Franchising's and any third party's computer system; (c) any and all consequences if Franchisee's Technology is not properly operated, maintained, and upgraded; (d) complying at all times with the most current version of the Payment Card Industry Data Security Standards, and (e) complying at all times with all laws governing the use, disclosure, and protection of Privacy Information.

7.8 Customer Complaints. Franchisee shall use its best efforts to promptly resolve any customer complaints. Signal Health Group Franchising may take any action it deems appropriate to resolve a customer complaint regarding the Business, and Signal Health Group Franchising may require Franchisee to reimburse Signal Health Group Franchising for any expenses.

7.9 Evaluation and Compliance Programs. Franchisee shall participate at its own expense in programs required from time to time by Signal Health Group Franchising for obtaining customer evaluations, reviewing Franchisee's compliance with the System, and/or managing customer complaints, which may include (but are not limited to) a customer feedback system, customer survey programs, and mystery shopping. Signal Health Group Franchising shall share with Franchisee the results of these programs, as they pertain to the Business. Franchisee must meet or exceed any minimum score requirements set by Signal Health Group Franchising for such programs. Signal Health Group Franchising may set minimum scores that Franchisee must receive from the public on internet review sites (such as Yelp or Google).

7.10 Payment Systems. Franchisee shall accept payment from customers in any form or manner designated by Signal Health Group Franchising (which may include, for example, cash, specific credit and/or debit cards, gift cards, electronic fund transfer systems, and mobile payment systems). Franchisee shall purchase or lease all equipment and enter into all business relationships necessary to accept payments as required by Signal Health Group Franchising. ~~Franchisee must at all times comply with payment card industry data security standards (PCI-DSS).~~

7.11 Gift Cards, Loyalty Programs, and Incentive Programs. At its own expense, Franchisee shall sell or otherwise issue gift cards, certificates, or other pre-paid systems, and participate in any customer loyalty programs, membership/subscription programs, or customer incentive programs, designated by Signal Health Group Franchising, in the manner specified by Signal Health Group Franchising in the Manual or otherwise in writing. Franchisee shall honor all valid gift cards and other pre-paid systems, regardless of whether issued by Franchisee or another Signal Health Group business. Franchisee shall comply with all procedures and specifications of Signal Health Group Franchising related to gift cards, certificates, and other pre-paid systems, or related to customer loyalty, membership/subscription, or customer incentive programs.

7.12 Maintenance and Repair. If the Location will be open to the public or used for meeting customers or potential customers, then Franchisee shall at all times keep the Business in a neat and clean condition, perform all appropriate maintenance, and keep all property of the Business in good repair. Franchisee acknowledges that the System Standards may include requirements for cleaning, maintenance, replacement, and repair.

7.13 Vehicles. If Franchisee uses one or more vehicles for the Business, Franchisee shall ensure that all vehicles comply with all applicable System Standards, including without limitation required equipment and exterior décor. Franchisee shall keep all vehicles in excellent or better condition, clean, and free of dents and other damage, and shall ensure that the vehicles presents a first-class image appropriate to Signal Health Group Franchising’s System. Any vehicle which contains Signal Health Group Franchising’s trademarks shall be used solely for the Business.

7.14 Meetings and Conventions.

(a) The Principal Executive shall use reasonable efforts to attend all in-person meetings and remote meetings (such as video or telephone conference calls) that Signal Health Group Franchising requires, including any national or regional brand conventions or conferences. Franchisee shall not permit the Principal Executive to fail to attend more than three consecutive required meetings.

(b) Signal Health Group Franchising may charge Franchisee the attendance fee for Signal Health Group’s national or regional conventions, regardless of whether Franchisee attends. Franchisee is responsible for all travel and living expenses of attending any such meeting or convention.

7.15 Insurance.

(a) Franchisee shall obtain and maintain insurance policies in the types and amounts as specified by Signal Health Group Franchising in the Manual. If not specified in the Manual, Franchisee shall maintain at least the following insurance coverage:

General Liability Insurance Minimums	
Professional Liability (per occurrence)	\$1,000,000
Professional Liability (aggregate)	\$3,000,000

Commercial General Liability (per occurrence)	\$1,000,000
Commercial General Liability (aggregated)	\$3,000,000
Cyber Liability	\$250,000
Sexual Misconduct and Physical Abuse	\$1,000,000
Tenant Legal Liability (if applicable)	\$50,000
Employee Benefits Liability	\$1,000,000
Owned and non-owned Auto Liability	\$2,000,000
Medical Expenses	\$5,000
Worker's Compensation	Coverage A – Statutory Workers Compensation Coverage B – Employers Liability Limit Bodily Injury \$100,000 Each
Business Interruption	
Additional Insured for Mortgages, Lenders, clients (when applicable or required)	Include in General Liability
Crime (employee theft with first- and third-party coverage)	\$50,000 \$2,500 max deductible
State Bonds (if applicable)	Per State, City and/or County

(b) Franchisee's policies (other than Workers Compensation) must (1) list Signal Health Group Franchising and its affiliates as an additional insured, (2) include a waiver of subrogation in favor of Signal Health Group Franchising and its affiliates, (3) be primary and non-contributing with any insurance carried by Signal Health Group Franchising or its affiliates, and (4) stipulate that Signal Health Group Franchising shall receive 30 days' prior written notice of cancellation.

(c) Franchisee shall provide Certificates of Insurance evidencing the required coverage to Signal Health Group Franchising prior to opening and upon annual renewal of the insurance coverage, as well as at any time within 15 days after request from Signal Health Group Franchising.

7.16 Obligations to Third Parties. Franchisee shall pay all vendors and suppliers in a timely manner. Franchisee shall pay all taxes when due. If Franchisee borrows money, it shall comply with the terms of its loan and make all loan payments when due. If Franchisee leases the Location, Franchisee shall comply with its lease for the Location and make all rent payments when due.

7.17 Public Relations. Franchisee shall not make any public statements (including giving interviews or issuing press releases) regarding Signal Health Group, the Business, or any particular incident or occurrence related to the Business, without Signal Health Group Franchising's prior written approval, which will not be unreasonably withheld.

7.18 Association with Causes. Franchisee shall not in the name of the Business (i) donate money, products, or services to any charitable, political, religious, or other organization or cause,

or (ii) act in support of any such organization or cause, without Signal Health Group Franchising's prior written approval, which will not be unreasonably withheld.

7.19 No Other Activity Associated with the Business. Franchisee shall not use the assets of the Business for any purpose other than the Business. Franchisee shall not "co-brand" or associate any other business activity with the Signal Health Group Business in a manner which is likely to cause the public to perceive it to be related to the Signal Health Group Business. If Franchisee is an entity, the entity shall not own or operate any other business except Signal Health Group businesses.

7.20 No Third-Party Management. Franchisee shall not engage a third-party management company to manage or operate the Business without the prior written approval of Signal Health Group Franchising, which will not be unreasonably withheld.

7.21 No Subcontracting. Unless required by applicable law, Franchisee shall not subcontract or delegate to a third party any services to be performed by Franchisee for a customer (other than engaging individuals as independent contractors in the ordinary course of business).

7.22 Identification. Franchisee must identify itself as the independent owner of the Business in the manner prescribed by Signal Health Group Franchising.

7.23 Privacy Practices.

(a) With respect to Privacy Information, Franchisee must comply with all of their obligations under applicable privacy laws, including any local, state, or federal data privacy or data security law or regulation.

(b) Franchisee shall not sell any Privacy Information. Franchisee further agrees to not access, use, or process the Privacy Information except in the furtherance of its obligations under this Agreement, but in all times, in compliance with applicable privacy laws.

(c) To the extent Signal Health Group Franchising does not have the then-current ability to address requests made under any applicable privacy law by individuals that are the subject of any of the Privacy Information, Franchisee shall, upon Signal Health Group Franchising's request, provide reasonable assistance to Signal Health Group Franchising in responding to such requests.

(d) In the event of a Data Security Event, Franchisee must notify Signal Health Group Franchising immediately after becoming aware of the Data Security Event and shall cooperate with Signal Health Group Franchising and follow all of Signal Health Group Franchising's reasonable requests to address the Data Security Event and to protect any Privacy Information and/or Confidential Information. Signal Health Group Franchising, or its designee, has the right, but not the obligation, to take any action or pursue any proceeding with respect to the Data Security Event.

7.247.24 Business Practices and Values. Franchisee and each Owner shall comply with and uphold any code of ethics or statement of values adopted by Signal Health Group Franchising. Franchisee and each Owner shall be honest and fair in all interactions with customers, employees,

vendors, governmental authorities, and other third parties. Neither Franchisee nor any Owner shall engage in or permit any employee to engage in any (i) violence or a threat of violence against any person or group of persons, (ii) sexual harassment of any person, (iii) discrimination against any person or group of persons on account of sex, race, color, religion, ancestry, national origin, sexual orientation, or disability, or any legally protected class in the jurisdiction where the Business is located, or (iv) any act which injures or is likely to injure the goodwill associated with the Marks, in Signal Health Group Franchising's reasonable opinion.

7.25 Communication. Franchisee shall respond promptly to requests for communication from Signal Health Group Franchising, and in any event within three business days.

~~**7.25 Business Practices.** Franchisee, in all interactions with customers, employees, vendors, governmental authorities, and other third parties, shall be honest and fair. Franchisee shall comply with any code of ethics or statement of values from Signal Health Group Franchising. Franchisee shall not take any action which injures or is likely to injure the goodwill associated with the Marks. Franchisee, in all interactions with customers, employees, vendors, governmental authorities, and other third parties, shall be honest and fair. Franchisee shall comply with any code of ethics or statement of values from Signal Health Group Franchising. Franchisee shall not take any action which injures or is likely to injure the goodwill associated with the Marks. Franchisee and each Owner shall be courteous and respectful to Franchisor and its personnel and shall comply with any rules adopted by Signal Health Group Franchising from time to time establishing procedures and requirements for communications between Franchisee's personnel and Signal Health Group Franchising's personnel.~~

7.26 Medicare/Medicaid. Signal Health Group Franchising does not anticipate that Franchisee will obtain Medicare/Medicaid certification, and Signal Health Group Franchising will not support Franchisee in achieving and/or maintaining such certification. If Franchisee endeavors to obtain such certification, Franchisee shall assume all costs and risks associated therewith. Franchisee will be required to pay Signal Health Group Franchising royalties on account of Gross Sales resulting from Franchisee's Medicare/Medicaid certification.

7.27 National Accounts.

(a) Signal Health Group Franchising shall have the exclusive right, unless otherwise specifically delegated in writing, on behalf of itself, Franchisee, and/or other Signal Health Group franchisees, to negotiate and enter into agreements or approve forms of agreement to provide services to National Accounts within the Territory.

(b) Following the execution of a contract with or the acceptance of a bid by a National Account client which contemplates the provision of services to one or more National Account locations or National Account clientele within or outside of the Territory, Signal Health Group Franchising will, if Franchisee is qualified to perform the services and conditioned upon Franchisee's substantial compliance with the terms of this Agreement and the System Standards, provide Franchisee the option to perform such services pursuant to the terms and conditions of the National Account contract or on such terms and conditions as Franchisor in its discretion determines is appropriate.

(c) If Franchisee elects not to provide services to a National Account client in conformity with the terms and conditions of the National Account bid or contract, or fails to make an election within the time specified by Signal Health Group Franchising, after being offered the opportunity by Signal Health Group Franchising, Signal Health Group Franchising shall have the right, exercisable in its sole discretion, to:

(i) Provide (directly or through any affiliate, other licensee or Signal Health Group franchisee) services to the National Account client location(s) within the Territory on the terms and conditions contained in the National Account bid or contract; and/or

(ii) Contract with another party to provide such services to the National Account client location(s) within the Territory on the terms and conditions contained in the National Account bid or contract between Signal Health Group Franchising and the National Account client.

(d) Neither the direct provision by Signal Health Group Franchising (or an affiliate, franchisee, licensee, or agent of Signal Health Group Franchising) of services to National Account clients as authorized herein, nor Signal Health Group Franchising's contracting with another party to provide such services as authorized herein, shall constitute a violation of this Agreement, even if such services are delivered from a location within the Territory. Franchisee disclaims any compensation or consideration for work performed by others in the Territory pursuant to this Section.

ARTICLE 8. SUPPLIERS AND VENDORS

8.1 Generally. Franchisee shall acquire all Inputs required by Signal Health Group Franchising from time to time in accordance with System Standards. Signal Health Group Franchising may require Franchisee to purchase or lease any Inputs from Signal Health Group Franchising, Signal Health Group Franchising's designee, Required Vendors, Approved Vendors, and/or under Signal Health Group Franchising's specifications. Signal Health Group Franchising may change any such requirement or change the status of any vendor. To make such requirement or change effective, Signal Health Group Franchising shall issue the appropriate System Standards.

8.2 Alternate Vendor Approval. If Signal Health Group Franchising requires Franchisee to purchase a particular Input only from an Approved Vendor or Required Vendor, and Franchisee desires to purchase the Input from another vendor, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by Signal Health Group Franchising. Signal Health Group Franchising may approve or disapprove the alternative vendor in its sole discretion. Signal Health Group Franchising may condition its approval on such criteria as Signal Health Group Franchising deems appropriate, which may include evaluations of the vendor's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. Signal Health Group Franchising shall provide Franchisee with written notification of the approval or disapproval of any proposed new vendor within 30 days after receipt of Franchisee's request.

8.3 Alternate Input Approval. If Signal Health Group Franchising requires Franchisee to purchase a particular Input, and Franchisee desires to purchase an alternate to the Input, then

Franchisee must submit a written request for approval and any information, specifications and/or samples requested by Signal Health Group Franchising. Signal Health Group Franchising may approve or disapprove the alternative Input in its sole discretion. Signal Health Group Franchising shall provide Franchisee with written notification of the approval or disapproval of any proposed alternate Input within 30 days after receipt of Franchisee's request.

8.4 Purchasing. Signal Health Group Franchising may negotiate prices and terms with vendors on behalf of the System. Signal Health Group Franchising may receive rebates, payments or other consideration from vendors in connection with purchases by franchisees. Signal Health Group Franchising has the right (but not the obligation) to collect payments from Franchisee on behalf of a vendor and remit the payments to the vendor and to impose a reasonable markup or charge for administering the payment program. Signal Health Group Franchising may implement a centralized purchasing system. Signal Health Group Franchising may establish a purchasing cooperative and require Franchisee to join and participate in the purchasing cooperative on such terms and conditions as Signal Health Group Franchising may determine.

8.5 No Liability of Franchisor. Signal Health Group Franchising and its affiliates shall not have any liability to Franchisee for any claim, loss, or other Action related to any product provided or service performed by any Approved Vendor or Required Vendor (unless Signal Health Group Franchising or its affiliate, as applicable, is the vendor), including without limitation for defects, delays, unavailability, failure, or breach of contract related to such products or services.

8.6 Product Recalls. If Signal Health Group Franchising or any vendor, supplier, or manufacturer of an item used or sold in Franchisee's Business issues a recall of such item or otherwise notifies Franchisee that such item is defective or dangerous, Franchisee shall immediately cease using or selling such item, and Franchisee shall at its own expense comply with all instructions from Signal Health Group Franchising or the vendor, supplier, or manufacturer of such item with respect to such item, including without limitation the recall, repair, and/or replacement of such item.

ARTICLE 9. MARKETING

9.1 Advertising Standards. Except as otherwise provided in the Manual, Franchisee may use only Advertising and Promotional Content that Signal Health Group Franchising has furnished or approved in writing in advance. Franchisee must ensure that all Advertising and Promotional Content that Franchisee uses is clear, factual, ethical, and not misleading; complies with all laws; and conforms to System Standards. Except as otherwise provided in the Manual and Advertising and Promotional Content that Signal Health Group Franchising furnishes to Franchisee, Franchisee must submit to Signal Health Group Franchising for its written approval, at least 14 days before use, copies of all proposed Advertising and Promotional Content that Franchisee intends to use or implement. If Signal Health Group Franchising does not respond, the material is deemed rejected. Signal Health Group Franchising has the right to approve or disapprove any Advertising and Promotional Content, as well as the media in which Franchisee intends to use them, in its sole discretion. Signal Health Group Franchising reserves the right to require Franchisee to discontinue the use of any Advertising and Promotional Content for any reason.

9.2 Digital Marketing. Signal Health Group Franchising may (but is not obligated to) establish and operate all Digital Marketing and has the sole right to control all aspects of Digital Marketing, including those related to the Business. Without limiting the generality of Section 9.1, Franchisee shall not, directly or indirectly, conduct or be involved in any Digital Marketing without the prior written consent of Signal Health Group Franchising. If Signal Health Group Franchising permits Franchisee to conduct any Digital Marketing, Franchisee must (a) comply with any System Standards and must immediately modify or delete any Digital Marketing that Signal Health Group Franchising determines, in its sole discretion, is not compliant with such System Standards; (b) only use materials that Signal Health Group Franchising has approved and submit any proposed modifications to Signal Health Group Franchising for approval; (c) not use any Mark (or words or designations similar to any Mark) in any domain name, electronic address, website, or other source identifier except as Signal Health Group Franchising expressly permits; (d) include only the links that Signal Health Group Franchising approves or requires; and (e) immediately take all actions necessary or that Signal Health Group Franchising requests to provide Signal Health Group Franchising with access to, or to transfer ownership of, all Digital Marketing relating to the Business to Franchisor, including, without limitation, providing login and password details and promptly signing all directions and authorizations as Signal Health Group Franchising deems necessary to effect the intent and provisions of this Section. If Franchisee uses any Mark (or words or designations similar to a Mark) in any domain name, electronic address, website, or other source identifier, Signal Health Group Franchising may register such name, address, website, or identifier and then license use of the registered item back to Franchisee under a separate agreement. Franchisee must pay all costs due for registration, maintenance, and renewal of any such names, addresses, websites, or identifiers that Signal Health Group Franchising approves and maintains on Franchisee's behalf. Signal Health Group Franchising may withdraw its approval for any Digital Marketing at any time.

9.3 Implementation. Franchisee shall implement any advertising or marketing materials, plans or campaigns (including Digital Marketing) required by Signal Health Group Franchising.

9.4 Use by Signal Health Group Franchising. Signal Health Group Franchising may use any Advertising and Promotional Content developed by or on behalf of Franchisee, and Franchisee hereby grants an unlimited, perpetual, royalty-free license to Signal Health Group Franchising for such purpose.

9.5 Brand Development Fund. Signal Health Group Franchising has established or may establish a Brand Development Fund to promote the System on a local, regional, national, and/or international level. If Signal Health Group Franchising has established a Brand Development Fund:

(a) Account. Signal Health Group Franchising shall hold the Brand Development Fund Contributions from all franchisees in one or more bank accounts separate from Signal Health Group Franchising's other accounts.

(b) Use. Signal Health Group Franchising shall use the Brand Development Fund only for marketing, advertising, and public relations materials, programs and campaigns (including at local, regional, national, and/or international level), and related overhead. The foregoing includes such activities and expenses as Signal Health Group Franchising reasonably determines, and may

include, without limitation: development and placement of advertising and promotions; sponsorships; contests and sweepstakes; development of décor, trade dress, Marks, and/or branding; development and maintenance of brand websites; social media; internet activities; e-commerce programs; search engine optimization; market research; public relations, media or agency costs; trade shows and other events; printing and mailing; and administrative and overhead expenses related to the Brand Development Fund (including the compensation of Signal Health Group Franchising's employees working on marketing and for accounting, bookkeeping, reporting, legal, collections, and other expenses related to the Brand Development Fund).

(c) Discretion. Franchisee agrees that expenditures from the Brand Development Fund need not be proportionate to contributions made by Franchisee or provide any direct or indirect benefit to Franchisee. The Brand Development Fund will be spent at Signal Health Group Franchising's sole discretion, and Signal Health Group Franchising has no fiduciary duty with regard to the Brand Development Fund.

(d) Contribution by Other Outlets. Signal Health Group Franchising is not obligated to (i) have all other Signal Health Group businesses (whether owned by other franchisees or by Signal Health Group Franchising or its affiliates) contribute to the Brand Development Fund, or (ii) have other Signal Health Group businesses that do contribute to the Brand Development Fund contribute the same amount or at the same rate as Franchisee.

(e) Surplus or Deficit. Signal Health Group Franchising may accumulate funds in the Brand Development Fund and carry the balance over to subsequent years. If the Brand Development Fund operates at a deficit or requires additional funds at any time, Signal Health Group Franchising may loan such funds to the Brand Development Fund on reasonable terms.

(f) Financial Statement. Signal Health Group Franchising shall prepare an unaudited annual financial statement of the Brand Development Fund within 120 days of the close of Signal Health Group Franchising's fiscal year and shall provide the financial statement to Franchisee upon written request.

9.6 Market Cooperatives. Signal Health Group Franchising may establish market advertising and promotional cooperative funds ("Market Cooperative") in any geographical areas. If a Market Cooperative for the geographic area encompassing the Location has been established at the time Franchisee commences operations hereunder, Franchisee shall immediately become a member of such Market Cooperative. If a Market Cooperative for the geographic area encompassing the Location is established during the term of this Agreement, Franchisee shall become a member of such Market Cooperative within 30 days of notice from Signal Health Group Franchising. Signal Health Group Franchising shall not require Franchisee to be a member of more than one Market Cooperative. If Signal Health Group Franchising establishes a Market Cooperative:

(a) Governance. Each Market Cooperative will be organized and governed in a form and manner, and shall commence operations on a date, determined by Signal Health Group Franchising. Signal Health Group Franchising may require the Market Cooperative to adopt bylaws or regulations prepared by Signal Health Group Franchising. Unless otherwise specified by Signal Health Group Franchising, the activities carried on by each Market Cooperative shall be decided by a majority vote of its members. Signal Health Group Franchising will be entitled to

attend and participate in any meeting of a Market Cooperative. Any Signal Health Group business owned by Signal Health Group Franchising in the Market Cooperative shall have the same voting rights as those owned by its franchisees. Each Business owner will be entitled to cast one vote for each Business owned, provided, however, that a franchisee shall not be entitled to vote if it is in default under its franchise agreement. If the members of a Market Cooperative are unable or fail to determine the manner in which Market Cooperative monies will be spent, Signal Health Group Franchising may assume this decision-making authority after 10 days' notice to the members of the Market Cooperative.

(b) Purpose. Each Market Cooperative shall be devoted exclusively to administering regional advertising and marketing programs and developing (subject to Signal Health Group Franchising's approval) standardized promotional materials for use by the members in local advertising and promotion.

(c) Approval. No advertising or promotional plans or materials may be used by a Market Cooperative or furnished to its members without the prior approval of Signal Health Group Franchising pursuant to Section 9.1. Signal Health Group Franchising may designate the national or regional advertising agencies used by the Market Cooperative.

(d) Funding. The majority vote of the Market Cooperative will determine the dues to be paid by members of the Market Cooperative, including Franchisee, but not less than 1% and not more than 5% of Gross Sales.

(e) Enforcement. Only Signal Health Group Franchising will have the right to enforce the obligations of franchisees who are members of a Market Cooperative to contribute to the Market Cooperative.

(f) Termination. Signal Health Group Franchising may terminate any Market Cooperative. Any funds left in a Market Cooperative upon termination will be transferred to the Brand Development Fund.

9.7 Required Spending. After the Business opens to the public, Franchisee shall spend at least the greater of \$1,000 or 2% of Gross Sales each month on marketing the Business. Within 10 days after request by Signal Health Group Franchising, Franchisee shall furnish proof of its compliance with this Section. Signal Health Group Franchising has the discretion to determine in good faith what activities constitute "marketing" under this Section. If Franchisee contributes to a Market Cooperative, the amount of the contribution will be counted towards Franchisee's required spending under this Section.

9.8 Market Introduction Plan. Franchisee must develop a market introduction plan and obtain Signal Health Group Franchising's approval of the market introduction plan at least 30 days before the projected opening date of the Business. Franchisee must spend at least \$1,000 as part of this market introduction plan.

ARTICLE 10. RECORDS AND REPORTS

10.1 Systems. Franchisee shall use such customer data management, sales data management, administrative, bookkeeping, accounting, and inventory control procedures and systems as Signal Health Group Franchising may specify in the Manual or otherwise in writing.

10.2 Reports.

(a) Financial Reports. Franchisee shall provide such periodic financial reports as Signal Health Group Franchising may require in the Manual or otherwise in writing, including:

- (i) a monthly profit and loss statement and balance sheet for the Business within 30 days after the end of each calendar month;
- (ii) an annual financial statement (including profit and loss statement, cash flow statement, and balance sheet) for the Business within 90 days after the end of each calendar year; and
- (iii) any information Signal Health Group Franchising requests in order to prepare a financial performance representation for Signal Health Group Franchising's franchise disclosure document, within 30 days after request.

(b) Legal Actions and Investigations. Franchisee shall promptly notify Signal Health Group Franchising of any Action or threatened Action by any customer, governmental authority, or other third party against Franchisee or the Business, or otherwise involving the Franchisee or the Business. Franchisee shall provide such documents and information related to any such Action as Signal Health Group Franchising may request.

(c) Government Inspections. Franchisee shall give Signal Health Group Franchising copies of all inspection reports, warnings, certificates, and ratings issued by any governmental entity with respect to the Business, within three days of Franchisee's receipt thereof.

(d) Other Information. Franchisee shall submit to Signal Health Group Franchising such other financial statements, budgets, forecasts, reports, records, copies of contracts, documents related to litigation, tax returns, copies of governmental permits, and other documents and information related to the Business as specified in the Manual or that Signal Health Group Franchising may reasonably request (either upon specific request or on a regular basis as directed by Signal Health Group Franchising, as applicable). Signal Health Group Franchising acknowledges that all personnel records of the Business belong to Franchisee and that this Agreement does not grant Signal Health Group Franchising the right to access personnel records of Franchisee's employees.

10.3 Initial Investment Report. Within 120 days after opening for business, Franchisee shall submit to Signal Health Group Franchising a report detailing Franchisee's investment costs to develop and open the Business, with costs allocated to the categories described in Item 7 of Signal Health Group Franchising's Franchise Disclosure Document and with such other information as Signal Health Group Franchising may reasonably request.

10.4 Business Records. Franchisee shall keep complete and accurate books and records reflecting all expenditures and receipts of the Business, with supporting documents (including, but not limited to, payroll records, payroll tax returns, register receipts, production reports, sales invoices, bank statements, deposit receipts, cancelled checks and paid invoices) for at least three years. Franchisee shall keep such other business records as Signal Health Group Franchising may specify in the Manual or otherwise in writing.

10.5 Records Audit. Signal Health Group Franchising may examine and audit all books and records related to the Business, and supporting documentation, at any reasonable time. Signal Health Group Franchising may conduct the audit at the Location and/or require Franchisee to deliver copies of books, records and supporting documentation to a location designated by Signal Health Group Franchising. Franchisee shall also reimburse Signal Health Group Franchising for all costs and expenses of the examination or audit if (i) Signal Health Group Franchising conducted the audit because Franchisee failed to submit required reports or was otherwise not in compliance with the System, or (ii) the audit reveals that Franchisee understated Gross Sales by 3% or more for any month.

ARTICLE 11. FRANCHISOR RIGHTS

11.1 Manual; Modification. The Manual, and any part of the Manual, may be in any form or media determined by Signal Health Group Franchising. Signal Health Group Franchising may supplement, revise, or modify the Manual, and Signal Health Group Franchising may change, add or delete System Standards at any time in its discretion. Signal Health Group Franchising may inform Franchisee thereof by any method that Signal Health Group Franchising reasonably deems appropriate (which need not qualify as “notice” under Section 18.9). In the event of any dispute as to the contents of the Manual, Signal Health Group Franchising’s master copy will control.

11.2 Business Evaluation. Signal Health Group Franchising may accompany Franchisee or its personnel on any services performed for a customer to conduct an evaluation. If the Location will be open to the public or used for meeting customers or potential customers, Signal Health Group Franchising may enter the premises of the Business from time to time during normal business hours and conduct an evaluation. Signal Health Group Franchising will use commercially reasonable efforts to not disrupt Franchisee’s business operations during any such evaluation. Franchisee shall cooperate with Signal Health Group Franchising’s evaluators. The evaluation may include, but is not limited to, observing operations, conducting a physical inventory, evaluating physical conditions, monitoring sales activity, speaking with employees and customers, and removing samples of products, supplies and materials. Signal Health Group Franchising may videotape and/or take photographs of the evaluation. Signal Health Group Franchising may set a minimum score requirement for evaluations, and Franchisee’s failure to meet or exceed the minimum score will be a default under this Agreement. Without limiting Signal Health Group Franchising’s other rights under this Agreement, Franchisee will, as soon as reasonably practical, correct any deficiencies noted during an evaluation. If Signal Health Group Franchising conducts an evaluation because of a governmental report, customer complaint or other customer feedback, or a default or non-compliance with any System Standard by Franchisee (including following up a previous failed evaluation), then Signal Health Group Franchising may charge all out-of-pocket expenses plus its then-current evaluation fee to Franchisee.

11.3 Signal Health Group Franchising’s Right to Cure. If Franchisee breaches or defaults under any provision of this Agreement, Signal Health Group Franchising may (but has no obligation to) take any action to cure the default on behalf of Franchisee, without any liability to Franchisee. Franchisee shall reimburse Signal Health Group Franchising for its costs and expenses (including the allocation of any internal costs) for such action, plus 10% as an administrative fee.

11.4 Right to Discontinue Supplies Upon Default. While Franchisee is in default or breach of this Agreement, Signal Health Group Franchising may (i) require that Franchisee pay cash on delivery for products or services supplied by Signal Health Group Franchising, (ii) stop selling or providing any products and services to Franchisee, and/or (iii) request any third-party vendors to not sell or provide products or services to Franchisee. No such action by Signal Health Group Franchising shall be a breach or constructive termination of this Agreement, change in competitive circumstances, or similarly characterized, and Franchisee shall not be relieved of any obligations under this Agreement because of any such action. Such rights of Signal Health Group Franchising are in addition to any other right or remedy available to Signal Health Group Franchising.

11.5 Business Data. All customer data collected by or generated by the Business (other than data generated by the Business related to employees and any HIPAA-related information) is Confidential Information and is exclusively owned by Signal Health Group Franchising. Signal Health Group Franchising hereby licenses such data back to Franchisee without charge solely for Franchisee’s use in connection with the Business for the term of this Agreement.

11.6 Innovations. Franchisee shall disclose to Signal Health Group Franchising all ideas, plans, improvements, concepts, methods, and techniques relating to the Business (collectively, “Innovations”) conceived or developed by Franchisee or its employees, agents, or contractors. Signal Health Group Franchising will automatically own all Innovations, and it will have the right to use and incorporate any Innovations into the System, without any compensation to Franchisee. Franchisee shall execute any documents reasonably requested by Signal Health Group Franchising to document Signal Health Group Franchising’s ownership of Innovations.

11.7 Communication Systems. If Signal Health Group Franchising provides email accounts and/or other communication systems to Franchisee, then Franchisee acknowledges that it has no expectation of privacy in the assigned email accounts and other communications systems, and Franchisee authorizes Signal Health Group Franchising to access such communications.

11.8 Communication with Employees. Franchisee irrevocably authorizes Signal Health Group Franchising to communicate with Franchisee’s employees and contractors on any matter related to the System or the Business. Franchisee will not prohibit any employee or contractor from communicating with Signal Health Group Franchising on any matter related to the System or the Business.

11.9 Communications with Landlord and Lenders. Franchisee irrevocably authorizes Signal Health Group Franchising to communicate with Franchisee’s landlord and lender(s), or prospective landlord and lender(s), about matters relating to the Business, and to provide information about the Business to them.

11.10 Delegation. Signal Health Group Franchising may delegate any duty or obligation of Signal Health Group Franchising under this Agreement to an affiliate or to a third party.

11.11 System Variations. Signal Health Group Franchising may vary or waive any System Standard for any one or more Signal Health Group franchises due to the peculiarities of the particular site or circumstances, density of population, business potential, population of trade area, existing business practices, applicable laws or regulations, or any other condition relevant to the performance of a franchise or group of franchises. Franchisee is not entitled to the same variation or waiver.

11.12 Temporary Public Safety Closure. If Signal Health Group Franchising discovers or becomes aware of any aspect of the Business which, in Signal Health Group Franchising's opinion, constitutes an imminent danger to the health or safety of any person, then immediately upon Signal Health Group Franchising's order, Franchisee must temporarily cease operations of the Business and remedy the dangerous condition. Signal Health Group Franchising shall have no liability to Franchisee or any other person for action or failure to act with respect to a dangerous condition.

11.13 Temporary Management. If (i) the Principal Executive dies or becomes incapacitated, (ii) this Agreement is terminated or expires and Signal Health Group Franchising elects to purchase assets of the Business as provided in Section 14.6, or (iii) Franchisee is operating the Business in a manner which, in Signal Health Group Franchising's reasonable opinion, constitutes a danger to the health or safety of any person, then Signal Health Group Franchising may (but is not obligated to) enter the Location and operate and manage the Business for Franchisee's (or Franchisee's estate's) account until this Agreement is terminated, the Business is transferred, the Business is purchased by Signal Health Group Franchising, or Signal Health Group Franchising returns the Business to Franchisee. Signal Health Group Franchising's operation and management will not continue for more than 90 days without Franchisee's consent (or the consent of the representatives of Franchisee's estate). If this Agreement has not terminated or expired, then Signal Health Group Franchising will account to Franchisee for all net income from the Business during the period in which Signal Health Group Franchising operates the Business. Signal Health Group Franchising may collect a temporary management fee equal to 5% of Gross Sales for the period in which Signal Health Group Franchising operates the Business, plus all expenses (including internal costs of personnel and overhead) incurred by Signal Health Group Franchising, which is in addition to Royalty Fees, Marketing Fund Contributions, or other amounts owed under this Agreement. If Signal Health Group Franchising or a third party assumes the Business's management, Franchisee acknowledges that Signal Health Group Franchising or the third party will have a duty to utilize only reasonable efforts and will not be liable to Franchisee or its Owners for any losses the Business incurs or obligations to creditors.

11.14 Advisory Council. Signal Health Group Franchising has formed or may form an advisory council to advise Signal Health Group Franchising on one or more aspects of the System, such as marketing and operations. Signal Health Group Franchising will determine the method by which representatives are chosen. The advisory council will act in an advisory capacity only and will not have decision-making power. Signal Health Group Franchising has the right to change, merge or dissolve any advisory council at any time.

11.15 Franchisor's Discretion. Signal Health Group Franchising may engage in any activity not expressly prohibited by this Agreement. Whenever this Agreement provides that Signal Health Group Franchising has a certain right, that right is absolute and the parties intend that Signal Health Group Franchising's exercise of that right will not be subject to any limitation or review. Signal Health Group Franchising has the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement, although this right does not modify any express limitations set forth in this Agreement. Whenever Signal Health Group Franchising agrees to exercise its rights reasonably or in good faith, Signal Health Group Franchising will have satisfied its obligations whenever it exercises reasonable business judgment in making a decision or exercising its rights. Signal Health Group Franchising's decisions or actions will be deemed to be the result of reasonable business judgment, even if other reasonable or even arguably preferable alternatives are available, if Signal Health Group Franchising's decision or action is intended, in whole or significant part, to promote or benefit the System or the Signal Health Group brand generally even if the decision or action also promotes Signal Health Group Franchising's financial or other individual interest. Examples of items that will promote or benefit the System or the Signal Health Group brand include enhancing the value of the Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System and Signal Health Group outlets.

ARTICLE 12. MARKS

12.1 Authorized Marks. Franchisee shall use no trademarks, service marks or logos in connection with the Business other than the Marks. Franchisee shall use all Marks specified by Signal Health Group Franchising, and only in the manner as Signal Health Group Franchising may require. Franchisee has no rights in the Marks other than the right to use them in the operation of the Business in compliance with this Agreement. All use of the Marks by Franchisee and any goodwill associated with the Marks, including any goodwill arising due to Franchisee's operation of the Business, will inure to the exclusive benefit of Signal Health Group Franchising.

12.2 Change of Marks. Signal Health Group Franchising may add, modify, or discontinue any Marks to be used under the System. Within a reasonable time after Signal Health Group Franchising makes any such change (not to exceed 90 days), Franchisee must comply with the change, at Franchisee's expense.

12.3 Infringement.

(a) Defense of Franchisee. If Franchisee has used the Marks in accordance with this Agreement, then (i) Signal Health Group Franchising shall defend Franchisee (at Signal Health Group Franchising's expense) against any Action by a third party alleging infringement by Franchisee's use of a Mark, and (ii) Signal Health Group Franchising shall indemnify Franchisee for expenses and damages if the Action is resolved unfavorably to Franchisee.

(b) Infringement by Third Party. Franchisee shall promptly notify Signal Health Group Franchising if Franchisee becomes aware of any possible infringement of a Mark by a third party.

Signal Health Group Franchising may, in its sole discretion, commence or join any claim against the infringing party.

(c) Control. Signal Health Group Franchising shall have the exclusive right to control any prosecution or defense of any Action related to possible infringement of or by the Marks.

12.4 Name. If Franchisee is an entity, it shall not use the word[s] “Signal Health Group” or any confusingly similar words in its legal name.

ARTICLE 13. COVENANTS

13.1 Confidential Information. With respect to all Confidential Information, Franchisee shall (a) adhere to all procedures prescribed by Signal Health Group Franchising for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business, (c) not use any such information in any other business or in any manner not specifically authorized in writing by Signal Health Group Franchising, (d) exercise the highest degree of diligence and effort to maintain the confidentiality of all such information during and after the term of this Agreement, (e) not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Franchisee acknowledges that all Confidential Information is owned by Signal Health Group Franchising (except for Confidential Information which Signal Health Group Franchising licenses from another person or entity). This Section will survive the termination or expiration of this Agreement indefinitely.

13.2 Covenants Not to Compete.

(a) Restriction – In Term. During the term of this Agreement, neither Franchisee, any Owner, nor any spouse of an Owner (the “Restricted Parties”) shall directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor.

(b) Restriction – Post Term. For two years after this Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer), no Restricted Party shall directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor within twenty miles of Franchisee’s Territory or the territory of any other Signal Health Group business operating on the date of expiration, termination, or transfer, as applicable.

(c) Interpretation. The parties agree that each of the foregoing covenants is independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any arbitrator or court, then the parties intend that the arbitrator or court modify such restriction to the extent reasonably necessary to protect the legitimate business interests of Signal Health Group Franchising. Franchisee agrees that the existence of any claim it may have against Signal Health Group Franchising shall not constitute a defense to the enforcement by Signal Health Group Franchising of the covenants of this Section. If a Restricted Party fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended an additional day for each day of noncompliance.

13.3 General Manager and Key Employees. If requested by Signal Health Group Franchising, Franchisee shall cause its general manager and other key employees reasonably designated by Signal Health Group Franchising to sign Signal Health Group Franchising's then-current form of confidentiality and non-compete agreement (unless prohibited by applicable law).

ARTICLE 14. DEFAULT AND TERMINATION

14.1 Termination by Franchisee. Franchisee may terminate this Agreement only if Signal Health Group Franchising violates a material provision of this Agreement and fails to cure or to make substantial progress toward curing the violation within 30 days after receiving written notice from Franchisee detailing the alleged default. Termination by Franchisee is effective 10 days after Signal Health Group Franchising receives written notice of termination.

14.2 Termination by Signal Health Group Franchising.

(a) Subject to 10-Day Cure Period. Signal Health Group Franchising may terminate this Agreement if Franchisee does not make any payment to Signal Health Group Franchising when due, or if Franchisee does not have sufficient funds in its account when Signal Health Group Franchising attempts an electronic funds withdrawal, and Franchisee fails to cure such non-payment within 10 days after Signal Health Group Franchising gives notice to Franchisee of such breach.

(b) Subject to 30-Day Cure Period. If Franchisee breaches this Agreement in any manner not described in subsection (a) or (c), and Franchisee fails to cure such breach to Signal Health Group Franchising's satisfaction within 30 days after Signal Health Group Franchising gives notice to Franchisee of such breach, then Signal Health Group Franchising may terminate this Agreement.

(c) Without Cure Period. Signal Health Group Franchising may terminate this Agreement by giving notice to Franchisee, without opportunity to cure, if any of the following occur:

- (i) Franchisee misrepresented or omitted material facts when applying to be a franchisee, or breaches any representation in this Agreement;
- (ii) Franchisee knowingly submits any false report or knowingly provides any other false information to Signal Health Group Franchising;
- (iii) a receiver or trustee for the Business or all or substantially all of Franchisee's property is appointed by any court, or Franchisee makes a general assignment for the benefit of Franchisee's creditors, or Franchisee is unable to pay its debts as they become due, or a levy or execution is made against the Business, or an attachment or lien remains on the Business for 30 days unless the attachment or lien is being duly contested in good faith by Franchisee, or a petition in bankruptcy is filed by Franchisee, or such a petition is filed against or consented to by Franchisee and the petition is not dismissed within 45 days, or Franchisee is adjudicated as bankrupt;
- (iv) Franchisee fails to open for business by the date specified on the Summary Page;

- (v) Franchisee or any Owner commits a material violation of Section 7.2 (compliance with laws) or Section 13.1 (confidentiality), violates Section 7.24 (business practices and values), Section 13.2 (non-compete), or Article 15 (transfer), or commits any other violation of this Agreement which by its nature cannot be cured;
- (vi) Franchisee ceases operation of the Business for more than five consecutive days, Franchisee informs Signal Health Group Franchising that Franchisee is going to permanently close the Business prior to the end of the term of this Agreement, or Signal Health Group Franchising reasonably concludes that Franchisee has ceased operation of the Business;
- (vii) Franchisee or any Owner slanders or libels Signal Health Group Franchising or any of its employees, directors, or officers;
- (viii) Franchisee refuses to cooperate with or permit any audit or evaluation by Signal Health Group Franchising or its agents or contractors, or otherwise fails to comply with Section 10.5 or Section 11.2;
- (ix) the Business is operated in a manner which, in Signal Health Group Franchising's reasonable judgment, constitutes a significant danger to the health or safety of any person, and Franchisee fails to cure such danger within 48 hours after becoming aware of the danger (due to notice from Signal Health Group Franchising or otherwise);
- (x) Franchisee has received two or more notices of default and Franchisee commits another breach of this Agreement, all in the same 12-month period;
- (xi) Franchisee fails to meet any applicable health inspection standards described in Section 7.3 two or more times in any 36-month period;
- (xii) Signal Health Group Franchising (or any affiliate) terminates any other agreement with Franchisee (or any affiliate) due to the breach of such other agreement by Franchisee (or its affiliate) (provided that termination of a Multi-Unit Development Agreement with Franchisee or its affiliate shall not give Signal Health Group Franchising the right to terminate this Agreement);
- (xiii) Franchisee or any Owner is charged with, pleads guilty or no-contest to, or is convicted of a felony; or
- (xiv) Franchisee or any Owner is accused by any governmental authority or third party of any act, or if Franchisee or any Owner commits any act or series of acts, that in Signal Health Group Franchising's opinion is reasonably likely to materially and unfavorably affect the Signal Health Group brand.

14.3 Effect of Termination. Upon termination or expiration of this Agreement, all obligations that by their terms or by reasonable implication survive termination, including those pertaining to non-competition, confidentiality, indemnity, and dispute resolution, will remain in effect, and Franchisee must immediately:

- (i) pay all amounts owed to Signal Health Group Franchising based on the operation of the Business through the effective date of termination or expiration;
- (ii) return to Signal Health Group Franchising all copies of the Manual, Confidential Information and any and all other materials provided by Signal Health Group Franchising to Franchisee or created by a third party for Franchisee relating to the operation of the Business, and all items containing any Marks, copyrights, and other proprietary items; and delete all Confidential Information and proprietary materials from electronic devices;
- (iii) immediately take all action required (a) to cancel all assumed name or equivalent registrations relating to Franchisee's use of the Marks; and (b) to cancel or transfer to Signal Health Group Franchising or its designee all telephone numbers, post office boxes, directory listings, and Digital Marketing accounts used by Franchisee in connection with the Business or the Marks, including, without limitation, by providing login and password details and promptly signing all directions and authorizations necessary or appropriate to accomplish the foregoing. Franchisee hereby irrevocably appoints Signal Health Group Franchising, with full power of substitution, as its true and lawful attorney-in-fact, which appointment is coupled with an interest; to execute such directions and authorizations as may be necessary or appropriate to accomplish the foregoing. The telephone company, the postal service, registrars, Internet service providers and each listing agency may accept such direction by Signal Health Group Franchising pursuant to this Agreement as conclusive evidence of Signal Health Group Franchising's exclusive rights in such accounts and its authority to direct their transfer; and
- (iv) cease doing business under any of the Marks.

14.4 Remove Identification. Within 30 days after termination or expiration, Franchisee shall at its own expense "de-identify" the Location so that it no longer contains the Marks, signage, or any trade dress of a Signal Health Group business, to the reasonable satisfaction of Signal Health Group Franchising. Franchisee shall comply with any reasonable instructions and procedures of Signal Health Group Franchising for de-identification. If Franchisee fails to do so within 30 days after this Agreement expires or is terminated, Signal Health Group Franchising may enter the Location to remove the Marks and de-identify the Location. In this event, Signal Health Group Franchising will not be charged with trespass nor be accountable or required to pay for any assets removed or altered, or for any damage caused by Signal Health Group Franchising.

14.5 Liquidated Damages. If Signal Health Group Franchising terminates this Agreement based upon Franchisee's default (or if Franchisee purports to terminate this Agreement except as permitted under Section 14.1), then within 10 days thereafter Franchisee shall pay to Signal Health Group Franchising a lump sum (as liquidated damages and not as a penalty) calculated as follows: (x) the average monthly Royalty Fees and Brand Development Fund Contributions that Franchisee owed to Signal Health Group Franchising under this Agreement for the last 12 full months that Franchisee operated the Business (disregarding any fee waivers or reductions granted to Franchisee); multiplied by (y) the lesser of (1) 24 or (2) the number of months remaining in the then-current term of this Agreement. If Franchisee had not operated the Business for at least 12

full months, then (x) will equal the average monthly Royalty Fees and Brand Development Fund Contributions that Franchisee owed to Signal Health Group Franchising during the period that Franchisee operated the Business. The “average Royalty Fees and Brand Development Fund Contributions that Franchisee owed to Signal Health Group Franchising” shall not be discounted or adjusted due to any deferred or reduced Royalty Fees and Brand Development Fund Contributions set forth in an addendum to this Agreement, unless this Section 14.5 is specifically amended in such addendum. Franchisee acknowledges that a precise calculation of the full extent of Signal Health Group Franchising’s damages under these circumstances is difficult to determine and the method of calculation of such damages as set forth in this Section is reasonable. Franchisee’s payment to Signal Health Group Franchising under this Section will be in lieu of any direct monetary damages that Signal Health Group Franchising may incur as a result of Signal Health Group Franchising’s loss of Royalty Fees and Brand Development Fund Contributions that would have been owed to Signal Health Group Franchising after the date of termination; however, such payment shall be in addition to all damages and other amounts arising under Section 14.3 and Section 14.4, Signal Health Group Franchising’s right to injunctive relief for enforcement of Article 13, and any attorneys’ fees and other costs and expenses to which Signal Health Group Franchising is entitled under this Agreement. Except as provided in this Section, Franchisee’s payment of this lump sum shall be in addition to any other right or remedy that Signal Health Group Franchising may have under this Agreement or otherwise. If liquidated damages are prohibited by applicable law or are otherwise deemed unenforceable for any reason, then Franchisee shall be liable for Signal Health Group Franchising’s actual damages (including, without limitation, lost future profits) instead of liquidated damages.

14.6 Purchase Option.

(a) Option. When this Agreement expires or is terminated, Signal Health Group Franchising will have the ~~right~~option (but not the obligation) to purchase any or all of the assets related to the Business, and/or to require Franchisee to assign its lease or sublease to Signal Health Group Franchising. To exercise this option, Signal Health Group Franchising must notify Franchisee no later than 30 days after this Agreement expires or is terminated.

(b) Price. The purchase price for all assets that Signal Health Group Franchising elects to purchase will be the lower of (i) the book value of such assets as declared on Franchisee’s last filed tax returns or (ii) the fair market value of the assets. If the parties cannot agree on fair market value within ~~30~~20 days after the exercise notice, the fair market value will be determined by an independent appraiser reasonably acceptable to both parties. The parties will equally share the cost of the appraisal. Signal Health Group Franchising’s purchase will be of assets only (free and clear of all liens), and the purchase will not include any liabilities of Franchisee. The purchase price for assets will not include any factor or increment for any trademark or other commercial symbol used in the business, the value of any intangible assets, or any goodwill or “going concern” value for the Business.

(c) Due Diligence. For a period of 30 days following the determination of the fair market value (the “Due Diligence Period”) whether by agreement or by the determination by the appraiser as provided herein, Signal Health Group Franchising shall have the right to conduct a due diligence investigation of the assets related to the Business. Franchisee must give Signal Health Group Franchising reasonable access to Franchisee’s facilities, books, and records during

the Due Diligence Period. Signal Health Group Franchising shall have the right to require Franchisee to continue to operate the Business during the Due Diligence Period, and Signal Health Group Franchising shall also have the right to operate the Business during the Due Diligence Period in accordance with Section 11.13. Signal Health Group Franchising is under no obligation to continue with due diligence or to exercise its purchase option, and Signal Health Group Franchising may withdraw its exercise of the purchase option at any time before it pays for the assets.

(d) Closing. Franchisee will sign a bill of sale for the purchased assets and any other transfer documents reasonably requested by Signal Health Group Franchising. Signal Health Group Franchising will be entitled to all customary warranties and representations in connection with this asset purchase, including, representations and warranties as to ownership and condition of and title to assets, as to liens and encumbrances, validity of contracts, and liabilities affecting the assets. If Signal Health Group Franchising exercises the purchase option, Signal Health Group Franchising may deduct from the purchase price: ~~(ai)~~ all amounts due from Franchisee; ~~(bii)~~ Franchisee's portion of the cost of any appraisal conducted hereunder; and ~~(eiii)~~ amounts ~~which paid or to be paid by~~ Signal Health Group Franchising ~~paid or will pay to third parties to satisfy indebtedness~~ secure defaults under Franchisee's lease and/or amounts owed by Franchisee to third parties. If any of the assets are subject to a lien, Signal Health Group Franchising may pay a portion of the purchase price directly to the lienholder to pay off such lien. Signal Health Group Franchising may withhold 25% of the purchase price for 90 days to ensure that all of Franchisee's taxes and other liabilities are paid. ~~Signal Health Group Franchising may assign this purchase option to another party.~~

(e) Assignment. Signal Health Group Franchising may assign this purchase option to an affiliate or a third party.

ARTICLE 15. TRANSFERS

15.1 By Signal Health Group Franchising. Signal Health Group Franchising may transfer or assign this Agreement, or any of its rights or obligations under this Agreement, to any person or entity, and Signal Health Group Franchising may undergo a change in ownership and/or control, without the consent of Franchisee.

15.2 By Franchisee. Franchisee acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee and that Signal Health Group Franchising entered into this Agreement in reliance on Franchisee's business skill, financial capacity, personal character, experience, and business ability. Accordingly, Franchisee shall not conduct or undergo a Transfer without providing Signal Health Group Franchising at least 60 days prior notice of the proposed Transfer, and without obtaining Signal Health Group Franchising's consent. In granting any such consent, Signal Health Group Franchising may impose conditions, including, without limitation, the following:

- (i) Signal Health Group Franchising receives a transfer fee equal to \$15,000 (of which a non-refundable \$1,500 is due when Franchisee notifies Signal Health Group Franchising or asks Signal Health Group Franchising to consider a Transfer, and the balance is due when the Transfer is effective) plus any broker fees and other

out-of-pocket costs incurred by Signal Health Group Franchising (however, if the transfer is to an existing franchisee, the transfer fee will be equal to \$7,500 plus any broker fees and other out-of-pocket costs incurred by Signal Health Group Franchising);

- (ii) the proposed Transferee and its owners have completed Signal Health Group Franchising's franchise application processes, meet Signal Health Group Franchising's then-applicable standards for new franchisees, and have been approved by Signal Health Group Franchising as franchisees;
- (iii) the proposed Transferee is not a Competitor;
- (iv) the proposed Transferee executes Signal Health Group Franchising's then-current form of franchise agreement and any related documents, which form may contain materially different provisions than this Agreement (provided, however, that the form will be amended to provide that the proposed Transferee will not be required to pay an initial franchise fee);
- (v) all owners of the proposed Transferee provide a guaranty in accordance with Section 2.5;
- (vi) Franchisee has paid all monetary obligations to Signal Health Group Franchising and its affiliates, and to any lessor, vendor, supplier, or lender to the Business, and Franchisee is not otherwise in default or breach of this Agreement or of any other obligation owed to Signal Health Group Franchising or its affiliates;
- (vii) the proposed Transferee and its owners and employees undergo such training as Signal Health Group Franchising may require;
- (viii) Franchisee, its Owners, and the Transferee and its owners execute a general release of Signal Health Group Franchising in a form satisfactory to Signal Health Group Franchising; and
- (ix) the Business fully complies with all of Signal Health Group Franchising's most recent System Standards.

15.3 Transfer for Convenience of Ownership. If Franchisee is an individual, Franchisee may Transfer this Agreement to a corporation or limited liability company formed for the convenience of ownership after at least 15 days' notice to Signal Health Group Franchising, if, prior to the Transfer: (1) the transferee provides the information required by Section 2.3; (2) Franchisee provides copies of the entity's charter documents, by-laws (or operating agreement) and similar documents, if requested by Signal Health Group Franchising, (3) Franchisee owns all voting securities of the corporation or limited liability company, and (4) Franchisee provides a guaranty in accordance with Section 2.5.

15.4 Transfer upon Death or Incapacity. Upon the death or incapacity of Franchisee (or, if Franchisee is an entity, the Owner with the largest ownership interest in Franchisee), the executor, administrator, or personal representative of that person must Transfer the Business to a third party

approved by Signal Health Group Franchising (or to another person who was an Owner at the time of death or incapacity of the largest Owner) within nine months after death or incapacity. Such transfer must comply with Section 15.2.

15.5 Signal Health Group Franchising’s Right of First Refusal. Before Franchisee (or any Owner) engages in a Transfer (except under Section 15.3, to a co-Owner, or to a spouse, sibling, or child of an Owner), Signal Health Group Franchising will have a right of first refusal, as set forth in this Section. Franchisee (or its Owners) shall provide to Signal Health Group Franchising a copy of the terms and conditions of any Transfer. For a period of 30 days from the date of Signal Health Group Franchising’s receipt of such copy, Signal Health Group Franchising will have the right, exercisable by notice to Franchisee, to purchase the assets subject of the proposed Transfer for the same price and on the same terms and conditions (except that if some or all of the purchase price is not payable in cash, Signal Health Group Franchising may pay the equivalent value in cash for the purchase price). If Signal Health Group Franchising does not exercise its right of first refusal, Franchisee may proceed with the Transfer, subject to the other terms and conditions of this Article.

15.6 No Sublicense. Franchisee has no right to sublicense the Marks or any of Franchisee’s rights under this Agreement.

15.7 No Lien on Agreement. Franchisee shall not grant a security interest in this Agreement to any person or entity. If Franchisee grants an “all assets” security interest to any lender or other secured party, Franchisee shall cause the secured party to expressly exempt this Agreement from the security interest.

ARTICLE 16. INDEMNITY

16.1 Indemnity. Franchisee shall indemnify and defend (with counsel reasonably acceptable to Signal Health Group Franchising) Signal Health Group Franchising, its parent entities, subsidiaries and affiliates, and their respective owners, directors, officers, employees, agents, successors and assignees (collectively, “Indemnitees”) against all Losses in any Action by or against Signal Health Group Franchising and/or any Indemnatee directly or indirectly related to, or alleged to arise out of, the development or operation of the Business (including any Data Security Event~~), or the acts or omissions of Franchisee or any of Franchisee’s Owners, officers, directors, employees, or agents.~~ Notwithstanding the foregoing, Franchisee shall not be obligated to indemnify an Indemnatee from Actions which Franchisee proves arose solely as a result of any Indemnatee’s intentional misconduct or gross negligence. Any delay or failure by an Indemnatee to notify Franchisee of an Action shall not relieve Franchisee of its indemnity obligation except to the extent (if any) that such delay or failure materially prejudices Franchisee. Franchisee shall not settle an Action without the consent of the Indemnatee. This indemnity will continue in effect after this Agreement ends.

16.2 Assumption. An Indemnatee may elect to assume the defense of any Action subject to this indemnification, and control all aspects of defending the Action, including negotiations and settlement, at Franchisee’s expense. Such an undertaking shall not diminish Franchisee’s obligation to indemnify the Indemnitees.

ARTICLE 17. DISPUTE RESOLUTION

17.1 Arbitration.

(a) Disputes Subject to Arbitration. Except as expressly provided in subsections (c) and (d), any controversy or claim between the parties (including any controversy or claim arising out of or relating to this Agreement or its formation and including any question of arbitrability) shall be resolved by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, including the Optional Rules for Emergency Measures of Protection. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction.

(b) Location. The place of arbitration shall be the city and state where Signal Health Group Franchising's headquarters are located.

(c) Injunctive Relief. Either party may apply to the arbitrator seeking injunctive relief until the arbitration award is rendered or the controversy is otherwise resolved. Either party also may, without waiving any remedy or right to arbitrate under this Agreement, seek from any court having jurisdiction any interim or provisional injunctive relief.

(d) Intellectual Property Claims. Either party may bring a claim involving an alleged infringement of any of Signal Health Group Franchising's intellectual property rights in a court authorized to hear such claims under Section 17.5 of this Agreement.

(e) Confidentiality. All documents, information, and results pertaining to any arbitration or lawsuit will be confidential, except as required by law or as required for Signal Health Group Franchising to comply with laws and regulations applicable to the sale of franchises.

(f) Performance During Arbitration or Litigation. Unless this Agreement has been terminated, Signal Health Group Franchising and Franchisee will comply with this Agreement and perform their respective obligations under this Agreement during the arbitration or litigation process.

17.2 Damages. In any controversy or claim arising out of or relating to this Agreement, each party waives any right to punitive or other monetary damages not measured by the prevailing party's actual damages, except damages expressly authorized by federal statute and damages expressly authorized by this Agreement.

17.3 Waiver of Class Actions. The parties agree that any claims will be arbitrated, litigated, or otherwise resolved on an individual basis, and waive any right to act on a class-wide basis.

17.4 Time Limitation. Any arbitration or other legal action arising from or related to this Agreement must be instituted within two years from the date of the conduct or event that forms the basis of the arbitration or other legal action. The foregoing time limit does not apply to claims (i) by Signal Health Group Franchising related to non-payment of Royalty Fees and other amounts owed by Franchisee, (ii) for indemnity under Article 16, or (iii) related to unauthorized use of Confidential Information or the Marks.

17.5 Venue Other Than Arbitration. For any legal proceeding not required to be submitted to arbitration, the parties agree that such proceeding will be brought in the United States District Court where Signal Health Group Franchising's headquarters is then located. If there is no federal jurisdiction over the dispute, the parties agree that any such legal proceeding will be brought in the court of record of the state and county where Signal Health Group Franchising's headquarters is then located. Each party consents to the jurisdiction of such courts and waives any objection that it, he or she may have to the laying of venue of any proceeding in any of these courts.

17.6 Legal Costs. In any legal proceeding (including arbitration) related to this Agreement or any guaranty, the non-prevailing party shall pay the prevailing party's attorney fees, costs and other expenses of the legal proceeding. "Prevailing party" means the party, if any, which prevailed upon the central litigated issues and obtained substantial relief.

17.7 Franchisor Personnel. The provisions of this Article 17 will apply to any Action by Franchisee or its Owners against Signal Health Group Franchising's officers, directors, shareholders, members, employees, and/or agents. Nothing in this Agreement authorizes any Action against Signal Health Group Franchising's officers, directors, shareholders, members, employees, and/or agents or makes those persons liable for Signal Health Group Franchising's conduct.

ARTICLE 18. MISCELLANEOUS

18.1 Relationship of the Parties. The parties are independent contractors, and neither is the agent, partner, joint venturer, or employee of the other. Signal Health Group Franchising is not a fiduciary of Franchisee. Signal Health Group Franchising does not control or have the right to control Franchisee or its Business. Any required specifications and standards in this Agreement and in the System Standards exist to protect Signal Health Group Franchising's interest in the System and the Marks, and the goodwill established in them, and not for the purpose of establishing any control, or duty to take control, over the Business. Signal Health Group Franchising has no liability for Franchisee's obligations to any third party whatsoever.

18.2 No Third-Party Beneficiaries. Except as stated in Article 16 or Article 17, this Agreement does not confer any rights or remedies upon any person or entity other than Franchisee, Signal Health Group Franchising, and Signal Health Group Franchising's affiliates.

18.3 Entire Agreement. This Agreement constitutes the entire agreement of the parties and supersedes all prior negotiations and representations. Nothing in this Agreement or in any related agreement is intended to disclaim the representations made by Signal Health Group Franchising in its franchise disclosure document.

18.4 Modification. No modification or amendment of this Agreement will be effective unless it is in writing and signed by both parties. This provision does not limit Signal Health Group Franchising's rights to modify the Manual or System Standards.

18.5 Consent; Waiver. No consent under this Agreement, and no waiver of satisfaction of a condition or nonperformance of an obligation under this Agreement will be effective unless it is in writing and signed by the party granting the consent or waiver. No waiver by a party of any right will affect the party's rights as to any subsequent exercise of that right or any other right. No

delay, forbearance or omission by a party to exercise any right will constitute a waiver of such right.

18.6 Cumulative Remedies. Rights and remedies under this Agreement are cumulative. No enforcement of a right or remedy precludes the enforcement of any other right or remedy.

18.7 Severability. The parties intend that (i) if any provision of this Agreement is held by an arbitrator or court to be unenforceable, then that provision be modified to the minimum extent necessary to make it enforceable, unless that modification is not permitted by law, in which case that provision will be disregarded, and (ii) if an unenforceable provision is modified or disregarded, then the rest of this Agreement will remain in effect as written.

18.8 Governing Law. The laws of the state of Nevada (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties. The parties agree that any Nevada law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 18.8.

18.9 Notices. Any notice will be effective under this Agreement only if made in writing and delivered as set forth in this Section to: (A) if to Franchisee, addressed to Franchisee at the notice address set forth in the Summary Page; and (B) if to Signal Health Group Franchising, addressed to 3753 Howard Hughes Parkway, Suite 200, Las Vegas, Nevada 89169. Any party may designate a new address for notices by giving notice of the new address pursuant to this Section. Notices must be: (1) delivered personally; (2) sent by registered or certified U.S. mail with return receipt requested; or (3) sent via overnight courier. Notices will be effective upon the earlier of: (i) receipt by the recipient, (ii) first rejection by the recipient, (iii) three business days after mailing if sent via registered or certified mail; or (iv) the next business day after mailing if sent via overnight courier. Notwithstanding the foregoing, Signal Health Group Franchising may amend the Manual, give binding notice of changes to System Standards, and deliver notices of default by electronic mail or other electronic communication, in which case notice would be effective on Franchisee upon the delivery of the electronic mail or other electronic communication.

~~18.10 Holdover.~~ **18.10 Force Majeure.** If either party is unable to perform an obligation due to riots, terrorist act, war, disaster (such as an earthquake, hurricane, or tornado), health emergency (such as epidemics, pandemic, and quarantines), or any other act of God or nature beyond the reasonable control of such party (a "Force Majeure"), such party's performance of the obligation shall be excused for so long as the Force Majeure exists, but not longer than 180 days. This section shall not excuse a party's obligation to make a payment owed under this Agreement.

18.11 Holdover. If Franchisee continues operating the Business after the expiration of the term without a renewal agreement or successor franchise agreement executed by the parties in accordance with Section 3.2, then at any time (regardless of any communication or course of dealing by the partiesSignal Health Group Franchising), Signal Health Group Franchising may by giving written notice to determine that (a) this Agreement expired as of the date of expiration with Franchisee (the "Holdover Notice") either (i) require Franchisee to ceasethen operating the Business without a license to do so and comply with in violation of Signal Health Group Franchising's rights or (b) this Agreement continues on an interim basis until 30 days after one party notifies the other party of termination (the "Interim Period"), in which case all post-closingof

~~Franchisee's obligations effective immediately hereunder remain in full force and effect during the Interim Period as if this Agreement had not expired, and all obligations and restrictions imposed at the expiration of this Agreement will take effect upon giving notice or effective on such other date as Signal Health Group Franchising specifies, or (ii) bind Franchisee to a renewal term of 10 years, collect the renewal fee this Agreement specified in Section 3.2(v), and deem Franchisee and its Owners to have made the general release of liability described in Section 3.2(vi). termination of the Interim Period.~~

18.112 Joint and Several Liability. If two or more people sign this Agreement as “Franchisee”, each will have joint and several liability.

18.1213 No Offer and Acceptance. Delivery of a draft of this Agreement to Franchisee by Signal Health Group Franchising does not constitute an offer. This Agreement shall not be effective unless and until it is executed by both Franchisee and Signal Health Group Franchising.

[Signatures on next page]

Agreed to by:

FRANCHISOR:

SIGNAL HEALTH GROUP FRANCHISE, INC.

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

FRANCHISEE:

[if an individual:]

Name: _____
Date: _____

[if an entity:]

By: _____
Name: _____

Title: _____
Date: _____

(Check if applicable) At the same time as the parties execute this Agreement, they are also executing a Rider to Franchise Agreement pursuant to:

Illinois

Indiana

Maryland

Minnesota

New York

North Dakota

Ohio

Rhode Island

Washington

~~Agreed to by:~~

~~FRANCHISOR:~~

~~SIGNAL HEALTH GROUP FRANCHISE, INC.~~

~~By: _____~~

~~Name: _____~~

~~Title: _____~~

~~Date: _____~~

~~FRANCHISEE:~~

~~[if an individual:]~~

~~_____~~

~~Name: _____~~

~~Date: _____~~

~~[if an entity:]~~

~~_____~~

~~By: _____~~

~~Name: _____~~

~~Title: _____~~

~~Date: _____~~

~~(Check if applicable) At the same time as the parties execute this Agreement, they are also executing a Rider to Franchise Agreement pursuant to:~~

~~_____ Illinois~~
~~_____ Indiana~~
~~_____ Maryland~~
~~_____ Minnesota~~
~~_____ New York~~
~~_____ North Dakota~~
~~_____ Ohio~~
~~_____ Rhode Island~~
~~_____ Washington~~

Attachment 1 to Franchise Agreement

OWNERSHIP INFORMATION

1. **Form of Ownership.** Franchisee is a (check one):

_____ *Sole Proprietorship*
_____ *Partnership*
_____ *Limited Liability Company*
_____ *Corporation*

State: _____

2. **Owners.** If Franchisee is a partnership, limited liability company or corporation:

Name	Shares or Percentage of Ownership

3. **Officers.** If Franchisee is a limited liability company or corporation:

Name	Title

Attachment 2 to Franchise Agreement

GUARANTY AND NON-COMPETE AGREEMENT

This Guaranty and Non-Compete Agreement (this “Guaranty”) is executed by the undersigned person(s) (each, a “Guarantor”) in favor of Signal Health Group Franchise, Inc., a Nevada corporation (“Signal Health Group Franchising”).

Background Statement: _____ (“Franchisee”) desires to enter into a Franchise Agreement with Signal Health Group Franchising for the franchise of a Signal Health Group business (the “Franchise Agreement”; capitalized terms used but not defined in this Guaranty have the meanings given in the Franchise Agreement). Guarantor owns an equity interest in Franchisee. Guarantor is executing this Guaranty in order to induce Signal Health Group Franchising to enter into the Franchise Agreement.

Guarantor agrees as follows:

1. Guaranty. Guarantor hereby unconditionally guarantees to Signal Health Group Franchising and its ~~successors and assigns~~ affiliates that Franchisee shall pay and perform every undertaking, agreement and covenant set forth in the Franchise Agreement and further guarantees every other liability and obligation of Franchisee to Signal Health Group Franchising and its affiliates, whether or not contained in the Franchise Agreement. Guarantor shall render any payment or performance required under the Franchise Agreement or any other agreement between Franchisee and Signal Health Group Franchising or its affiliates upon demand from Signal Health Group Franchising. Guarantor waives (a) acceptance and notice of acceptance by Signal Health Group Franchising of this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations of Franchisee; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right Guarantor may have to require that an action be brought against Franchisee or any other person or entity as a condition of liability hereunder; (e) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the execution of and performance under this Guaranty by the undersigned; (f) any law which requires that Signal Health Group Franchising make demand upon, assert claims against or collect from Franchisee or any other person or entity (including any other guarantor), foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Franchisee or any other person or entity (including any other guarantor) prior to making any demand upon, collecting from or taking any action against the undersigned with respect to this Guaranty; and (g) any and all other notices and legal or equitable defenses to which Guarantor may be entitled.

2. Confidential Information. With respect to all Confidential Information, Guarantor shall (a) adhere to all security procedures prescribed by Signal Health Group Franchising for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business, (c) not use any such information in any other business or in any manner not specifically authorized or approved in writing by Signal Health Group Franchising, (d) exercise the highest degree of diligence and make every effort to maintain the confidentiality of all such information during and after the term of the Franchise Agreement, (e)

not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Guarantor acknowledges that all customer data collected or generated by the Business and all data collected or generated by the primary software system (other than data regarding employees) is Confidential Information belonging to Signal Health Group Franchising. This Section will survive the termination or expiration of the Franchise Agreement indefinitely.

3. Covenants Not to Compete.

(a) Restriction - In Term. During the term of the Franchise Agreement, Guarantor shall not directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor.

(b) Restriction – Post Term. For two years after the Franchise Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer by Guarantor), Guarantor shall not directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor within twenty miles of Franchisee's Territory or the territory of any other Signal Health Group business operating on the date of expiration, termination, or transfer, as applicable.

(c) Interpretation. Guarantor agrees that each of the foregoing covenants is independent of any other covenant or provision of this Guaranty or the Franchise Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any court or arbitrator, then the parties intend that the court or arbitrator modify such restriction to the extent reasonably necessary to protect the legitimate business interests of Signal Health Group Franchising. Guarantor agrees that the existence of any claim it or Franchisee may have against Signal Health Group Franchising shall not constitute a defense to the enforcement by Signal Health Group Franchising of the covenants of this Section. If Guarantor fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended an additional day for each day of noncompliance.

4. Modification. Guarantor agrees that Guarantor's liability hereunder shall not be diminished, relieved or otherwise affected by (a) any amendment of the Franchise Agreement, (b) any extension of time, credit or other indulgence which Signal Health Group Franchising may from time to time grant to Franchisee or to any other person or entity, or (c) the acceptance of any partial payment or performance or the compromise or release of any claims.

5. Governing Law; Dispute Resolution. This Guaranty shall be governed by and construed in accordance with the laws of the state of Nevada (without giving effect to its principles of conflicts of law). The parties agree that any Nevada law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 5. The provisions of Article 17 (Dispute Resolution) of the Franchise Agreement apply to and are incorporated into this Guaranty as if fully set forth herein. Guarantor shall pay to Signal Health Group Franchising all costs incurred by Signal Health Group Franchising (including reasonable attorney fees) in enforcing this Guaranty. If multiple Guarantors sign this Guaranty, each will have joint and several liability.

Agreed to by:

Name: _____

Address: _____

Date: _____

Name: _____

Address: _____

Date: _____

Name: _____

Address: _____

Date: _____

Attachment 3 to Franchise Agreement

CONDITIONAL ASSIGNMENT OF BRAND ACCOUNTS

This Assignment of Brand Accounts (this “Assignment”) is executed by the undersigned (“Franchisee”) in favor of Signal Health Group Franchise, Inc., a Nevada corporation (“Signal Health Group Franchising”).

Background Statement: Signal Health Group Franchising and Franchisee are parties to a Franchise Agreement pursuant to which Signal Health Group Franchising granted Franchisee a license to operate a Signal Health Group franchised business (the “Business”). Signal Health Group Franchising or its affiliates are the sole owner of the Signal Health Group brand and all names, logos, trademarks, service marks, and other intellectual property associated therewith. To protect Signal Health Group Franchising’s interest in and control of Signal Health Group, Franchisee acknowledges and agrees that Signal Health Group Franchising has the right to control all telephone numbers, directory listings, and internet marketing accounts related to Signal Health Group.

Franchisee agrees as follows:

- 1. Conditional Assignment.** Franchisee hereby assigns to Signal Health Group Franchising (or its designee) all of Franchisee’s rights, title, and interest in and to all telephone numbers, directory listings, email accounts, websites, social media accounts, and all other accounts and profiles for advertising and marketing on the internet or any electronic communications network (“Brand Accounts”) associated with Signal Health Group and registered by Franchisee from time to time in connection with the operation of Franchisee’s Business, such assignment to be effective upon (a) termination or expiration of the Franchise Agreement, or (b) notice from Signal Health Group Franchising to Franchisee, at which time Signal Health Group Franchising will have the right to assume ownership of any one or all Brand Accounts.
- 2. Transfer or Deletion.** Franchisee hereby authorizes the service provider of each Brand Account (the “Provider”) to transfer the Brand Account to Signal Health Group Franchising (or its designee) or to delete the Brand Account upon the written instruction of Signal Health Group Franchising. Franchisee hereby grants Signal Health Group Franchising an irrevocable limited power of attorney on behalf of Franchisee to direct any Provider to transfer or delete a Brand Account. In such an event, Franchisee will have no further right, title or interest in the Brand Account but will remain liable to the Provider for all past due fees owing to the Provider on or before the date on which the assignment is effective. Signal Health Group Franchising will have no liability or obligation of any kind to a Provider arising prior the effective date of transfer or deletion. Franchisee agrees to take all reasonable steps necessary to effectuate the transfer or deletion (as determined by Signal Health Group Franchising) of each Brand Account.

[Signatures on next page]

Executed by:

FRANCHISEE:

[if an individual:]

Name: _____

Date: _____

[if an entity:]

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT C
FRANCHISE AGREEMENT FOR MEDICAL SERVICES FRANCHISED BUSINESS



FRANCHISE AGREEMENT

SUMMARY PAGE	
1. Franchisee	_____
2. Initial Franchise Fee	\$ _____
3. License Assistance Fee	\$ _____
4. Business Location	_____
5. Territory	_____
6. Opening Deadline	_____
7. Principal Executive	_____
8. Franchisee's Address	_____
9. Type of Medical Services Franchised Business	☐ HOSPICE ☐ HOME HEALTH

FRANCHISE AGREEMENT (MEDICAL SERVICES)

This Agreement is made between Signal Health Group Franchise, Inc., a Nevada corporation (“Signal Health Group Franchising”), and Franchisee effective as of the date signed by Signal Health Group Franchising (the “Effective Date”).

Background Statement:

A. Signal Health Group Franchising and its affiliates have created and own a system (the “System”) for developing and operating business which provide medical services, companion care, home healthcare services, including supplemental healthcare staffing services and personal care service (collectively, “Care Services”) skilled to clients with varying needs within their homes and supplemental healthcare staffing (“Staffing Services”) to institutional clients, such as hospitals, retirement facilities and clinics, which are provided under the name “Signal Health Group”.

B. The System includes (1) methods, procedures, and standards for developing and operating a Signal Health Group business, (2) plans, specifications, equipment, signage and trade dress for Signal Health Group businesses, (3) particular products and services, (4) the Marks, (5) training programs, (6) business knowledge, (7) marketing plans and concepts, and (8) other mandatory or optional elements as determined by Signal Health Group Franchising from time to time.

C. The parties desire that Signal Health Group Franchising license the Marks and the System to Franchisee for Franchisee to develop and operate a Signal Health Group business on the terms and conditions of this Agreement.

ARTICLE 1. DEFINITIONS

“**Action**” means any action, suit, proceeding, claim, demand, governmental investigation, governmental inquiry, or judgment, or appeal thereof, whether formal or informal.

“**Advertising and Promotional Content**” means all advertising, marketing, promotional, customer relationship management, public relations, and other brand-related programs, materials, and content relating to Signal Health Group or the Business, including without limitation any printed materials (such as business cards, signs, counter cards, banners, posters, displays, window clings, leaflets, direct mail materials, coupons, and published advertisements); promotional items (such as branded specialty and novelty items, products, and clothing); audio or video advertising (such as radio, television, or podcast ads or online video postings); and Digital Marketing.

“**Approved Vendor**” means a supplier, vendor, or distributor of Inputs which has been approved by Signal Health Group Franchising.

“**Brand Development Fund**” means the fund established (or which may be established) by Signal Health Group Franchising into which Brand Development Fund Contributions are deposited.

“Business” means the Signal Health Group business owned by Franchisee and operated under this Agreement.

“Competitor” means any business which offers Care Services.

“Confidential Information” means all non-public information of or about the System, Signal Health Group Franchising, and any Signal Health Group business, including all methods for developing and operating the Business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information, and know-how.

“Data Security Event” means any act, both actual or suspected, that initiates either internally or from outside the Business’ computers, point-of-sale terminals, and other technology or networked environment and violates any laws or explicit or implied security policies, including attempts (either failed or successful) to gain unauthorized access (or to exceed authorized access) to the System, other Signal Health Group businesses, or their data or to view, copy, or use Privacy Information or Confidential Information without authorization or in excess of authorization; unwanted disruption or denial of service; unauthorized use of a system for processing or storage of data; and changes to system hardware, firmware, or software characteristics without Signal Health Group Franchising’s knowledge, instruction, or consent.

“Digital Marketing” means social media accounts (such as Facebook, Twitter, Instagram, Pinterest, Snapchat, TikTok, etc.), applications, keyword or adword purchasing programs, accounts with websites featuring gift certificates or discounted coupons (such as Groupon, Living Social, etc.), mobile applications, online videos, display banner campaigns, branded content social media campaigns, e-mail marketing campaigns, or other means of digital advertising on the Internet or any other means of digital or electronic communications that are intended to promote Signal Health Group and/or the Business.

“Gross Sales” means the total dollar amount of all sales generated through the Business for a given period, including, but not limited to, payment for any services or products sold by Franchisee, whether for cash or credit. Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected by Franchisee, or (iii) sales of prepaid cards or similar products (but the redemption of any such card or product will be included in Gross Sales).

“Input” means any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Business.

“Location” means the location stated on the Summary Page. If no location is stated on the Summary Page, then the Location will be determined in accordance with Section 6.1.

“Losses” includes (but is not limited to) all losses; damages; fines; charges; expenses; lost profits; reasonable attorneys’ fees; travel expenses, expert witness fees; court costs; settlement amounts; judgments; loss of Signal Health Group Franchising’s reputation and goodwill; costs of or resulting from delays; financing; costs of advertising material and media time/space and the costs of changing, substituting or replacing the same; and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

“Manual” means Signal Health Group Franchising’s confidential Brand Standards Manual(s), including any supplements, additions, or revisions from time to time, which may be in any form or media.

“Marks” means the trade name and logo contained on the Summary Page, and all other trade names, trademarks, service marks and logos specified by Signal Health Group Franchising from time to time for use in a Signal Health Group business.

“Medical Services” means services offered by physicians, registered nurses, occupational therapists, and certified nursing assistants. Medical Services may also include some bathing and dressing services provided by licensed home health aides but only if prescribed by a physician or registered nurse and only if such bathing and dressing services are being offered in connection with training the customer or client to be able to provide to those services to himself or herself after the training period.

“National Account” means any client which on its own behalf or through agents, franchisees, or other third parties owns, manages, controls or otherwise has responsibility for a business in more than one (1) location, including institutional clients such as hospitals, senior citizen centers, senior day care facilities, nursing homes, and hospices, whose physical presence and/or clientele are not confined within any one particular franchisee’s territory regardless of the aggregate contract amount of the services to be performed. Any dispute as to whether a particular client is a National Account shall be determined by Signal Health Group Franchising in its sole discretion and Signal Health Group Franchising’s determination shall be final and binding.

“Owner” means each person or entity which directly or indirectly owns or controls any equity of Franchisee. If Franchisee is an individual person, then “Owner” means Franchisee.

“Privacy Information” means all information that identifies, relates to, describes, is reasonably capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular consumer or household. Privacy Information includes but is not limited to, the following if it identifies, relates to, describes, is reasonably capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular consumer or household: identifiers such as a real name, alias, postal address, unique personal identifier, online identifier, Internet Protocol address, email address, account name, social security number, driver’s license or state identification card number, passport number, signature, physical characteristics or description, telephone number, insurance policy number, bank account number, credit card number, debit card number or any other financial information, medical information or health insurance information; characteristics of protected classifications under state or federal law; commercial information, including records of personal property, products or services purchased, obtained or considered, or other purchasing or consuming histories or tendencies; biometric information; Internet or other electronic network activity information including, but not limited to, browsing history, search history, and information regarding a consumer’s interaction with an internet website, application, or advertisement; geolocation data; audio or electronic information; professional or employment-related information; education information that is not publicly available personally identifiable information as defined in the Family Educational Rights and Privacy Act (20 USC § 1232g; 34 CFR Part 99); information covered by the Health Insurance Portability and Accountability Act (commonly referred to as “HIPAA”), and inferences drawn from any of the information identified

in this subsection to create a profile about a consumer reflecting the consumer's preferences, characteristics, psychological trends, predispositions, behavior, attitudes, intelligence, abilities and aptitudes. Privacy Information does not include publicly available information that is lawfully made available to the general public from federal, state, or local government records.

“Remodel” means a refurbishment, renovation, and remodeling of the Location to conform to the building design, exterior facade, trade dress, signage, fixtures, furnishings, equipment, decor, color schemes, presentation of the Marks, and other System Standards in a manner consistent with the image then in effect for a new Signal Health Group business.

“Required Vendor” means a supplier, vendor, or distributor of Inputs which Signal Health Group Franchising requires franchisees to use.

“System Standards” means, as of any given time, the then-current mandatory procedures, requirements, and/or standards of the System as determined by Signal Health Group Franchising, which may include without limitation, any procedures, requirements and/or standards for appearance, business metrics, cleanliness, customer service, data protection and privacy, design, environmental protection and sustainability, equipment, inventory, maintenance, marketing and public relations, minimum numbers and types of personnel, operating days, operating hours, presentation of Marks, product and service offerings, quality of products and services (including any guaranty and warranty programs), refund and replacement policies, reporting, safety, ~~technology (such as computers, computer peripheral equipment, smartphones, procedures, security systems, Technology, temporary operational changes due to special circumstances (such as a pandemic), uniforms, and vehicles.~~

“Technology” means point-of-sale systems, back-office systems, information management systems, ~~security systems, video monitors, customer-facing software, and other software, backup and archiving systems;~~ computers, computer peripheral equipment, cash registers, smartphones, tablets, and similar equipment; communications systems (including email, audio, and video systems); ~~backup and archiving systems;~~ payment acceptance systems (including credit and debit card systems, check verification services, and other payment systems, as well as any compliance programs relating to those systems), and internet access, as well as upgrades, supplements, and modifications ~~thereto), temporary operational changes due to special circumstances (such as a pandemic), uniforms, and vehicles~~ to any Technology.

“Territory” means the territory stated on the Summary Page. If no territory is stated on the Summary Page, then the Territory is determined in accordance with Section 6.1.

“Transfer” means for Franchisee (or any Owner) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the Business, (ii) this Agreement, (iii) any direct or indirect ownership interest in the Business, or (iv) control of the Business.

ARTICLE 2. GRANT OF LICENSE

2.1 Grant.

(a) General. Signal Health Group Franchising grants to Franchisee the right to operate a Medical Services Signal Health Group business solely in the Territory. Franchisee shall develop, open and operate a Signal Health Group business in the Territory for the entire term of this Agreement. Franchisee shall exert its best efforts to promote and enhance the Business.

(b) Type of Medical Services Business.

(i) If the “HOSPICE” box is checked on the Summary Page, you will be considered to be a “Hospice Business”, and you will only be permitted to provide hospice services. You will not be permitted to provide home health or non-hospice services.

(ii) If the “HOME HEALTH” box is checked on the Summary Page, you will only be considered to be “Home Health Business”, and you will only be permitted to provide home health services, and you will not be permitted to provide hospice services.

2.2 Protected Territory.

(a) Limitation. Franchisee shall not solicit or market to potential customers outside of the Territory, except for solicitations or marketing which are primarily targeted inside the Territory and which incidentally reach potential customers outside of the Territory.

(b) Service. Franchisee shall not serve customers outside of the Territory without Signal Health Group Franchising’s prior written permission. Signal Health Group Franchising may withdraw permission at any time. If Franchisee serves a customer outside of the Territory without Signal Health Group Franchising’s prior written permission, Signal Health Group Franchising may impose a fee equal to the greater of (i) \$500 or (ii) 75% of the amount paid by such customer to Franchisee. This fee is a reasonable estimate of Signal Health Group Franchising’s internal cost of personnel time attributable to addressing Franchisee’s breach of this Section, and it is not a penalty or estimate of all damages arising from Franchisee’s breach. This fee is in addition to all of Signal Health Group Franchising’s other rights and remedies.

(c) Exclusivity. Except as provided in this section, Signal Health Group Franchising shall not establish, nor license the establishment of, another business within the Territory or which serves customers located in the Territory selling the same or similar goods or services under the same or similar trademarks or service marks as a Signal Health Group business. However, Signal Health Group Franchising retains the right to:

- (i) serve (or authorize other franchisees to serve) customers in the Territory if Franchisee is in default, or if Franchisee is incapable of meeting customer demand in the Territory (in Signal Health Group Franchising’s reasonable opinion);
- (ii) serve (or authorize other franchisees to serve) a particular customer in the Territory if Franchisee fails to properly serve such customer, or if Signal Health Group reasonably believes that Franchisee will not properly serve such customer;

- (iii) establish and license others to establish and operate Signal Health Group businesses outside the Territory, notwithstanding their proximity to the Territory or their potential impact on the Business;
- (iv) operate and license others to operate businesses anywhere—including within the Territory—that do not sell Care Services under the same or similar trademarks or service marks as a Signal Health Group business;
- (v) serve (or authorize other franchisees to serve) National Accounts in the Territory;
- (vi) sell and license others to sell products and services in the Territory under any trademarks or service marks (including the Marks) through channels of distribution (including the internet) other than Signal Health Group outlets;
- (vii) establish and license others to establish and operate Signal Health Group businesses anywhere—including within the Territory—which do not provide Medical Services.
- (viii) acquire or be acquired by (under any form of business transaction) a Competitor that has (or may in the future have) outlets in the Territory which compete with the Business under trademarks or service marks other than the Marks; and
- (ix) engage in any action not specifically precluded by the express terms of this Agreement

Furthermore, if Franchisee is a Hospice Business, Signal Health Group Franchising retains the right to establish and license to others to establish and operate Signal Health Group businesses anywhere—including within the Territory—which provide non-hospice or home health services. If Franchisee is a Home Health Business, Signal Health Group Franchising retains the right to establish and license to others to establish and operate Signal Health Group businesses anywhere—including within the Territory—which provide hospice services.

2.3 Franchisee Control. Franchisee represents that Attachment 1 (i) identifies each owner, officer and director of Franchisee, and (ii) describes the nature and extent of each owner’s interest in Franchisee. If any information on Attachment 1 changes (which is not a Transfer), Franchisee shall notify Signal Health Group Franchising within 10 days.

2.4 Principal Executive. Franchisee agrees that the person designated as the “Principal Executive” on the Summary Page is the executive primarily responsible for the Business and has decision-making authority on behalf of Franchisee. Signal Health Group Franchising is entitled to rely on any communication, decision, or act by the Principal Executive as being the communication, decision, or act of Franchisee. The Principal Executive must have at least 10% ownership interest in Franchisee. The Principal Executive must participate in the direct operation of the Business and must devote substantial time and attention to the Business. If the Principal Executive dies, becomes incapacitated, transfers his/her interest in Franchisee, or otherwise ceases to be the executive primarily responsible for the Business, Franchisee shall promptly designate a new Principal Executive, subject to Signal Health Group Franchising’s reasonable approval.

2.5 Guaranty. If Franchisee is an entity, then Franchisee shall have each Owner sign a personal guaranty of Franchisee's obligations to Signal Health Group Franchising, in the form of Attachment 2.

2.6 No Conflict. Franchisee represents to Signal Health Group Franchising that Franchisee and each of its Owners (i) are not violating any agreement (including any confidentiality or non-competition covenant) by entering into or performing under this Agreement, (ii) are not a direct or indirect owner of any Competitor, and (iii) are not listed or "blocked" in connection with, and are not in violation under, any anti-terrorism law, regulation, or executive order.

ARTICLE 3. TERM

3.1 Term. This Agreement commences on the Effective Date and continues for 10 years.

3.2 Successor Agreement. When the term of this Agreement expires, Franchisee may enter into a successor agreement for one additional period of 10 years, subject to the following conditions prior to expiration:

- (i) Franchisee notifies Signal Health Group Franchising of the election to renew between 90 and 180 days prior to the end of the term;
- (ii) Franchisee (and its affiliates) are in compliance with this Agreement and all other agreements with Signal Health Group Franchising (or any of its affiliates) at the time of election and at the time of renewal;
- (iii) Franchisee (and its affiliates) have been in substantial compliance with this Agreement and all other agreements with Signal Health Group Franchising (or any of its affiliates) throughout the term of any such agreement(s);
- ~~(iv)~~(iv) Franchisee did not (A) receive written notice of default under this Agreement from Signal Health Group Franchising more than twice during the term, or (B) failed to cure a written notice of default under this Agreement within the cure period (if any) provided in this Agreement;
- ~~(v)~~ Franchisee and its Owners complied with Section 7.24 of this Agreement at all times during the term
- ~~(vi)~~ Franchisee has made or agrees to make (within a period of time acceptable to Signal Health Group Franchising) changes to the Business as Signal Health Group Franchising requires to conform to the then-current System Standards;
- ~~(vii)~~ Franchisee and its Principal Executive and any general manager must complete any renewal training we require;
- ~~(viii)~~ Franchisee and its Owners execute Signal Health Group Franchising's then-current standard form of franchise agreement and related documents (including personal guaranty), which may be materially different than this form (including, without limitation, higher and/or different fees), except that the form of the franchise

agreement will be amended to provide that (A) Franchisee will not pay another initial franchise fee, (B) Franchisee will not receive more renewal or successor terms than ~~stated in this Section~~originally granted to Franchisee, and (C) the Territory will not be changed;

(~~viii~~x) Franchisee pays a renewal fee equal to 20% of our then-current initial franchise fee based on your Territory; and

(x) Franchisee and each Owner executes a general release (on Signal Health Group Franchising's then-standard form) of any and all claims against Signal Health Group Franchising, its affiliates, and their respective owners, officers, directors, agents and employees.

ARTICLE 4. FEES

4.1 Initial Franchise Fee. Upon signing this Agreement, Franchisee shall pay an initial franchise fee in the amount stated on the Summary Page. This initial franchise fee is not refundable, except as provided in Section 6.4 or Section 6.5.

4.2 License Assistance Fee. Upon signing this Agreement, Franchisee shall pay the license assistance fee in the amount stated on the Summary Page. This license assistance fee is not refundable, except as provided in Section 6.4. In addition, Franchisee shall reimburse Signal Health Group Franchising for any state fees or other third-party fees or costs that Signal Health Group Franchising incurs in connection with assisting Franchisee in obtaining any applicable licenses.

4.3 Royalty Fee. Franchisee shall pay Signal Health Group Franchising a monthly royalty fee (the "Royalty Fee") equal to 5% of Gross Sales. Franchisee shall pay the Royalty Fee for any given month so that it is received by Signal Health Group Franchising on the on or before the 15th day of the following month.

4.4 Marketing Contributions.

(a) Brand Development Fund Contribution. Franchisee shall pay Signal Health Group Franchising a contribution to the Brand Development Fund (the "Brand Development Fund Contribution") equal to 1% of Franchisee's Gross Sales (or such lesser amount as Signal Health Group Franchising determines), at the same time as the Royalty Fee.

(b) Market Cooperative Contribution. If the Business participates in a Market Cooperative, then Franchisee shall contribute to the Market Cooperative a percentage of Gross Sales (or other amount) determined by the Market Cooperative, not to exceed 5%.

4.5 Replacement / Additional Training Fee. If Franchisee sends an employee to Signal Health Group Franchising's training program after opening or if Franchisee requests additional training, Signal Health Group Franchising may charge its then-current training fee. As of the date of this Agreement, the training fee is \$500 to \$2,000 per day.

4.6 Non-Compliance Fee. Signal Health Group Franchising may charge Franchisee \$500 for any instance of non-compliance with the System Standards or this Agreement (other than Franchisee's non-payment of a fee owed to Signal Health Group Franchising) which Franchisee fails to cure after 30 days' notice. Thereafter, Signal Health Group Franchising may charge Franchisee \$250 per week until Franchisee ceases such non-compliance. This fee is a reasonable estimate of Signal Health Group Franchising's internal cost of personnel time attributable to addressing the non-compliance, and it is not a penalty or estimate of all damages arising from Franchisee's breach. The non-compliance fee is in addition to all of Signal Health Group Franchising's other rights and remedies (including default and termination under Section 14.2).

4.7 Reimbursement. Signal Health Group Franchising may (but is never obligated to) pay on Franchisee's behalf any amount that Franchisee owes to a supplier or other third party. If Signal Health Group Franchising does so or intends to do so, Franchisee shall pay such amount plus a 10% administrative charge to Signal Health Group Franchising within 15 days after invoice by Signal Health Group Franchising accompanied by reasonable documentation.

4.8 Technology Fee. Signal Health Group Franchising reserves the right to charge Franchisee a commercially-reasonable fee (the "Technology Fee") in exchange for software and other technology-related services and products provided by Signal Health Group Franchising. Signal Health Group Franchising has no liability or obligation to Franchisee with respect any third-party software that Signal Health Group Franchising provides to Franchisee. The Technology Fee for a given month is due and payable at the same time as the Royalty Fee, unless Signal Health Group Franchising determines otherwise. Any partial month will be pro-rated. Signal Health Group Franchising may add, remove, or alter the software or technology products or services that it provides. Signal Health Group Franchising may change Technology Fee. Signal Health Group Franchising does not guarantee that the Technology Fee is solely a pass-through of Signal Health Group Franchising's costs.

4.9 Payment Terms.

(a) Method of Payment. Franchisee shall pay the Royalty Fee, Brand Development Fund Contribution, Technology Fee, and any other amounts owed to Signal Health Group Franchising by pre-authorized bank draft or in such other manner as Signal Health Group Franchising may require. Franchisee shall comply with Signal Health Group Franchising's payment instructions, including executing all documents reasonably required by Signal Health Group Franchising. If Signal Health Group Franchising permits Franchisee to pay by credit card or other method which causes Signal Health Group Franchising to incur a processing fee, Franchisee shall be responsible for the amount of the processing fee.

(b) Calculation of Fees. Franchisee shall report monthly Gross Sales to Signal Health Group Franchising by the 15th day of the following month. If Franchisee fails to report monthly Gross Sales, then Signal Health Group Franchising may withdraw estimated Royalty Fees and Brand Development Fund Contributions equal to 125% of the last Gross Sales reported to Signal Health Group Franchising, and the parties will true-up the actual fees after Franchisee reports Gross Sales. Franchisee acknowledges that Signal Health Group Franchising has the right to remotely access Franchisee's point-of-sale system to calculate Gross Sales.

(c) Late Fees and Interest. If Franchisee does not make a payment on time, Franchisee shall pay a \$100 “late fee” plus interest on the unpaid amount at a rate equal to 18% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law).

(d) Insufficient Funds. Signal Health Group Franchising may charge \$30 for any payment returned for insufficient funds (or, if such amount exceeds the maximum allowed by law, then the fee allowed by law).

(e) Costs of Collection~~(viii)~~ ~~Franchisee and each Owner executes a general release (on Signal Health Group Franchising’s then standard form) of any and all claims against Signal Health Group Franchising, its affiliates, and their respective owners, officers, directors, agents and employees.~~

~~ARTICLE 4. FEES~~

~~4.1 Initial Franchise Fee.~~ Upon signing this Agreement, Franchisee shall pay an initial franchise fee in the amount stated on the Summary Page. This initial franchise fee is not refundable, except as provided in Section 6.4 or Section 6.5.

~~4.2 License Assistance Fee.~~ ~~Upon signing this Agreement, Franchisee shall pay a license assistance fee in the amount stated on the Summary Page. This license assistance fee is not refundable, except as provided in Section 6.4. In addition, Franchisee shall reimburse Signal Health Group Franchising for any state fees or other third party fees or costs that Signal Health Group Franchising incurs in connection with assisting Franchisee in obtaining any applicable licenses.~~

~~4.3 Royalty Fee.~~ Franchisee shall pay Signal Health Group Franchising a monthly royalty fee (the “Royalty Fee”) equal to 5% of Gross Sales. Franchisee shall pay the Royalty Fee for any given month so that it is received by Signal Health Group Franchising on the on or before the 15th day of the following month.

~~4.4 Marketing Contributions.~~

~~(a) Brand Development Fund Contribution.~~ Franchisee shall pay Signal Health Group Franchising a contribution to the Brand Development Fund (the “Brand Development Fund Contribution”) equal to 1% of Franchisee’s Gross Sales (or such lesser amount as Signal Health Group Franchising determines), at the same time as the Royalty Fee.

~~(b) Market Cooperative Contribution.~~ If the Business participates in a Market Cooperative, then Franchisee shall contribute to the Market Cooperative a percentage of Gross Sales (or other amount) determined by the Market Cooperative, not to exceed 5%.

~~4.5 Replacement / Additional Training Fee.~~ If Franchisee sends an employee to Signal Health Group Franchising’s training program after opening or if Franchisee requests additional training, Signal Health Group Franchising may charge its then current training fee. As of the date of this Agreement, the training fee is \$500 to \$2,000 per day.

~~**4.6 — Non-Compliance Fee.** Signal Health Group Franchising may charge Franchisee \$500 for any instance of non-compliance with the System Standards or this Agreement (other than Franchisee's non-payment of a fee owed to Signal Health Group Franchising) which Franchisee fails to cure after 30 days' notice. Thereafter, Signal Health Group Franchising may charge Franchisee \$250 per week until Franchisee ceases such non-compliance. This fee is a reasonable estimate of Signal Health Group Franchising's internal cost of personnel time attributable to addressing the non-compliance, and it is not a penalty or estimate of all damages arising from Franchisee's breach. The non-compliance fee is in addition to all of Signal Health Group Franchising's other rights and remedies (including default and termination under Section 14.2).~~

~~**4.7 — Reimbursement.** Signal Health Group Franchising may (but is never obligated to) pay on Franchisee's behalf any amount that Franchisee owes to a supplier or other third party. If Signal Health Group Franchising does so or intends to do so, Franchisee shall pay such amount plus a 10% administrative charge to Signal Health Group Franchising within 15 days after invoice by Signal Health Group Franchising accompanied by reasonable documentation.~~

~~**4.8 — Technology Fee.** Signal Health Group Franchising reserves the right to charge Franchisee a commercially reasonable fee (the "Technology Fee") in exchange for software and other technology-related services and products provided by Signal Health Group Franchising. Signal Health Group Franchising has no liability or obligation to Franchisee with respect any third-party software that Signal Health Group Franchising provides to Franchisee. The Technology Fee for a given month is due and payable at the same time as the Royalty Fee, unless Signal Health Group Franchising determines otherwise. Any partial month will be pro-rated. Signal Health Group Franchising may add, remove, or alter the software or technology products or services that it provides. Signal Health Group Franchising may change Technology Fee. Signal Health Group Franchising does not guarantee that the Technology Fee is solely a pass-through of Signal Health Group Franchising's costs.~~

~~**4.9 — Payment Terms.**~~

~~(a) — Method of Payment.~~ Franchisee shall pay the Royalty Fee, Brand Development Fund Contribution, Technology Fee, and any other amounts owed to Signal Health Group Franchising by pre-authorized bank draft or in such other manner as Signal Health Group Franchising may require. Franchisee shall comply with Signal Health Group Franchising's payment instructions, including executing all documents reasonably required by Signal Health Group Franchising. If Signal Health Group Franchising permits Franchisee to pay by credit card or other method which causes Signal Health Group Franchising to incur a processing fee, Franchisee shall be responsible for the amount of the processing fee.

~~(b) — Calculation of Fees.~~ Franchisee shall report monthly Gross Sales to Signal Health Group Franchising by the 15th day of the following month. If Franchisee fails to report monthly Gross Sales, then Signal Health Group Franchising may withdraw estimated Royalty Fees and Brand Development Fund Contributions equal to 125% of the last Gross Sales reported to Signal Health Group Franchising, and the parties will true-up the actual fees after Franchisee reports Gross Sales. Franchisee acknowledges that Signal Health Group Franchising has the right to remotely access Franchisee's point-of-sale system to calculate Gross Sales.

~~(c) Late Fees and Interest. If Franchisee does not make a payment on time, Franchisee shall pay a \$100 “late fee” plus interest on the unpaid amount at a rate equal to 18% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law).~~

~~(d) Insufficient Funds. Signal Health Group Franchising may charge \$30 for any payment returned for insufficient funds (or, if such amount exceeds the maximum allowed by law, then the fee allowed by law).~~

~~(e) Costs of Collection, and Enforcement. Franchisee shall repay any costs incurred by Signal Health Group Franchising (including reasonable attorney fees) in attempting to collect payments owed by Franchisee; or to enforce any other provision of this Agreement (including, without limitation, reasonable attorney fees).~~

(f) Application. Signal Health Group Franchising may apply any payment received from Franchisee to any obligation and in any order as Signal Health Group Franchising may determine, regardless of any designation by Franchisee.

(g) Obligations Independent; No Set-Off. The obligations of Franchisee to pay to Signal Health Group Franchising any fees or amounts described in this Agreement are not dependent on Signal Health Group Franchising’s performance and are independent covenants by Franchisee. Franchisee shall make all such payments without offset or deduction.

(h) Taxes. Franchisee will be responsible for (and shall immediately remit to Signal Health Group Franchising upon demand) all sales taxes, use taxes, and other taxes imposed on the fees payable by Franchisee to Signal Health Group Franchising or its affiliates and on services or goods furnished to Franchisee by Signal Health Group Franchising or its affiliates, unless the tax is an income tax assessed on Signal Health Group Franchising or its affiliate for doing business in the state where the Business is located.

ARTICLE 5. ASSISTANCE

5.1 Manual. Signal Health Group Franchising shall make its Manual available to Franchisee.

5.2 Pre-Opening Assistance.

(a) Pre-Opening Specifications and Vendors. To the extent not included in the Manual, Signal Health Group Franchising shall provide Franchisee with (i) applicable System Standards and other specifications as Signal Health Group Franchising deems appropriate (which may include specifications regarding inventory, supplies, materials, and other matters), and (ii) Signal Health Group Franchising’s lists of Approved Vendors and/or Required Vendors.

(b) Business Plan Review. If requested by Franchisee, Signal Health Group Franchising shall review and advise on Franchisee’s pre-opening business plan and financial projections. **Franchisee acknowledges that Signal Health Group Franchising accepts no responsibility for the performance of the Business.**

(c) Pre-Opening Training. Signal Health Group Franchising shall make available its standard pre-opening training to the Principal Executive and up to 1 other employees, at Signal Health Group Franchising's headquarters and/or at a Signal Health Group business designated by Signal Health Group Franchising. Signal Health Group Franchising shall not charge any fee for this training. Franchisee is responsible for its own travel, lodging, meal, and other out-of-pocket expenses. Signal Health Group Franchising reserves the right to vary the length and content of the initial training program based on the experience and skill level of any individual attending the program.

(d) Market Introduction Plan. Signal Health Group Franchising shall advise Franchisee regarding the planning and execution of Franchisee's market introduction plan.

(e) On-Site Opening Assistance. Signal Health Group Franchising shall have a representative support Franchisee's business opening with at least 2-3 days of onsite opening training and assistance, at Signal Health Group Franchising's expense.

(f) License Assistance. ~~When~~If Franchisee pays ~~the~~a License Assistance Fee set forth in Section 4.2, Signal Health Group Franchising will assist Franchisee in working with the preferred suppliers for licensing services assistance. (if the License Assistance Fee is \$0 or Franchisee fails to pay the License Assistance Fee, Signal Health Group Franchising will not provide these licensing services assistance). Such assistance may include, if applicable, reviewing, completing, and submitting required state and local legal documents and managing the process for obtaining applicable licenses. Signal Health Group Franchising's assistance is not a representation, warranty, or guarantee that Franchisee will succeed in obtaining any licenses as a result of any assistance that Signal Health Group Franchising provides.

5.3 Post-Opening Assistance.

(a) Advice, Consulting, and Support. If Franchisee requests, Signal Health Group Franchising shall provide advice to Franchisee (by telephone or electronic communication) regarding improving and developing Franchisee's business, and resolving operating problems Franchisee encounters, to the extent Signal Health Group Franchising deems reasonable. If Signal Health Group Franchising provides in-person support in response to Franchisee's request, Signal Health Group Franchising may charge its then-current fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).

(b) Pricing. Upon request, Signal Health Group Franchising shall provide recommended prices for products and services offered by franchisees of the System.

(c) Procedures. To the extent Signal Health Group Franchising determines in its sole discretion, Signal Health Group Franchising shall provide Franchisee with Signal Health Group Franchising's recommended administrative, bookkeeping, accounting, and inventory control procedures. Signal Health Group Franchising may make any such procedures part of required (and not merely recommended) System Standards.

(d) Marketing. Signal Health Group Franchising shall manage the Brand Development Fund.

(e) Internet. Signal Health Group Franchising shall maintain a website for Signal Health Group, which will include Franchisee's contact information.

ARTICLE 6. LOCATION, DEVELOPMENT, AND OPENING

6.1 Location. Franchisee is solely responsible for selecting the Location. If the Location is not stated on the Summary Page, then Franchisee shall find a suitable Location that meets Signal Health Group Franchising's System Standards (if any) within the Territory. Franchisee must obtain Signal Health Group Franchising's approval for to move the Location.

6.2 Lease. In connection with any lease between Franchisee and the landlord of the Location: (i) if requested by Signal Health Group Franchising, Franchisee must submit the proposed lease to Signal Health Group Franchising for written approval, and (ii) the term of the lease (including renewal terms) must be for a period of not less than the term of this Agreement. Neither Signal Health Group Franchising's review of the Lease, nor Signal Health Group Franchising's acceptance of the site Franchisee has selected, constitutes a representation or guarantee that Franchisee will succeed at the selected Location or an expression of Signal Health Group Franchising's opinion regarding the terms of the Lease. Signal Health Group Franchising encourages Franchisee to seek independent counsel from a lawyer or business adviser to assist Franchisee in selecting a location and negotiating a lease for the Business premises.

6.3 Development. If the Location will be open to the public or used for meeting customers or potential customers, then Franchisee shall construct (or remodel) and finish the Location in conformity with Signal Health Group Franchising's System Standards.

6.4 New Franchisee Training. Franchisee's Principal Executive and any general manager must complete Signal Health Group Franchising's training program for new franchisees to Signal Health Group Franchising's satisfaction at least four weeks before opening the Business. If the Principal Executive (i) fails to complete the initial training program to Signal Health Group Franchising's satisfaction, or (ii) Signal Health Group Franchising, no more than 10 days after the Principal Executive completes the initial training program, that the Principal Executive does not have the ability to satisfactorily operate the Business, then Signal Health Group Franchising may terminate this Agreement. In such event, Signal Health Group Franchising shall refund the initial franchise fee and any license assistance fee ~~repaid by~~ Franchisee (less any franchise broker fees and other out-of-pocket costs incurred by Signal Health Group Franchising related to Franchisee), subject to Franchisee's prior execution of a general release of liability of Signal Health Group Franchising and its affiliates, in a form prescribed by Signal Health Group Franchising. Notwithstanding anything herein or in this Agreement to the contrary, if Franchisee or its affiliate or Principal Executive has signed a Multi-Unit Development Agreement, in no event is the initial franchise fee or any part thereof refundable.

6.5 Conditions to Opening.

(a) Franchisee shall notify Signal Health Group Franchising at least 30 days before Franchisee intends to open the Business. Before opening, Franchisee must satisfy all of the following conditions: (1) Franchisee is in compliance with this Agreement, (2) Franchisee has obtained all applicable governmental permits and authorizations, (3) the Business conforms to all

applicable System Standards, (4) Franchisee has hired sufficient employees, (5) Franchisee's officers and employees have completed all of Signal Health Group Franchising's required pre-opening training; and (6) Signal Health Group Franchising has given its written approval to open, which will not be unreasonably withheld.

(b) If Franchisee is unable to open the Business due to Franchisee's inability to obtain any licenses required for Franchisee to open the Business, then Signal Health Group Franchising may terminate this Agreement. In such event (and only if Franchisee has exercised its best reasonable efforts to obtain such licenses), Signal Health Group Franchising shall refund the initial franchise fee to Franchisee (less any franchise broker fees and other out-of-pocket costs incurred by Signal Health Group Franchising related to Franchisee), subject to Franchisee's prior execution of a general release of liability of Signal Health Group Franchising and its affiliates, in a form prescribed by Signal Health Group Franchising. Notwithstanding anything herein or in this Agreement to the contrary, if Franchisee or its affiliate or Principal Executive has signed a Multi-Unit Development Agreement, in no event is the initial franchise fee or any part thereof refundable.

6.6 Opening Date. Franchisee shall open the Business on or before the date stated on the Summary Page. If no deadline is set forth on the Summary Page, Franchisee shall open the Business within 12 months of the Effective Date.

ARTICLE 7. OPERATIONS

7.1 Compliance with Manual and System Standards. Franchisee shall at all times and at its own expense comply with all mandatory obligations contained in the Manual and with all other System Standards, as they are now or hereafter established. Franchisee acknowledges and agrees that the products and services offered under the Marks have a reputation for excellence and that Franchisee's compliance with all System Standards is of the utmost importance to Signal Health Group Franchising.

7.2 Compliance with Law. Franchisee and the Business shall comply with all laws, rules, ordinances, and regulations applicable to Franchisee or to the Business. Franchisee and the Business shall obtain and keep in force all governmental permits and licenses necessary for the Business. Franchisee is solely responsible for all such compliance, notwithstanding any information provided by Signal Health Group Franchising.

7.3 Products, Services, and Methods of Sale. Subject to Section 2.1(b) of this Agreement, Franchisee shall offer all Medical Services, and only those Medical Services, from time to time prescribed by Signal Health Group Franchising in the Manual or otherwise in writing. Unless otherwise approved or required by Signal Health Group Franchising, Franchisee shall not make sales by any other means, including without limitation by wholesale, by delivery, by mail order, or over the internet. Franchisee shall provide all products and perform all services in a high-quality manner that meets or exceeds the customer's reasonable expectations and all applicable System Standards. Franchisee shall implement any guaranties, warranties, or similar commitments regarding products and/or services that Signal Health Group Franchising may require. All of

Franchisee's services must follow written orders and a plan of care signed by a physician or other approved medical provider.

7.4 Prices. Franchisee retains the sole discretion to determine the prices it charges for products and services, except for National Accounts where Signal Health Group Franchising has agreed-upon pricing.

7.5 Personnel.

(a) Management. The Business must at all times be under the on-site supervision of the Principal Executive or a general manager who has completed Signal Health Group Franchising's training program.

(b) Service. Franchisee shall cause its personnel to render competent and courteous service to all customers and members of the public.

(c) Appearance. Franchisee shall cause its personnel to comply with any dress attire, uniform, personal appearance and hygiene standards set forth in the Manual.

(d) Qualifications. Signal Health Group Franchising may set minimum qualifications for categories of employees employed by Franchisee.

(e) Staffing. Franchisee must hire or engage sufficient number of personnel to service its volume of Business, and Franchisee must comply with any System Standards regarding staffing levels.

(f) Sole Responsibility. Franchisee is solely responsible for all hiring decisions and all terms and conditions of employment of all of its personnel, including recruiting, hiring, training, scheduling, supervising, compensation, and termination. Franchisee is solely responsible for all actions of its personnel. Franchisee and Signal Health Group Franchising are not joint employers, and no employee of Franchisee will be an agent or employee of Signal Health Group Franchising. Within seven days of Signal Health Group Franchising's request, Franchisee and each of its employees shall sign an acknowledgment form stating that Franchisee alone (and not Signal Health Group Franchising) is the employee's sole employer. Franchisee shall use its legal name on all documents with its employees and independent contractors, including, but not limited to, employment applications, time cards, pay checks, and employment and independent contractor agreements, and Franchisee shall not use the Marks on any of these documents. Signal Health Group Franchising has the right to require: (i) that all persons providing Care Services be employed by Franchisee (and not be an independent contractor, unless required by applicable law); (ii) that all of Franchisee's employees (a) undergo a criminal background check (and routine rescreening), and (b) provide at least two (2) references.

(f) Administrator/Clinical Manager. Franchisee must have an administrator and clinical manager who meet any educational, experience, and licensing requirements set forth under applicable law. Franchisee's administrator or clinical manager must be a registered nurse.

7.6 Post-Opening Training. Signal Health Group Franchising may at any time require that the Principal Executive and/or any other employees complete training programs, in any format and

in any location determined by Signal Health Group Franchising. Signal Health Group Franchising may charge a reasonable fee for any training programs. Signal Health Group Franchising may require Franchisee to provide training programs to its employees. If a training program is held at a location which requires travel by the Principal Executive or any other employee, then Franchisee shall pay all travel, living and other expenses.

7.7 SoftwareTechnology. Without limiting the generality of Section 7.1 or Section 8.1, Franchisee shall acquire and use all ~~software and related systems~~Technology required by Signal Health Group Franchising. Signal Health Group Franchising has the right to prohibit Franchisee from using any Technology which is not approved or required by Signal Health Group Franchising. Franchisee shall enter into any subscription and support agreements related to the Technology that Signal Health Group Franchising may require. Franchisee shall upgrade, update, or replace any ~~software~~Technology from time to time as Signal Health Group Franchising may require. Franchisee shall protect the confidentiality and security of all ~~software systems~~Technology, and Franchisee shall abide by any System Standards related thereto. Franchisee shall give Signal Health Group Franchising unlimited access to Franchisee's ~~point of sale system and other software systems~~Technology used in the Business, by any means designated by Signal Health Group Franchising. Despite Franchisee's obligation to acquire and use Technology according to System Standards, Franchisee has sole and complete responsibility for: (a) acquiring, operating, maintaining, and upgrading Franchisee's Technology; (b) the manner in which Franchisee's Technology interfaces with Signal Health Group Franchising's and any third party's computer system; (c) any and all consequences if Franchisee's Technology is not properly operated, maintained, and upgraded; (d) complying at all times with the most current version of the Payment Card Industry Data Security Standards, and (e) complying at all times with all laws governing the use, disclosure, and protection of Privacy Information.

7.8 Customer Complaints. Franchisee shall use its best efforts to promptly resolve any customer complaints. Signal Health Group Franchising may take any action it deems appropriate to resolve a customer complaint regarding the Business, and Signal Health Group Franchising may require Franchisee to reimburse Signal Health Group Franchising for any expenses.

7.9 Evaluation and Compliance Programs. Franchisee shall participate at its own expense in programs required from time to time by Signal Health Group Franchising for obtaining customer evaluations, reviewing Franchisee's compliance with the System, and/or managing customer complaints, which may include (but are not limited to) a customer feedback system, customer survey programs, and mystery shopping. Signal Health Group Franchising shall share with Franchisee the results of these programs, as they pertain to the Business. Franchisee must meet or exceed any minimum score requirements set by Signal Health Group Franchising for such programs. Signal Health Group Franchising may set minimum scores that Franchisee must receive from the public on internet review sites (such as Yelp or Google).

7.10 Payment Systems. Franchisee shall accept payment from customers in any form or manner designated by Signal Health Group Franchising (which may include, for example, cash, specific credit and/or debit cards, gift cards, electronic fund transfer systems, and mobile payment systems). Franchisee shall purchase or lease all equipment and enter into all business relationships necessary to accept payments as required by Signal Health Group Franchising. ~~Franchisee must at all times comply with payment card industry data security standards (PCI DSS).~~

7.11 Gift Cards, Loyalty Programs, and Incentive Programs. At its own expense, Franchisee shall sell or otherwise issue gift cards, certificates, or other pre-paid systems, and participate in any customer loyalty programs, membership/subscription programs, or customer incentive programs, designated by Signal Health Group Franchising, in the manner specified by Signal Health Group Franchising in the Manual or otherwise in writing. Franchisee shall honor all valid gift cards and other pre-paid systems, regardless of whether issued by Franchisee or another Signal Health Group business. Franchisee shall comply with all procedures and specifications of Signal Health Group Franchising related to gift cards, certificates, and other pre-paid systems, or related to customer loyalty, membership/subscription, or customer incentive programs.

7.12 Maintenance and Repair. If the Location will be open to the public or used for meeting customers or potential customers, then Franchisee shall at all times keep the Business in a neat and clean condition, perform all appropriate maintenance, and keep all property of the Business in good repair. Franchisee acknowledges that the System Standards may include requirements for cleaning, maintenance, replacement, and repair.

7.13 Vehicles. If Franchisee uses one or more vehicles for the Business, Franchisee shall ensure that all vehicles comply with all applicable System Standards, including without limitation required equipment and exterior décor. Franchisee shall keep all vehicles in excellent or better condition, clean, and free of dents and other damage, and shall ensure that the vehicles presents a first-class image appropriate to Signal Health Group Franchising's System. Any vehicle which contains Signal Health Group Franchising's trademarks shall be used solely for the Business.

7.14 Meetings and Conventions.

(a) The Principal Executive shall use reasonable efforts to attend all in-person meetings and remote meetings (such as video or telephone conference calls) that Signal Health Group Franchising requires, including any national or regional brand conventions or conferences. Franchisee shall not permit the Principal Executive to fail to attend more than three consecutive required meetings.

(b) Signal Health Group Franchising may charge Franchisee the attendance fee for Signal Health Group's national or regional conventions, regardless of whether Franchisee attends. Franchisee is responsible for all travel and living expenses of attending any such meeting or convention.

7.15 Insurance.

(a) Franchisee shall obtain and maintain insurance policies in the types and amounts as specified by Signal Health Group Franchising in the Manual. If not specified in the Manual, Franchisee shall maintain at least the following insurance coverage:

General Liability Insurance Minimums	
Professional Liability (per occurrence)	\$1,000,000
Professional Liability (aggregate)	\$3,000,000
Commercial General Liability (per occurrence)	\$1,000,000
Commercial General Liability (aggregated)	\$3,000,000

Cyber Liability	\$250,000
Sexual Misconduct and Physical Abuse	\$1,000,000
Tenant Legal Liability (if applicable)	\$50,000
Employee Benefits Liability	\$1,000,000
Owned and non-owned Auto Liability	\$2,000,000
Medical Expenses	\$5,000
Worker's Compensation	Coverage A – Statutory Workers Compensation Coverage B – Employers Liability Limit Bodily Injury \$100,000 Each
Business Interruption	
Additional Insured for Mortgagees, Lenders, clients (when applicable or required)	Include in General Liability
Crime (employee theft with first- and third-party coverage)	\$50,000 \$2,500 max deductible
State Bonds (if applicable)	Per State, City and/or County

(b) Franchisee's policies (other than Workers Compensation) must (1) list Signal Health Group Franchising and its affiliates as an additional insured, (2) include a waiver of subrogation in favor of Signal Health Group Franchising and its affiliates, (3) be primary and non-contributing with any insurance carried by Signal Health Group Franchising or its affiliates, and (4) stipulate that Signal Health Group Franchising shall receive 30 days' prior written notice of cancellation.

(c) Franchisee shall provide Certificates of Insurance evidencing the required coverage to Signal Health Group Franchising prior to opening and upon annual renewal of the insurance coverage, as well as at any time within 15 days after request from Signal Health Group Franchising.

7.16 Obligations to Third Parties. Franchisee shall pay all vendors and suppliers in a timely manner. Franchisee shall pay all taxes when due. If Franchisee borrows money, it shall comply with the terms of its loan and make all loan payments when due. If Franchisee leases the Location, Franchisee shall comply with its lease for the Location and make all rent payments when due.

7.17 Public Relations. Franchisee shall not make any public statements (including giving interviews or issuing press releases) regarding Signal Health Group, the Business, or any particular incident or occurrence related to the Business, without Signal Health Group Franchising's prior written approval, which will not be unreasonably withheld.

7.18 Association with Causes. Franchisee shall not in the name of the Business (i) donate money, products, or services to any charitable, political, religious, or other organization or cause, or (ii) act in support of any such organization or cause, without Signal Health Group Franchising's prior written approval, which will not be unreasonably withheld.

7.19 No Other Activity Associated with the Business. Franchisee shall not use the assets of the Business for any purpose other than the Business. Franchisee shall not “co-brand” or associate any other business activity with the Signal Health Group Business in a manner which is likely to cause the public to perceive it to be related to the Signal Health Group Business. If Franchisee is an entity, the entity shall not own or operate any other business except Signal Health Group businesses.

7.20 No Third-Party Management. Franchisee shall not engage a third-party management company to manage or operate the Business without the prior written approval of Signal Health Group Franchising, which will not be unreasonably withheld.

7.21 No Subcontracting. Unless required by applicable law, Franchisee shall not subcontract or delegate to a third party any services to be performed by Franchisee for a customer (other than engaging individuals as independent contractors in the ordinary course of business).

7.22 Identification. Franchisee must identify itself as the independent owner of the Business in the manner prescribed by Signal Health Group Franchising.

7.23 Privacy Practices.

(a) With respect to Privacy Information, Franchisee must comply with all of their obligations under applicable privacy laws, including any local, state, or federal data privacy or data security law or regulation.

(b) Franchisee shall not sell any Privacy Information. Franchisee further agrees to not access, use, or process the Privacy Information except in the furtherance of its obligations under this Agreement, but in all times, in compliance with applicable privacy laws.

(c) To the extent Signal Health Group Franchising does not have the then-current ability to address requests made under any applicable privacy law by individuals that are the subject of any of the Privacy Information, Franchisee shall, upon Signal Health Group Franchising’s request, provide reasonable assistance to Signal Health Group Franchising in responding to such requests.

(d) In the event of a Data Security Event, Franchisee must notify Signal Health Group Franchising immediately after becoming aware of the Data Security Event and shall cooperate with Signal Health Group Franchising and follow all of Signal Health Group Franchising’s reasonable requests to address the Data Security Event and to protect any Privacy Information and/or Confidential Information. Signal Health Group Franchising, or its designee, has the right, but not the obligation, to take any action or pursue any proceeding with respect to the Data Security Event.

7.247.24 Business Practices and Values. Franchisee and each Owner shall comply with and uphold any code of ethics or statement of values adopted by Signal Health Group Franchising. Franchisee and each Owner shall be honest and fair in all interactions with customers, employees, vendors, governmental authorities, and other third parties. Neither Franchisee nor any Owner shall engage in or permit any employee to engage in any (i) violence or a threat of violence against any person or group of persons, (ii) sexual harassment of any person, (iii) discrimination against any

person or group of persons on account of sex, race, color, religion, ancestry, national origin, sexual orientation, or disability, or any legally protected class in the jurisdiction where the Business is located, or (iv) any act which injures or is likely to injure the goodwill associated with the Marks, in Signal Health Group Franchising's reasonable opinion.

7.25 Communication. Franchisee shall respond promptly to requests for communication from Signal Health Group Franchising, and in any event within three business days.

~~**7.25 Business Practices.** Franchisee, in all interactions with customers, employees, vendors, governmental authorities, and other third parties, each Owner shall be honest, courteous and fair. Franchisee respectful to Franchisor and its personnel and shall comply with any code of ethics or statement of values from rules adopted by Signal Health Group Franchising. Franchisee shall not take any action which injures or is likely to injure the goodwill associated with the Marks from time to time establishing procedures and requirements for communications between Franchisee's personnel and Signal Health Group Franchising's personnel.~~

7.26 Medicare/Medicaid. Signal Health Group Franchising anticipates that Franchisee will need to obtain Medicare/Medicaid certification. If Signal Health Group Franchising offers support to Franchisee in achieving and/or maintaining Medicare/Medicaid certification, Signal Health Group Franchising may charge a reasonable fee for such support. If Franchisee determines to obtain Medicare/Medicaid certification, Franchisee agrees to assume all associated costs and risks. Franchisee will be required to pay Signal Health Group Franchising royalties on account of Gross Sales resulting from Franchisee's Medicare/Medicaid certification.

7.27 National Accounts.

(a) Signal Health Group Franchising shall have the exclusive right, unless otherwise specifically delegated in writing, on behalf of itself, Franchisee, and/or other Signal Health Group franchisees, to negotiate and enter into agreements or approve forms of agreement to provide services to National Accounts within the Territory.

(b) Following the execution of a contract with or the acceptance of a bid by a National Account client which contemplates the provision of services to one or more National Account locations or National Account clientele within or outside of the Territory, Signal Health Group Franchising will, if Franchisee is qualified to perform the services and conditioned upon Franchisee's substantial compliance with the terms of this Agreement and the System Standards, provide Franchisee the option to perform such services pursuant to the terms and conditions of the National Account contract or on such terms and conditions as Franchisor in its discretion determines is appropriate.

(c) If Franchisee elects not to provide services to a National Account client in conformity with the terms and conditions of the National Account bid or contract, or fails to make an election within the time specified by Signal Health Group Franchising, after being offered the opportunity by Signal Health Group Franchising, Signal Health Group Franchising shall have the right, exercisable in its sole discretion, to:

(i) Provide (directly or through any affiliate, other licensee or Signal Health Group franchisee) services to the National Account client location(s) within the Territory on the terms and conditions contained in the National Account bid or contract; and/or

(ii) Contract with another party to provide such services to the National Account client location(s) within the Territory on the terms and conditions contained in the National Account bid or contract between Signal Health Group Franchising and the National Account client.

(d) Neither the direct provision by Signal Health Group Franchising (or an affiliate, franchisee, licensee, or agent of Signal Health Group Franchising) of services to National Account clients as authorized herein, nor Signal Health Group Franchising's contracting with another party to provide such services as authorized herein, shall constitute a violation of this Agreement, even if such services are delivered from a location within the Territory. Franchisee disclaims any compensation or consideration for work performed by others in the Territory pursuant to this Section.

ARTICLE 8. SUPPLIERS AND VENDORS

8.1 Generally. Franchisee shall acquire all Inputs required by Signal Health Group Franchising from time to time in accordance with System Standards. Signal Health Group Franchising may require Franchisee to purchase or lease any Inputs from Signal Health Group Franchising, Signal Health Group Franchising's designee, Required Vendors, Approved Vendors, and/or under Signal Health Group Franchising's specifications. Signal Health Group Franchising may change any such requirement or change the status of any vendor. To make such requirement or change effective, Signal Health Group Franchising shall issue the appropriate System Standards.

8.2 Alternate Vendor Approval. If Signal Health Group Franchising requires Franchisee to purchase a particular Input only from an Approved Vendor or Required Vendor, and Franchisee desires to purchase the Input from another vendor, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by Signal Health Group Franchising. Signal Health Group Franchising may approve or disapprove the alternative vendor in its sole discretion. Signal Health Group Franchising may condition its approval on such criteria as Signal Health Group Franchising deems appropriate, which may include evaluations of the vendor's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. Signal Health Group Franchising shall provide Franchisee with written notification of the approval or disapproval of any proposed new vendor within 30 days after receipt of Franchisee's request.

8.3 Alternate Input Approval. If Signal Health Group Franchising requires Franchisee to purchase a particular Input, and Franchisee desires to purchase an alternate to the Input, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by Signal Health Group Franchising. Signal Health Group Franchising may approve or disapprove the alternative Input in its sole discretion. Signal Health Group Franchising shall provide Franchisee with written notification of the approval or disapproval of any proposed alternate Input within 30 days after receipt of Franchisee's request.

8.4 Purchasing. Signal Health Group Franchising may negotiate prices and terms with vendors on behalf of the System. Signal Health Group Franchising may receive rebates, payments or other consideration from vendors in connection with purchases by franchisees. Signal Health Group Franchising has the right (but not the obligation) to collect payments from Franchisee on behalf of a vendor and remit the payments to the vendor and to impose a reasonable markup or charge for administering the payment program. Signal Health Group Franchising may implement a centralized purchasing system. Signal Health Group Franchising may establish a purchasing cooperative and require Franchisee to join and participate in the purchasing cooperative on such terms and conditions as Signal Health Group Franchising may determine.

8.5 No Liability of Franchisor. Signal Health Group Franchising and its affiliates shall not have any liability to Franchisee for any claim, loss, or other Action related to any product provided or service performed by any Approved Vendor or Required Vendor (unless Signal Health Group Franchising or its affiliate, as applicable, is the vendor), including without limitation for defects, delays, unavailability, failure, or breach of contract related to such products or services.

8.6 Product Recalls. If Signal Health Group Franchising or any vendor, supplier, or manufacturer of an item used or sold in Franchisee's Business issues a recall of such item or otherwise notifies Franchisee that such item is defective or dangerous, Franchisee shall immediately cease using or selling such item, and Franchisee shall at its own expense comply with all instructions from Signal Health Group Franchising or the vendor, supplier, or manufacturer of such item with respect to such item, including without limitation the recall, repair, and/or replacement of such item.

ARTICLE 9. MARKETING

9.1 Advertising Standards. Except as otherwise provided in the Manual, Franchisee may use only Advertising and Promotional Content that Signal Health Group Franchising has furnished or approved in writing in advance. Franchisee must ensure that all Advertising and Promotional Content that Franchisee uses is clear, factual, ethical, and not misleading; complies with all laws; and conforms to System Standards. Except as otherwise provided in the Manual and Advertising and Promotional Content that Signal Health Group Franchising furnishes to Franchisee, Franchisee must submit to Signal Health Group Franchising for its written approval, at least 14 days before use, copies of all proposed Advertising and Promotional Content that Franchisee intends to use or implement. If Signal Health Group Franchising does not respond, the material is deemed rejected. Signal Health Group Franchising has the right to approve or disapprove any Advertising and Promotional Content, as well as the media in which Franchisee intends to use them, in its sole discretion. Signal Health Group Franchising reserves the right to require Franchisee to discontinue the use of any Advertising and Promotional Content for any reason.

9.2 Digital Marketing. Signal Health Group Franchising may (but is not obligated to) establish and operate all Digital Marketing and has the sole right to control all aspects of Digital Marketing, including those related to the Business. Without limiting the generality of Section 9.1, Franchisee shall not, directly or indirectly, conduct or be involved in any Digital Marketing without the prior written consent of Signal Health Group Franchising. If Signal Health Group Franchising permits Franchisee to conduct any Digital Marketing, Franchisee must (a) comply with any System Standards and must immediately modify or delete any Digital Marketing that

Signal Health Group Franchising determines, in its sole discretion, is not compliant with such System Standards; (b) only use materials that Signal Health Group Franchising has approved and submit any proposed modifications to Signal Health Group Franchising for approval; (c) not use any Mark (or words or designations similar to any Mark) in any domain name, electronic address, website, or other source identifier except as Signal Health Group Franchising expressly permits; (d) include only the links that Signal Health Group Franchising approves or requires; and (e) immediately take all actions necessary or that Signal Health Group Franchising requests to provide Signal Health Group Franchising with access to, or to transfer ownership of, all Digital Marketing relating to the Business to Franchisor, including, without limitation, providing login and password details and promptly signing all directions and authorizations as Signal Health Group Franchising deems necessary to effect the intent and provisions of this Section. If Franchisee uses any Mark (or words or designations similar to a Mark) in any domain name, electronic address, website, or other source identifier, Signal Health Group Franchising may register such name, address, website, or identifier and then license use of the registered item back to Franchisee under a separate agreement. Franchisee must pay all costs due for registration, maintenance, and renewal of any such names, addresses, websites, or identifiers that Signal Health Group Franchising approves and maintains on Franchisee's behalf. Signal Health Group Franchising may withdraw its approval for any Digital Marketing at any time.

9.3 Implementation. Franchisee shall implement any advertising or marketing materials, plans or campaigns (including Digital Marketing) required by Signal Health Group Franchising.

9.4 Use by Signal Health Group Franchising. Signal Health Group Franchising may use any Advertising and Promotional Content developed by or on behalf of Franchisee, and Franchisee hereby grants an unlimited, perpetual, royalty-free license to Signal Health Group Franchising for such purpose.

9.5 Brand Development Fund. Signal Health Group Franchising has established or may establish a Brand Development Fund to promote the System on a local, regional, national, and/or international level. If Signal Health Group Franchising has established a Brand Development Fund:

(a) Account. Signal Health Group Franchising shall hold the Brand Development Fund Contributions from all franchisees in one or more bank accounts separate from Signal Health Group Franchising's other accounts.

(b) Use. Signal Health Group Franchising shall use the Brand Development Fund only for marketing, advertising, and public relations materials, programs and campaigns (including at local, regional, national, and/or international level), and related overhead. The foregoing includes such activities and expenses as Signal Health Group Franchising reasonably determines, and may include, without limitation: development and placement of advertising and promotions; sponsorships; contests and sweepstakes; development of décor, trade dress, Marks, and/or branding; development and maintenance of brand websites; social media; internet activities; e-commerce programs; search engine optimization; market research; public relations, media or agency costs; trade shows and other events; printing and mailing; and administrative and overhead expenses related to the Brand Development Fund (including the compensation of Signal Health

Group Franchising's employees working on marketing and for accounting, bookkeeping, reporting, legal, collections, and other expenses related to the Brand Development Fund).

(c) Discretion. Franchisee agrees that expenditures from the Brand Development Fund need not be proportionate to contributions made by Franchisee or provide any direct or indirect benefit to Franchisee. The Brand Development Fund will be spent at Signal Health Group Franchising's sole discretion, and Signal Health Group Franchising has no fiduciary duty with regard to the Brand Development Fund.

(d) Contribution by Other Outlets. Signal Health Group Franchising is not obligated to (i) have all other Signal Health Group businesses (whether owned by other franchisees or by Signal Health Group Franchising or its affiliates) contribute to the Brand Development Fund, or (ii) have other Signal Health Group businesses that do contribute to the Brand Development Fund contribute the same amount or at the same rate as Franchisee.

(e) Surplus or Deficit. Signal Health Group Franchising may accumulate funds in the Brand Development Fund and carry the balance over to subsequent years. If the Brand Development Fund operates at a deficit or requires additional funds at any time, Signal Health Group Franchising may loan such funds to the Brand Development Fund on reasonable terms.

(f) Financial Statement. Signal Health Group Franchising shall prepare an unaudited annual financial statement of the Brand Development Fund within 120 days of the close of Signal Health Group Franchising's fiscal year and shall provide the financial statement to Franchisee upon written request.

9.6 Market Cooperatives. Signal Health Group Franchising may establish market advertising and promotional cooperative funds ("Market Cooperative") in any geographical areas. If a Market Cooperative for the geographic area encompassing the Location has been established at the time Franchisee commences operations hereunder, Franchisee shall immediately become a member of such Market Cooperative. If a Market Cooperative for the geographic area encompassing the Location is established during the term of this Agreement, Franchisee shall become a member of such Market Cooperative within 30 days of notice from Signal Health Group Franchising. Signal Health Group Franchising shall not require Franchisee to be a member of more than one Market Cooperative. If Signal Health Group Franchising establishes a Market Cooperative:

(a) Governance. Each Market Cooperative will be organized and governed in a form and manner, and shall commence operations on a date, determined by Signal Health Group Franchising. Signal Health Group Franchising may require the Market Cooperative to adopt bylaws or regulations prepared by Signal Health Group Franchising. Unless otherwise specified by Signal Health Group Franchising, the activities carried on by each Market Cooperative shall be decided by a majority vote of its members. Signal Health Group Franchising will be entitled to attend and participate in any meeting of a Market Cooperative. Any Signal Health Group business owned by Signal Health Group Franchising in the Market Cooperative shall have the same voting rights as those owned by its franchisees. Each Business owner will be entitled to cast one vote for each Business owned, provided, however, that a franchisee shall not be entitled to vote if it is in default under its franchise agreement. If the members of a Market Cooperative are unable or fail to determine the manner in which Market Cooperative monies will be spent, Signal Health Group

Franchising may assume this decision-making authority after 10 days' notice to the members of the Market Cooperative.

(b) Purpose. Each Market Cooperative shall be devoted exclusively to administering regional advertising and marketing programs and developing (subject to Signal Health Group Franchising's approval) standardized promotional materials for use by the members in local advertising and promotion.

(c) Approval. No advertising or promotional plans or materials may be used by a Market Cooperative or furnished to its members without the prior approval of Signal Health Group Franchising pursuant to Section 9.1. Signal Health Group Franchising may designate the national or regional advertising agencies used by the Market Cooperative.

(d) Funding. The majority vote of the Market Cooperative will determine the dues to be paid by members of the Market Cooperative, including Franchisee, but not less than 1% and not more than 5% of Gross Sales.

(e) Enforcement. Only Signal Health Group Franchising will have the right to enforce the obligations of franchisees who are members of a Market Cooperative to contribute to the Market Cooperative.

(f) Termination. Signal Health Group Franchising may terminate any Market Cooperative. Any funds left in a Market Cooperative upon termination will be transferred to the Brand Development Fund.

9.7 Required Spending. After the Business opens to the public, Franchisee shall spend at least the greater of \$1,000 or 2% of Gross Sales each month on marketing the Business. Within 10 days after request by Signal Health Group Franchising, Franchisee shall furnish proof of its compliance with this Section. Signal Health Group Franchising has the discretion to determine in good faith what activities constitute "marketing" under this Section. If Franchisee contributes to a Market Cooperative, the amount of the contribution will be counted towards Franchisee's required spending under this Section.

9.8 Market Introduction Plan. Franchisee must develop a market introduction plan and obtain Signal Health Group Franchising's approval of the market introduction plan at least 30 days before the projected opening date of the Business. Franchisee must spend at least \$1,000 as part of this market introduction plan.

ARTICLE 10. RECORDS AND REPORTS

10.1 Systems. Franchisee shall use such customer data management, sales data management, administrative, bookkeeping, accounting, and inventory control procedures and systems as Signal Health Group Franchising may specify in the Manual or otherwise in writing.

10.2 Reports.

(a) Financial Reports. Franchisee shall provide such periodic financial reports as Signal Health Group Franchising may require in the Manual or otherwise in writing, including:

- (i) a monthly profit and loss statement and balance sheet for the Business within 30 days after the end of each calendar month;
- (ii) an annual financial statement (including profit and loss statement, cash flow statement, and balance sheet) for the Business within 90 days after the end of each calendar year; and
- (iii) any information Signal Health Group Franchising requests in order to prepare a financial performance representation for Signal Health Group Franchising's franchise disclosure document within 30 days after request.

(b) Legal Actions and Investigations. Franchisee shall promptly notify Signal Health Group Franchising of any Action or threatened Action by any customer, governmental authority, or other third party against Franchisee or the Business, or otherwise involving the Franchisee or the Business. Franchisee shall provide such documents and information related to any such Action as Signal Health Group Franchising may request.

(c) Government Inspections. Franchisee shall give Signal Health Group Franchising copies of all inspection reports, warnings, certificates, and ratings issued by any governmental entity with respect to the Business, within three days of Franchisee's receipt thereof.

(d) Other Information. Franchisee shall submit to Signal Health Group Franchising such other financial statements, budgets, forecasts, reports, records, copies of contracts, documents related to litigation, tax returns, copies of governmental permits, and other documents and information related to the Business as specified in the Manual or that Signal Health Group Franchising may reasonably request (either upon specific request or on a regular basis as directed by Signal Health Group Franchising, as applicable). Signal Health Group Franchising acknowledges that all personnel records of the Business belong to Franchisee and that this Agreement does not grant Signal Health Group Franchising the right to access personnel records of Franchisee's employees.

10.3 Initial Investment Report. Within 120 days after opening for business, Franchisee shall submit to Signal Health Group Franchising a report detailing Franchisee's investment costs to develop and open the Business, with costs allocated to the categories described in Item 7 of Signal Health Group Franchising's Franchise Disclosure Document and with such other information as Signal Health Group Franchising may reasonably request.

10.4 Business Records. Franchisee shall keep complete and accurate books and records reflecting all expenditures and receipts of the Business, with supporting documents (including, but not limited to, payroll records, payroll tax returns, register receipts, production reports, sales invoices, bank statements, deposit receipts, cancelled checks and paid invoices) for at least three years. Franchisee shall keep such other business records as Signal Health Group Franchising may specify in the Manual or otherwise in writing.

10.5 Records Audit. Signal Health Group Franchising may examine and audit all books and records related to the Business, and supporting documentation, at any reasonable time. Signal Health Group Franchising may conduct the audit at the Location and/or require Franchisee to deliver copies of books, records and supporting documentation to a location designated by Signal

Health Group Franchising. Franchisee shall also reimburse Signal Health Group Franchising for all costs and expenses of the examination or audit if (i) Signal Health Group Franchising conducted the audit because Franchisee failed to submit required reports or was otherwise not in compliance with the System, or (ii) the audit reveals that Franchisee understated Gross Sales by 3% or more for any month.

ARTICLE 11. FRANCHISOR RIGHTS

11.1 Manual; Modification. The Manual, and any part of the Manual, may be in any form or media determined by Signal Health Group Franchising. Signal Health Group Franchising may supplement, revise, or modify the Manual, and Signal Health Group Franchising may change, add or delete System Standards at any time in its discretion. Signal Health Group Franchising may inform Franchisee thereof by any method that Signal Health Group Franchising reasonably deems appropriate (which need not qualify as “notice” under Section 18.9). In the event of any dispute as to the contents of the Manual, Signal Health Group Franchising’s master copy will control.

11.2 Business Evaluation. Signal Health Group Franchising may accompany Franchisee or its personnel on any services performed for a customer to conduct an evaluation. If the Location will be open to the public or used for meeting customers or potential customers, Signal Health Group Franchising may enter the premises of the Business from time to time during normal business hours and conduct an evaluation. Signal Health Group Franchising will use commercially reasonable efforts to not disrupt Franchisee’s business operations during any such evaluation. Franchisee shall cooperate with Signal Health Group Franchising’s evaluators. The evaluation may include, but is not limited to, observing operations, conducting a physical inventory, evaluating physical conditions, monitoring sales activity, speaking with employees and customers, and removing samples of products, supplies and materials. Signal Health Group Franchising may videotape and/or take photographs of the evaluation. Signal Health Group Franchising may set a minimum score requirement for evaluations, and Franchisee’s failure to meet or exceed the minimum score will be a default under this Agreement. Without limiting Signal Health Group Franchising’s other rights under this Agreement, Franchisee will, as soon as reasonably practical, correct any deficiencies noted during an evaluation. If Signal Health Group Franchising conducts an evaluation because of a governmental report, customer complaint or other customer feedback, or a default or non-compliance with any System Standard by Franchisee (including following up a previous failed evaluation), then Signal Health Group Franchising may charge all out-of-pocket expenses plus its then-current evaluation fee to Franchisee.

11.3 Signal Health Group Franchising’s Right to Cure. If Franchisee breaches or defaults under any provision of this Agreement, Signal Health Group Franchising may (but has no obligation to) take any action to cure the default on behalf of Franchisee, without any liability to Franchisee. Franchisee shall reimburse Signal Health Group Franchising for its costs and expenses (including the allocation of any internal costs) for such action, plus 10% as an administrative fee.

11.4 Right to Discontinue Supplies Upon Default. While Franchisee is in default or breach of this Agreement, Signal Health Group Franchising may (i) require that Franchisee pay cash on delivery for products or services supplied by Signal Health Group Franchising, (ii) stop selling or providing any products and services to Franchisee, and/or (iii) request any third-party vendors to not sell or provide products or services to Franchisee. No such action by Signal Health Group

Franchising shall be a breach or constructive termination of this Agreement, change in competitive circumstances, or similarly characterized, and Franchisee shall not be relieved of any obligations under this Agreement because of any such action. Such rights of Signal Health Group Franchising are in addition to any other right or remedy available to Signal Health Group Franchising.

11.5 Business Data. All customer data collected by our generated by the Business and all data collected or generated by the primary software operating system of the Business is Confidential Information (other than data generated by the Business related to employees and any HIPAA-related information) is Confidential Information and is exclusively owned by Signal Health Group Franchising. Signal Health Group Franchising hereby licenses such data back to Franchisee without charge solely for Franchisee's use in connection with the Business for the term of this Agreement.

11.6 Innovations. Franchisee shall disclose to Signal Health Group Franchising all ideas, plans, improvements, concepts, methods, and techniques relating to the Business (collectively, "Innovations") conceived or developed by Franchisee or its employees, agents, or contractors. Signal Health Group Franchising will automatically own all Innovations, and it will have the right to use and incorporate any Innovations into the System, without any compensation to Franchisee. Franchisee shall execute any documents reasonably requested by Signal Health Group Franchising to document Signal Health Group Franchising's ownership of Innovations.

11.7 Communication Systems. If Signal Health Group Franchising provides email accounts and/or other communication systems to Franchisee, then Franchisee acknowledges that it has no expectation of privacy in the assigned email accounts and other communications systems, and Franchisee authorizes Signal Health Group Franchising to access such communications.

11.8 Communication with Employees. Franchisee irrevocably authorizes Signal Health Group Franchising to communicate with Franchisee's employees and contractors on any matter related to the System or the Business. Franchisee will not prohibit any employee or contractor from communicating with Signal Health Group Franchising on any matter related to the System or the Business.

11.9 Communications with Landlord and Lenders. Franchisee irrevocably authorizes Signal Health Group Franchising to communicate with Franchisee's landlord and lender(s), or prospective landlord and lender(s), about matters relating to the Business, and to provide information about the Business to them.

11.10 Delegation. Signal Health Group Franchising may delegate any duty or obligation of Signal Health Group Franchising under this Agreement to an affiliate or to a third party.

11.11 System Variations. Signal Health Group Franchising may vary or waive any System Standard for any one or more Signal Health Group franchises due to the peculiarities of the particular site or circumstances, density of population, business potential, population of trade area, existing business practices, applicable laws or regulations, or any other condition relevant to the performance of a franchise or group of franchises. Franchisee is not entitled to the same variation or waiver.

11.12 Temporary Public Safety Closure. If Signal Health Group Franchising discovers or becomes aware of any aspect of the Business which, in Signal Health Group Franchising's opinion, constitutes an imminent danger to the health or safety of any person, then immediately upon Signal Health Group Franchising's order, Franchisee must temporarily cease operations of the Business and remedy the dangerous condition. Signal Health Group Franchising shall have no liability to Franchisee or any other person for action or failure to act with respect to a dangerous condition.

11.13 Temporary Management. If (i) the Principal Executive dies or becomes incapacitated, (ii) this Agreement is terminated or expires and Signal Health Group Franchising elects to purchase assets of the Business as provided in Section 14.6, or (iii) Franchisee is operating the Business in a manner which, in Signal Health Group Franchising's reasonable opinion, constitutes a danger to the health or safety of any person, then Signal Health Group Franchising may (but is not obligated to) enter the Location and operate and manage the Business for Franchisee's (or Franchisee's estate's) account until this Agreement is terminated, the Business is transferred, the Business is purchased by Signal Health Group Franchising, or Signal Health Group Franchising returns the Business to Franchisee. Signal Health Group Franchising's operation and management will not continue for more than 90 days without Franchisee's consent (or the consent of the representatives of Franchisee's estate). If this Agreement has not terminated or expired, then Signal Health Group Franchising will account to Franchisee for all net income from the Business during the period in which Signal Health Group Franchising operates the Business. Signal Health Group Franchising may collect a temporary management fee equal to 5% of Gross Sales for the period in which Signal Health Group Franchising operates the Business, plus all expenses (including internal costs of personnel and overhead) incurred by Signal Health Group Franchising, which is in addition to Royalty Fees, Marketing Fund Contributions, or other amounts owed under this Agreement. If Signal Health Group Franchising or a third party assumes the Business's management, Franchisee acknowledges that Signal Health Group Franchising or the third party will have a duty to utilize only reasonable efforts and will not be liable to Franchisee or its Owners for any losses the Business incurs or obligations to creditors.

11.14 Advisory Council. Signal Health Group Franchising has formed or may form an advisory council to advise Signal Health Group Franchising on one or more aspects of the System, such as marketing and operations. Signal Health Group Franchising will determine the method by which representatives are chosen. The advisory council will act in an advisory capacity only and will not have decision-making power. Signal Health Group Franchising has the right to change, merge or dissolve any advisory council at any time.

11.15 Franchisor's Discretion. Signal Health Group Franchising may engage in any activity not expressly prohibited by this Agreement. Whenever this Agreement provides that Signal Health Group Franchising has a certain right, that right is absolute and the parties intend that Signal Health Group Franchising's exercise of that right will not be subject to any limitation or review. Signal Health Group Franchising has the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement, although this right does not modify any express limitations set forth in this Agreement. Whenever Signal Health Group Franchising agrees to exercise its rights reasonably or in good faith, Signal Health Group Franchising will have satisfied its obligations whenever it exercises reasonable business judgment in making a decision or exercising its rights. Signal Health Group Franchising's decisions or actions will be deemed to be the result of reasonable business judgment, even if other reasonable

or even arguably preferable alternatives are available, if Signal Health Group Franchising's decision or action is intended, in whole or significant part, to promote or benefit the System or the Signal Health Group brand generally even if the decision or action also promotes Signal Health Group Franchising's financial or other individual interest. Examples of items that will promote or benefit the System or the Signal Health Group brand include enhancing the value of the Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System and Signal Health Group outlets.

ARTICLE 12. MARKS

12.1 Authorized Marks. Franchisee shall use no trademarks, service marks or logos in connection with the Business other than the Marks. Franchisee shall use all Marks specified by Signal Health Group Franchising, and only in the manner as Signal Health Group Franchising may require. Franchisee has no rights in the Marks other than the right to use them in the operation of the Business in compliance with this Agreement. All use of the Marks by Franchisee and any goodwill associated with the Marks, including any goodwill arising due to Franchisee's operation of the Business, will inure to the exclusive benefit of Signal Health Group Franchising.

12.2 Change of Marks. Signal Health Group Franchising may add, modify, or discontinue any Marks to be used under the System. Within a reasonable time after Signal Health Group Franchising makes any such change (not to exceed 90 days), Franchisee must comply with the change, at Franchisee's expense.

12.3 Infringement.

(a) Defense of Franchisee. If Franchisee has used the Marks in accordance with this Agreement, then (i) Signal Health Group Franchising shall defend Franchisee (at Signal Health Group Franchising's expense) against any Action by a third party alleging infringement by Franchisee's use of a Mark, and (ii) Signal Health Group Franchising shall indemnify Franchisee for expenses and damages if the Action is resolved unfavorably to Franchisee.

(b) Infringement by Third Party. Franchisee shall promptly notify Signal Health Group Franchising if Franchisee becomes aware of any possible infringement of a Mark by a third party. Signal Health Group Franchising may, in its sole discretion, commence or join any claim against the infringing party.

(c) Control. Signal Health Group Franchising shall have the exclusive right to control any prosecution or defense of any Action related to possible infringement of or by the Marks.

12.4 Name. If Franchisee is an entity, it shall not use the word[s] "Signal Health Group" or any confusingly similar words in its legal name.

ARTICLE 13. COVENANTS

13.1 Confidential Information. With respect to all Confidential Information, Franchisee shall (a) adhere to all procedures prescribed by Signal Health Group Franchising for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the

operation of the Business, (c) not use any such information in any other business or in any manner not specifically authorized in writing by Signal Health Group Franchising, (d) exercise the highest degree of diligence and effort to maintain the confidentiality of all such information during and after the term of this Agreement, (e) not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Franchisee acknowledges that all Confidential Information is owned by Signal Health Group Franchising (except for Confidential Information which Signal Health Group Franchising licenses from another person or entity). This Section will survive the termination or expiration of this Agreement indefinitely.

13.2 Covenants Not to Compete.

(a) Restriction – In Term. During the term of this Agreement, neither Franchisee, any Owner, nor any spouse of an Owner (the “Restricted Parties”) shall directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor.

(b) Restriction – Post Term. For two years after this Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer), no Restricted Party shall directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor within twenty miles of Franchisee’s Territory or the territory of any other Signal Health Group business operating on the date of expiration, termination, or transfer, as applicable.

(c) Interpretation. The parties agree that each of the foregoing covenants is independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any arbitrator or court, then the parties intend that the arbitrator or court modify such restriction to the extent reasonably necessary to protect the legitimate business interests of Signal Health Group Franchising. Franchisee agrees that the existence of any claim it may have against Signal Health Group Franchising shall not constitute a defense to the enforcement by Signal Health Group Franchising of the covenants of this Section. If a Restricted Party fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended an additional day for each day of noncompliance.

13.3 General Manager and Key Employees. If requested by Signal Health Group Franchising, Franchisee shall cause its general manager and other key employees reasonably designated by Signal Health Group Franchising to sign Signal Health Group Franchising’s then-current form of confidentiality and non-compete agreement (unless prohibited by applicable law).

ARTICLE 14. DEFAULT AND TERMINATION

14.1 Termination by Franchisee. Franchisee may terminate this Agreement only if Signal Health Group Franchising violates a material provision of this Agreement and fails to cure or to make substantial progress toward curing the violation within 30 days after receiving written notice from Franchisee detailing the alleged default. Termination by Franchisee is effective 10 days after Signal Health Group Franchising receives written notice of termination.

14.2 Termination by Signal Health Group Franchising.

(a) Subject to 10-Day Cure Period. Signal Health Group Franchising may terminate this Agreement if Franchisee does not make any payment to Signal Health Group Franchising when due, or if Franchisee does not have sufficient funds in its account when Signal Health Group Franchising attempts an electronic funds withdrawal, and Franchisee fails to cure such non-payment within 10 days after Signal Health Group Franchising gives notice to Franchisee of such breach.

(b) Subject to 30-Day Cure Period. If Franchisee breaches this Agreement in any manner not described in subsection (a) or (c), and Franchisee fails to cure such breach to Signal Health Group Franchising's satisfaction within 30 days after Signal Health Group Franchising gives notice to Franchisee of such breach, then Signal Health Group Franchising may terminate this Agreement.

(c) Without Cure Period. Signal Health Group Franchising may terminate this Agreement by giving notice to Franchisee, without opportunity to cure, if any of the following occur:

- (i) Franchisee misrepresented or omitted material facts when applying to be a franchisee, or breaches any representation in this Agreement;
- (ii) Franchisee knowingly submits any false report or knowingly provides any other false information to Signal Health Group Franchising;
- (iii) a receiver or trustee for the Business or all or substantially all of Franchisee's property is appointed by any court, or Franchisee makes a general assignment for the benefit of Franchisee's creditors, or Franchisee is unable to pay its debts as they become due, or a levy or execution is made against the Business, or an attachment or lien remains on the Business for 30 days unless the attachment or lien is being duly contested in good faith by Franchisee, or a petition in bankruptcy is filed by Franchisee, or such a petition is filed against or consented to by Franchisee and the petition is not dismissed within 45 days, or Franchisee is adjudicated as bankrupt;
- (iv) Franchisee fails to open for business by the date specified on the Summary Page;
- (v) Franchisee or any Owner commits a material violation of Section 7.2 (compliance with laws) or Section 13.1 (confidentiality), violates Section 7.24 (business practices and values), Section 13.2 (non-compete)), or Article 15 (transfer), or commits any other violation of this Agreement which by its nature cannot be cured;
- (vi) Franchisee ceases operation of the Business for more than five consecutive days, Franchisee informs Signal Health Group Franchising that Franchisee is going to permanently close the Business prior to the end of the term of this Agreement, or Signal Health Group Franchising reasonably concludes that Franchisee has ceased operation of the Business;

- (vii) Franchisee or any Owner slanders or libels Signal Health Group Franchising or any of its employees, directors, or officers;
- (viii) Franchisee refuses to cooperate with or permit any audit or evaluation by Signal Health Group Franchising or its agents or contractors, or otherwise fails to comply with Section 10.5 or Section 11.2;
- (ix) the Business is operated in a manner which, in Signal Health Group Franchising's reasonable judgment, constitutes a significant danger to the health or safety of any person, and Franchisee fails to cure such danger within 48 hours after becoming aware of the danger (due to notice from Signal Health Group Franchising or otherwise);
- (x) Franchisee has received two or more notices of default and Franchisee commits another breach of this Agreement, all in the same 12-month period;
- (xi) Signal Health Group Franchising (or any affiliate) terminates any other agreement with Franchisee (or any affiliate) due to the breach of such other agreement by Franchisee (or its affiliate) (provided that termination of a Multi-Unit Development Agreement with Franchisee or its affiliate shall not give Signal Health Group Franchising the right to terminate this Agreement);
- (xii) Franchisee or any Owner is charged with, pleads guilty or no-contest to, or is convicted of a felony; or
- (xiii) Franchisee or any Owner is accused by any governmental authority or third party of any act, or if Franchisee or any Owner commits any act or series of acts, that in Signal Health Group Franchising's opinion is reasonably likely to materially and unfavorably affect the Signal Health Group brand.

14.3 Effect of Termination. Upon termination or expiration of this Agreement, all obligations that by their terms or by reasonable implication survive termination, including those pertaining to non-competition, confidentiality, indemnity, and dispute resolution, will remain in effect, and Franchisee must immediately:

- (i) pay all amounts owed to Signal Health Group Franchising based on the operation of the Business through the effective date of termination or expiration;
- (ii) return to Signal Health Group Franchising all copies of the Manual, Confidential Information and any and all other materials provided by Signal Health Group Franchising to Franchisee or created by a third party for Franchisee relating to the operation of the Business, and all items containing any Marks, copyrights, and other proprietary items; and delete all Confidential Information and proprietary materials from electronic devices;
- (iii) immediately take all action required (a) to cancel all assumed name or equivalent registrations relating to Franchisee's use of the Marks; and (b) to cancel or transfer to Signal Health Group Franchising or its designee all telephone numbers, post

office boxes, directory listings, and Digital Marketing accounts used by Franchisee in connection with the Business or the Marks, including, without limitation, by providing login and password details and promptly signing all directions and authorizations necessary or appropriate to accomplish the foregoing. Franchisee hereby irrevocably appoints Signal Health Group Franchising, with full power of substitution, as its true and lawful attorney-in-fact, which appointment is coupled with an interest; to execute such directions and authorizations as may be necessary or appropriate to accomplish the foregoing. The telephone company, the postal service, registrars, Internet service providers and each listing agency may accept such direction by Signal Health Group Franchising pursuant to this Agreement as conclusive evidence of Signal Health Group Franchising's exclusive rights in such accounts and its authority to direct their transfer; and

- (iv) cease doing business under any of the Marks.

14.4 Remove Identification. Within 30 days after termination or expiration, Franchisee shall at its own expense “de-identify” the Location so that it no longer contains the Marks, signage, or any trade dress of a Signal Health Group business, to the reasonable satisfaction of Signal Health Group Franchising. Franchisee shall comply with any reasonable instructions and procedures of Signal Health Group Franchising for de-identification. If Franchisee fails to do so within 30 days after this Agreement expires or is terminated, Signal Health Group Franchising may enter the Location to remove the Marks and de-identify the Location. In this event, Signal Health Group Franchising will not be charged with trespass nor be accountable or required to pay for any assets removed or altered, or for any damage caused by Signal Health Group Franchising.

14.5 Liquidated Damages. If Signal Health Group Franchising terminates this Agreement based upon Franchisee's default (or if Franchisee purports to terminate this Agreement except as permitted under Section 14.1), then within 10 days thereafter Franchisee shall pay to Signal Health Group Franchising a lump sum (as liquidated damages and not as a penalty) calculated as follows: (x) the average monthly Royalty Fees and Brand Development Fund Contributions that Franchisee owed to Signal Health Group Franchising under this Agreement for the last 12 full months that Franchisee operated the Business (disregarding any fee waivers or reductions granted to Franchisee); multiplied by (y) the lesser of (1) 24 or (2) the number of months remaining in the then-current term of this Agreement. If Franchisee had not operated the Business for at least 12 full months, then (x) will equal the average monthly Royalty Fees and Brand Development Fund Contributions that Franchisee owed to Signal Health Group Franchising during the period that Franchisee operated the Business. The “average Royalty Fees and Brand Development Fund Contributions that Franchisee owed to Signal Health Group Franchising” shall not be discounted or adjusted due to any deferred or reduced Royalty Fees and Brand Development Fund Contributions set forth in an addendum to this Agreement, unless this Section 14.5 is specifically amended in such addendum. Franchisee acknowledges that a precise calculation of the full extent of Signal Health Group Franchising's damages under these circumstances is difficult to determine and the method of calculation of such damages as set forth in this Section is reasonable. Franchisee's payment to Signal Health Group Franchising under this Section will be in lieu of any direct monetary damages that Signal Health Group Franchising may incur as a result of Signal Health Group Franchising's loss of Royalty Fees and Brand Development Fund Contributions that would have been owed to Signal Health Group Franchising after the date of termination; however,

such payment shall be in addition to all damages and other amounts arising under Section 14.3 and Section 14.4, Signal Health Group Franchising's right to injunctive relief for enforcement of Article 13, and any attorneys' fees and other costs and expenses to which Signal Health Group Franchising is entitled under this Agreement. Except as provided in this Section, Franchisee's payment of this lump sum shall be in addition to any other right or remedy that Signal Health Group Franchising may have under this Agreement or otherwise. If liquidated damages are prohibited by applicable law or are otherwise deemed unenforceable for any reason, then Franchisee shall be liable for Signal Health Group Franchising's actual damages (including, without limitation, lost future profits) instead of liquidated damages.

14.6 Purchase Option.

(a) Option. When this Agreement expires or is terminated, Signal Health Group Franchising will have the ~~right~~option (but not the obligation) to purchase any or all of the assets related to the Business, and/or to require Franchisee to assign its lease or sublease to Signal Health Group Franchising. To exercise this option, Signal Health Group Franchising must notify Franchisee no later than 30 days after this Agreement expires or is terminated.

(b) Price. The purchase price for all assets that Signal Health Group Franchising elects to purchase will be the lower of (i) the book value of such assets as declared on Franchisee's last filed tax returns or (ii) the fair market value of the assets. If the parties cannot agree on fair market value within ~~30~~20 days after the exercise notice, the fair market value will be determined by an independent appraiser reasonably acceptable to both parties. The parties will equally share the cost of the appraisal. Signal Health Group Franchising's purchase will be of assets only (free and clear of all liens), and the purchase will not include any liabilities of Franchisee. The purchase price for assets will not include any factor or increment for any trademark or other commercial symbol used in the business, the value of any intangible assets, or any goodwill or "going concern" value for the Business.

(c) Due Diligence. For a period of 30 days following the determination of the fair market value (the "Due Diligence Period") whether by agreement or by the determination by the appraiser as provided herein, Signal Health Group Franchising shall have the right to conduct a due diligence investigation of the assets related to the Business. Franchisee must give Signal Health Group Franchising reasonable access to Franchisee's facilities, books, and records during the Due Diligence Period. Signal Health Group Franchising shall have the right to require Franchisee to continue to operate the Business during the Due Diligence Period, and Signal Health Group Franchising shall also have the right to operate the Business during the Due Diligence Period in accordance with Section 11.13. Signal Health Group Franchising is under no obligation to continue with due diligence or to exercise its purchase option, and Signal Health Group Franchising may withdraw its exercise of the purchase option at any time before it pays for the assets.

(d) Closing. Franchisee will sign a bill of sale for the purchased assets and any other transfer documents reasonably requested by Signal Health Group Franchising. Signal Health Group Franchising will be entitled to all customary warranties and representations in connection with this asset purchase, including, representations and warranties as to ownership and condition of and title to assets, as to liens and encumbrances, validity of contracts, and liabilities affecting

the assets. If Signal Health Group Franchising exercises the purchase option, Signal Health Group Franchising may deduct from the purchase price: ~~(a)~~ all amounts due from Franchisee; ~~(b)~~ Franchisee's portion of the cost of any appraisal conducted hereunder; and ~~(c)~~ amounts ~~which paid or to be paid by~~ Signal Health Group Franchising ~~paid or will pay to third parties to satisfy indebtedness~~ secure defaults under Franchisee's lease and/or amounts owed by Franchisee to third parties. If any of the assets are subject to a lien, Signal Health Group Franchising may pay a portion of the purchase price directly to the lienholder to pay off such lien. Signal Health Group Franchising may withhold 25% of the purchase price for 90 days to ensure that all of Franchisee's taxes and other liabilities are paid. ~~Signal Health Group Franchising may assign this purchase option to another party.~~

(e) Assignment. Signal Health Group Franchising may assign this purchase option to an affiliate or a third party.

ARTICLE 15. TRANSFERS

15.1 By Signal Health Group Franchising. Signal Health Group Franchising may transfer or assign this Agreement, or any of its rights or obligations under this Agreement, to any person or entity, and Signal Health Group Franchising may undergo a change in ownership and/or control, without the consent of Franchisee.

15.2 By Franchisee. Franchisee acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee and that Signal Health Group Franchising entered into this Agreement in reliance on Franchisee's business skill, financial capacity, personal character, experience, and business ability. Accordingly, Franchisee shall not conduct or undergo a Transfer without providing Signal Health Group Franchising at least 60 days prior notice of the proposed Transfer, and without obtaining Signal Health Group Franchising's consent. In granting any such consent, Signal Health Group Franchising may impose conditions, including, without limitation, the following:

- (i) Signal Health Group Franchising receives a transfer fee equal to \$15,000 (of which a non-refundable \$1,500 is due when Franchisee notifies Signal Health Group Franchising or asks Signal Health Group Franchising to consider a Transfer, and the balance is due when the Transfer is effective) plus any broker fees and other out-of-pocket costs incurred by Signal Health Group Franchising (however, if the transfer is to an existing franchisee, the transfer fee will be equal to \$7,500 plus any broker fees and other out-of-pocket costs incurred by Signal Health Group Franchising);
- (ii) the proposed Transferee and its owners have completed Signal Health Group Franchising's franchise application processes, meet Signal Health Group Franchising's then-applicable standards for new franchisees, and have been approved by Signal Health Group Franchising as franchisees;
- (iii) the proposed Transferee is not a Competitor;
- (iv) the proposed Transferee executes Signal Health Group Franchising's then-current form of franchise agreement and any related documents, which form may contain

materially different provisions than this Agreement (provided, however, that the form will be amended to provide that the proposed Transferee will not be required to pay an initial franchise fee);

- (v) all owners of the proposed Transferee provide a guaranty in accordance with Section 2.5;
- (vi) Franchisee has paid all monetary obligations to Signal Health Group Franchising and its affiliates, and to any lessor, vendor, supplier, or lender to the Business, and Franchisee is not otherwise in default or breach of this Agreement or of any other obligation owed to Signal Health Group Franchising or its affiliates;
- (vii) the proposed Transferee and its owners and employees undergo such training as Signal Health Group Franchising may require;
- (viii) Franchisee, its Owners, and the Transferee and its owners execute a general release of Signal Health Group Franchising in a form satisfactory to Signal Health Group Franchising; and
- (ix) the Business fully complies with all of Signal Health Group Franchising's most recent System Standards.

15.3 Transfer for Convenience of Ownership. If Franchisee is an individual, Franchisee may Transfer this Agreement to a corporation or limited liability company formed for the convenience of ownership after at least 15 days' notice to Signal Health Group Franchising, if, prior to the Transfer: (1) the transferee provides the information required by Section 2.3; (2) Franchisee provides copies of the entity's charter documents, by-laws (or operating agreement) and similar documents, if requested by Signal Health Group Franchising, (3) Franchisee owns all voting securities of the corporation or limited liability company, and (4) Franchisee provides a guaranty in accordance with Section 2.5.

15.4 Transfer upon Death or Incapacity. Upon the death or incapacity of Franchisee (or, if Franchisee is an entity, the Owner with the largest ownership interest in Franchisee), the executor, administrator, or personal representative of that person must Transfer the Business to a third party approved by Signal Health Group Franchising (or to another person who was an Owner at the time of death or incapacity of the largest Owner) within nine months after death or incapacity. Such transfer must comply with Section 15.2.

15.5 Signal Health Group Franchising's Right of First Refusal. Before Franchisee (or any Owner) engages in a Transfer (except under Section 15.3, to a co-Owner, or to a spouse, sibling, or child of an Owner), Signal Health Group Franchising will have a right of first refusal, as set forth in this Section. Franchisee (or its Owners) shall provide to Signal Health Group Franchising a copy of the terms and conditions of any Transfer. For a period of 30 days from the date of Signal Health Group Franchising's receipt of such copy, Signal Health Group Franchising will have the right, exercisable by notice to Franchisee, to purchase the assets subject of the proposed Transfer for the same price and on the same terms and conditions (except that if some or all of the purchase price is not payable in cash, Signal Health Group Franchising may pay the equivalent value in cash for the purchase price). If Signal Health Group Franchising does not exercise its right of first

refusal, Franchisee may proceed with the Transfer, subject to the other terms and conditions of this Article.

15.6 No Sublicense. Franchisee has no right to sublicense the Marks or any of Franchisee's rights under this Agreement.

15.7 No Lien on Agreement. Franchisee shall not grant a security interest in this Agreement to any person or entity. If Franchisee grants an "all assets" security interest to any lender or other secured party, Franchisee shall cause the secured party to expressly exempt this Agreement from the security interest.

ARTICLE 16. INDEMNITY

16.1 Indemnity. Franchisee shall indemnify and defend (with counsel reasonably acceptable to Signal Health Group Franchising) Signal Health Group Franchising, its parent entities, subsidiaries and affiliates, and their respective owners, directors, officers, employees, agents, successors and assignees (collectively, "Indemnitees") against all Losses in any Action by or against Signal Health Group Franchising and/or any Indemnatee directly or indirectly related to, or alleged to arise out of, the development or operation of the Business (including any Data Security Event~~), or the acts or omissions of Franchisee or any of Franchisee's Owners, officers, directors, employees, or agents.~~ Notwithstanding the foregoing, Franchisee shall not be obligated to indemnify an Indemnatee from Actions which Franchisee proves arose solely as a result of any Indemnatee's intentional misconduct or gross negligence. Any delay or failure by an Indemnatee to notify Franchisee of an Action shall not relieve Franchisee of its indemnity obligation except to the extent (if any) that such delay or failure materially prejudices Franchisee. Franchisee shall not settle an Action without the consent of the Indemnatee. This indemnity will continue in effect after this Agreement ends.

16.2 Assumption. An Indemnatee may elect to assume the defense of any Action subject to this indemnification, and control all aspects of defending the Action, including negotiations and settlement, at Franchisee's expense. Such an undertaking shall not diminish Franchisee's obligation to indemnify the Indemnitees.

ARTICLE 17. DISPUTE RESOLUTION

17.1 Arbitration.

(a) Disputes Subject to Arbitration. Except as expressly provided in subsections (c) and (d), any controversy or claim between the parties (including any controversy or claim arising out of or relating to this Agreement or its formation and including any question of arbitrability) shall be resolved by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, including the Optional Rules for Emergency Measures of Protection. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction.

(b) Location. The place of arbitration shall be the city and state where Signal Health Group Franchising's headquarters are located.

(c) Injunctive Relief. Either party may apply to the arbitrator seeking injunctive relief until the arbitration award is rendered or the controversy is otherwise resolved. Either party also may, without waiving any remedy or right to arbitrate under this Agreement, seek from any court having jurisdiction any interim or provisional injunctive relief.

(d) Intellectual Property Claims. Either party may bring a claim involving an alleged infringement of any of Signal Health Group Franchising's intellectual property rights in a court authorized to hear such claims under Section 17.5 of this Agreement.

(e) Confidentiality. All documents, information, and results pertaining to any arbitration or lawsuit will be confidential, except as required by law or as required for Signal Health Group Franchising to comply with laws and regulations applicable to the sale of franchises.

(f) Performance During Arbitration or Litigation. Unless this Agreement has been terminated, Signal Health Group Franchising and Franchisee will comply with this Agreement and perform their respective obligations under this Agreement during the arbitration or litigation process.

17.2 Damages. In any controversy or claim arising out of or relating to this Agreement, each party waives any right to punitive or other monetary damages not measured by the prevailing party's actual damages, except damages expressly authorized by federal statute and damages expressly authorized by this Agreement.

17.3 Waiver of Class Actions. The parties agree that any claims will be arbitrated, litigated, or otherwise resolved on an individual basis, and waive any right to act on a class-wide basis.

17.4 Time Limitation. Any arbitration or other legal action arising from or related to this Agreement must be instituted within two years from the date of the conduct or event that forms the basis of the arbitration or other legal action. The foregoing time limit does not apply to claims (i) by Signal Health Group Franchising related to non-payment of Royalty Fees and other amounts owed by Franchisee, (ii) for indemnity under Article 16, or (iii) related to unauthorized use of Confidential Information or the Marks.

17.5 Venue Other Than Arbitration. For any legal proceeding not required to be submitted to arbitration, the parties agree that such proceeding will be brought in the United States District Court where Signal Health Group Franchising's headquarters is then located. If there is no federal jurisdiction over the dispute, the parties agree that any such legal proceeding will be brought in the court of record of the state and county where Signal Health Group Franchising's headquarters is then located. Each party consents to the jurisdiction of such courts and waives any objection that it, he or she may have to the laying of venue of any proceeding in any of these courts.

17.6 Legal Costs. In any legal proceeding (including arbitration) related to this Agreement or any guaranty, the non-prevailing party shall pay the prevailing party's attorney fees, costs and other expenses of the legal proceeding. "Prevailing party" means the party, if any, which prevailed upon the central litigated issues and obtained substantial relief.

17.7 Franchisor Personnel. The provisions of this Article 17 will apply to any Action by Franchisee or its Owners against Signal Health Group Franchising's officers, directors,

shareholders, members, employees, and/or agents. Nothing in this Agreement authorizes any Action against Signal Health Group Franchising's officers, directors, shareholders, members, employees, and/or agents or makes those persons liable for Signal Health Group Franchising's conduct.

ARTICLE 18. MISCELLANEOUS

18.1 Relationship of the Parties. The parties are independent contractors, and neither is the agent, partner, joint venturer, or employee of the other. Signal Health Group Franchising is not a fiduciary of Franchisee. Signal Health Group Franchising does not control or have the right to control Franchisee or its Business. Any required specifications and standards in this Agreement and in the System Standards exist to protect Signal Health Group Franchising's interest in the System and the Marks, and the goodwill established in them, and not for the purpose of establishing any control, or duty to take control, over the Business. Signal Health Group Franchising has no liability for Franchisee's obligations to any third party whatsoever.

18.2 No Third-Party Beneficiaries. Except as stated in Article 16 or Article 17, this Agreement does not confer any rights or remedies upon any person or entity other than Franchisee, Signal Health Group Franchising, and Signal Health Group Franchising's affiliates.

18.3 Entire Agreement. This Agreement constitutes the entire agreement of the parties and supersedes all prior negotiations and representations. Nothing in this Agreement or in any related agreement is intended to disclaim the representations made by Signal Health Group Franchising in its franchise disclosure document.

18.4 Modification. No modification or amendment of this Agreement will be effective unless it is in writing and signed by both parties. This provision does not limit Signal Health Group Franchising's rights to modify the Manual or System Standards.

18.5 Consent; Waiver. No consent under this Agreement, and no waiver of satisfaction of a condition or nonperformance of an obligation under this Agreement will be effective unless it is in writing and signed by the party granting the consent or waiver. No waiver by a party of any right will affect the party's rights as to any subsequent exercise of that right or any other right. No delay, forbearance or omission by a party to exercise any right will constitute a waiver of such right.

18.6 Cumulative Remedies. Rights and remedies under this Agreement are cumulative. No enforcement of a right or remedy precludes the enforcement of any other right or remedy.

18.7 Severability. The parties intend that (i) if any provision of this Agreement is held by an arbitrator or court to be unenforceable, then that provision be modified to the minimum extent necessary to make it enforceable, unless that modification is not permitted by law, in which case that provision will be disregarded, and (ii) if an unenforceable provision is modified or disregarded, then the rest of this Agreement will remain in effect as written.

18.8 Governing Law. The laws of the state of Nevada (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties. The parties agree that any

Nevada law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 18.8.

18.9 Notices. Any notice will be effective under this Agreement only if made in writing and delivered as set forth in this Section to: (A) if to Franchisee, addressed to Franchisee at the notice address set forth in the Summary Page; and (B) if to Signal Health Group Franchising, addressed to 3753 Howard Hughes Parkway, Suite 200, Las Vegas, Nevada 89169. Any party may designate a new address for notices by giving notice of the new address pursuant to this Section. Notices must be: (1) delivered personally; (2) sent by registered or certified U.S. mail with return receipt requested; or (3) sent via overnight courier. Notices will be effective upon the earlier of: (i) receipt by the recipient, (ii) first rejection by the recipient, (iii) three business days after mailing if sent via registered or certified mail; or (iv) the next business day after mailing if sent via overnight courier. Notwithstanding the foregoing, Signal Health Group Franchising may amend the Manual, give binding notice of changes to System Standards, and deliver notices of default by electronic mail or other electronic communication, in which case notice would be effective on Franchisee upon the delivery of the electronic mail or other electronic communication.

18.10 Force Majeure. If either party is unable to perform an obligation due to riots, terrorist act, war, disaster (such as an earthquake, hurricane, or tornado), health emergency (such as epidemics, pandemic, and quarantines), or any other act of God or nature beyond the reasonable control of such party (a “Force Majeure”), such party’s performance of the obligation shall be excused for so long as the Force Majeure exists, but not longer than 180 days. This section shall not excuse a party’s obligation to make a payment owed under this Agreement.

18.11 Holdover. If Franchisee continues operating the Business after the expiration of the term without a renewal agreement or successor franchise agreement executed by the parties in accordance with Section 3.2, then at any time (regardless of any communication or course of dealing by ~~the parties~~ Signal Health Group Franchising), Signal Health Group Franchising may ~~by giving written notice to determine that~~ (a) this Agreement expired as of the date of expiration with Franchisee (the “Holdover Notice”) either (i) require Franchisee to cease then operating the Business and comply with without a license to do so and in violation of Signal Health Group Franchising’s rights or (b) this Agreement continues on an interim basis until 30 days after one party notifies the other party of termination (the “Interim Period”), in which case all post-closing of Franchisee’s obligations effective immediately upon giving notice or effective on such other date as Signal Health Group Franchising specifies, or (ii) bind Franchisee to a renewal term of 10 years, collect the renewal fee this Agreement specified in Section 3.2(v), and deem Franchisee hereunder remain in full force and its Owners to have made the general release of liability described in Section 3.2(vi)-effect during the Interim Period as if this Agreement had not expired, and all obligations and restrictions imposed at the expiration of this Agreement will take effect upon termination of the Interim Period.

18.12 Joint and Several Liability. If two or more people sign this Agreement as “Franchisee”, each will have joint and several liability.

18.13 No Offer and Acceptance. Delivery of a draft of this Agreement to Franchisee by Signal Health Group Franchising does not constitute an offer. This Agreement shall not be effective unless and until it is executed by both Franchisee and Signal Health Group Franchising.

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|

Agreed to by:

FRANCHISOR:

SIGNAL HEALTH GROUP FRANCHISE, INC.

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE:

[if an individual:]

Name: _____

Date: _____

[if an entity:]

By: _____

Name: _____

Title: _____

Date: _____

(Check if applicable) At the same time as the parties execute this Agreement, they are also executing a Rider to Franchise Agreement pursuant to:

Illinois

Indiana

Maryland

Minnesota

New York

North Dakota

Ohio

Rhode Island

Washington

~~**18.11 Joint and Several Liability.** If two or more people sign this Agreement as “Franchisee”, each will have joint and several liability.~~

~~18.12 No Offer and Acceptance. Delivery of a draft of this Agreement to Franchisee by Signal Health Group Franchising does not constitute an offer. This Agreement shall not be effective unless and until it is executed by both Franchisee and Signal Health Group Franchising.~~

Agreed to by:

~~FRANCHISOR:~~

~~SIGNAL HEALTH GROUP FRANCHISE, INC.~~

By: _____

Name: _____

Title: _____

Date: _____

~~FRANCHISEE:~~

~~[if an individual:]~~

Name: _____

Date: _____

~~[if an entity:]~~

By: _____

Name: _____

Title: _____

Date: _____

~~(Check if applicable) At the same time as the parties execute this Agreement, they are also executing a Rider to Franchise Agreement pursuant to:~~

~~_____ Illinois~~

~~_____ Indiana~~

~~_____ Maryland~~

~~_____ Minnesota~~

~~_____ New York~~

~~_____ North Dakota~~

~~_____ Ohio~~

~~_____ Rhode Island~~
~~_____ Washington~~

Attachment 1 to Franchise Agreement

OWNERSHIP INFORMATION

1. **Form of Ownership.** Franchisee is a (check one):

_____ *Sole Proprietorship*
_____ *Partnership*
_____ *Limited Liability Company*
_____ *Corporation*

State: _____

2. **Owners.** If Franchisee is a partnership, limited liability company or corporation:

Name	Shares or Percentage of Ownership

3. **Officers.** If Franchisee is a limited liability company or corporation:

Name	Title

Attachment 2 to Franchise Agreement

GUARANTY AND NON-COMPETE AGREEMENT

This Guaranty and Non-Compete Agreement (this “Guaranty”) is executed by the undersigned person(s) (each, a “Guarantor”) in favor of Signal Health Group Franchise, Inc., a Nevada corporation (“Signal Health Group Franchising”).

Background Statement: _____ (“Franchisee”) desires to enter into a Franchise Agreement with Signal Health Group Franchising for the franchise of a Signal Health Group business (the “Franchise Agreement”; capitalized terms used but not defined in this Guaranty have the meanings given in the Franchise Agreement). Guarantor owns an equity interest in Franchisee. Guarantor is executing this Guaranty in order to induce Signal Health Group Franchising to enter into the Franchise Agreement.

Guarantor agrees as follows:

1. Guaranty. Guarantor hereby unconditionally guarantees to Signal Health Group Franchising and its ~~successors and assigns~~ affiliates that Franchisee shall pay and perform every undertaking, agreement and covenant set forth in the Franchise Agreement and further guarantees every other liability and obligation of Franchisee to Signal Health Group Franchising and its affiliates, whether or not contained in the Franchise Agreement. Guarantor shall render any payment or performance required under the Franchise Agreement or any other agreement between Franchisee and Signal Health Group Franchising or its affiliates upon demand from Signal Health Group Franchising. Guarantor waives (a) acceptance and notice of acceptance by Signal Health Group Franchising of this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations of Franchisee; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right Guarantor may have to require that an action be brought against Franchisee or any other person or entity as a condition of liability hereunder; (e) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the execution of and performance under this Guaranty by the undersigned; (f) any law which requires that Signal Health Group Franchising make demand upon, assert claims against or collect from Franchisee or any other person or entity (including any other guarantor), foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Franchisee or any other person or entity (including any other guarantor) prior to making any demand upon, collecting from or taking any action against the undersigned with respect to this Guaranty; and (g) any and all other notices and legal or equitable defenses to which Guarantor may be entitled.

2. Confidential Information. With respect to all Confidential Information, Guarantor shall (a) adhere to all security procedures prescribed by Signal Health Group Franchising for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business, (c) not use any such information in any other business or in any manner not specifically authorized or approved in writing by Signal Health Group Franchising, (d) exercise the highest degree of diligence and make every effort to maintain the confidentiality of all such information during and after the term of the Franchise Agreement, (e)

not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Guarantor acknowledges that all customer data collected or generated by the Business and all data collected or generated by the primary software system (other than data regarding employees) is Confidential Information belonging to Signal Health Group Franchising. This Section will survive the termination or expiration of the Franchise Agreement indefinitely.

3. Covenants Not to Compete.

(a) Restriction - In Term. During the term of the Franchise Agreement, Guarantor shall not directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor.

(b) Restriction – Post Term. For two years after the Franchise Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer by Guarantor), Guarantor shall not directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor within twenty miles of Franchisee's Territory or the territory of any other Signal Health Group business operating on the date of expiration, termination, or transfer, as applicable.

(c) Interpretation. Guarantor agrees that each of the foregoing covenants is independent of any other covenant or provision of this Guaranty or the Franchise Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any court or arbitrator, then the parties intend that the court or arbitrator modify such restriction to the extent reasonably necessary to protect the legitimate business interests of Signal Health Group Franchising. Guarantor agrees that the existence of any claim it or Franchisee may have against Signal Health Group Franchising shall not constitute a defense to the enforcement by Signal Health Group Franchising of the covenants of this Section. If Guarantor fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended an additional day for each day of noncompliance.

4. Modification. Guarantor agrees that Guarantor's liability hereunder shall not be diminished, relieved or otherwise affected by (a) any amendment of the Franchise Agreement, (b) any extension of time, credit or other indulgence which Signal Health Group Franchising may from time to time grant to Franchisee or to any other person or entity, or (c) the acceptance of any partial payment or performance or the compromise or release of any claims.

5. Governing Law; Dispute Resolution. This Guaranty shall be governed by and construed in accordance with the laws of the state of Nevada (without giving effect to its principles of conflicts of law). The parties agree that any Nevada law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 5. The provisions of Article 17 (Dispute Resolution) of the Franchise Agreement apply to and are incorporated into this Guaranty as if fully set forth herein. Guarantor shall pay to Signal Health Group Franchising all costs incurred by Signal Health Group Franchising (including reasonable attorney fees) in enforcing this Guaranty. If multiple Guarantors sign this Guaranty, each will have joint and several liability.

Agreed to by:

Name: _____
Address: _____

Date: _____

Name: _____
Address: _____

Date: _____

Name: _____
Address: _____

Date: _____

Attachment 3 to Franchise Agreement

CONDITIONAL ASSIGNMENT OF BRAND ACCOUNTS

This Assignment of Brand Accounts (this “Assignment”) is executed by the undersigned (“Franchisee”) in favor of Signal Health Group Franchise, Inc., a Nevada corporation (“Signal Health Group Franchising”).

Background Statement: Signal Health Group Franchising and Franchisee are parties to a Franchise Agreement pursuant to which Signal Health Group Franchising granted Franchisee a license to operate a Signal Health Group franchised business (the “Business”). Signal Health Group Franchising or its affiliates are the sole owner of the Signal Health Group brand and all names, logos, trademarks, service marks, and other intellectual property associated therewith. To protect Signal Health Group Franchising’s interest in and control of Signal Health Group, Franchisee acknowledges and agrees that Signal Health Group Franchising has the right to control all telephone numbers, directory listings, and internet marketing accounts related to Signal Health Group.

Franchisee agrees as follows:

- 1. Conditional Assignment.** Franchisee hereby assigns to Signal Health Group Franchising (or its designee) all of Franchisee’s rights, title, and interest in and to all telephone numbers, directory listings, email accounts, websites, social media accounts, and all other accounts and profiles for advertising and marketing on the internet or any electronic communications network (“Brand Accounts”) associated with Signal Health Group and registered by Franchisee from time to time in connection with the operation of Franchisee’s Business, such assignment to be effective upon (a) termination or expiration of the Franchise Agreement, or (b) notice from Signal Health Group Franchising to Franchisee, at which time Signal Health Group Franchising will have the right to assume ownership of any one or all Brand Accounts.
- 2. Transfer or Deletion.** Franchisee hereby authorizes the service provider of each Brand Account (the “Provider”) to transfer the Brand Account to Signal Health Group Franchising (or its designee) or to delete the Brand Account upon the written instruction of Signal Health Group Franchising. Franchisee hereby grants Signal Health Group Franchising an irrevocable limited power of attorney on behalf of Franchisee to direct any Provider to transfer or delete a Brand Account. In such an event, Franchisee will have no further right, title or interest in the Brand Account but will remain liable to the Provider for all past due fees owing to the Provider on or before the date on which the assignment is effective. Signal Health Group Franchising will have no liability or obligation of any kind to a Provider arising prior the effective date of transfer or deletion. Franchisee agrees to take all reasonable steps necessary to effectuate the transfer or deletion (as determined by Signal Health Group Franchising) of each Brand Account.

[Signatures on next page]

Executed by:

FRANCHISEE:

[if an individual:]

Name: _____

Date: _____

[if an entity:]

By: _____

Name: _____

Title: _____

Date: _____

~~Exhibit~~ **EXHIBIT D**

MULTI-UNIT DEVELOPMENT AGREEMENT

This Multi-Unit Development Agreement (this “MUDA”) is made between Signal Health Group Franchise, Inc., a Nevada corporation (“Signal Health Group Franchising”) and _____, a _____ (“Franchisee”) on the Effective Date.

Background Statement: On the same day as they execute this MUDA, Signal Health Group Franchising and Franchisee have entered into a Franchise Agreement for the franchise of a Signal Health Group business (the “Franchise Agreement”; capitalized terms used but not defined in this MUDA have the meanings given in the Franchise Agreement). Signal Health Group Franchising and Franchisee desire that Franchisee develop multiple Signal Health Group businesses.

1. Multi-Unit Commitment.

(a) Development Schedule; Fee. Franchisee shall develop and open Signal Health Group businesses on the following schedule:

Store #	Medical Services or Non-Medical Services (and Type)	Approximate Territory Size	Deadline for Opening	Total # of Stores to be Open and Operating on Deadline	Initial Franchise Fee
1				1	\$ _____
2				2	\$ _____
3				3	\$ _____
Total Initial Franchise Fee:					

(b) Payment. Upon execution of this MUDA, Franchisee shall pay the total Initial Franchise Fee to Signal Health Group Franchising. The Initial Franchise Fee is non-refundable.

2. Form of Agreement. For Store #1, Franchisee and Signal Health Group Franchising have executed the Franchise Agreement simultaneously with this MUDA. For each additional Signal Health Group franchise, Franchisee shall execute Signal Health Group Franchising’s then-current standard form of franchise agreement no later than three business days after Franchisee leases or acquires a location. This MUDA does not give Franchisee the right to construct, open, or operate a Signal Health Group business, and Franchisee acknowledges that Franchisee may construct, open, and operate each Signal Health Group business only pursuant to a separate franchise agreement executed pursuant to this MUDA for each such Signal Health Group business.

3. Territory. Each Franchise Agreement that Franchisee executes in accordance with Paragraph 2 of this Agreement shall contain the following Territory: _____ (the “Territory”).

4. Default and Termination. Signal Health Group Franchising may terminate this MUDA by giving notice to Franchisee, without opportunity to cure, if any of the following occur:

- (i) Franchisee fails to satisfy the development schedule; or
- (ii) Signal Health Group Franchising has the right to terminate any franchise agreement between Signal Health Group Franchising and Franchisee (or any affiliate thereof) due to Franchisee’s default thereunder (whether or not Signal Health Group Franchising actually terminates such franchise agreement).

5. Limitation of Liability. Franchisee’s commitment to develop Signal Health Group businesses is in the nature of an option only. If Signal Health Group Franchising terminates this MUDA for Franchisee’s default, Franchisee shall not be liable to Signal Health Group Franchising for lost future revenues or profits from the unopened Signal Health Group businesses. Franchisee may terminate this MUDA at any time.

6. Conditions. Franchisee’s right to develop each Signal Health Group franchise after the Store #1 is subject to the following:

- (i) Franchisee must possess sufficient financial and organizational capacity to develop, open, operate, and manage each additional Signal Health Group business, in the reasonable judgment of Signal Health Group Franchising, and
- (ii) Franchisee must be in full compliance with all brand requirements at its open Signal Health Group businesses, and not in default under any Franchise Agreement or any other agreement with Signal Health Group Franchising.

7. Dispute Resolution; Miscellaneous. The laws of the State of Nevada (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties. The parties agree that any Nevada law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 7. Franchisee shall not Transfer this MUDA without the prior written consent of Signal Health Group Franchising, and any Transfer without Signal Health Group Franchising’s prior written consent shall be void. The provisions of Article 17 (Dispute Resolution) and Article 18 (Miscellaneous) of the Franchise Agreement apply to and are incorporated into this MUDA as if fully set forth herein.

[Signatures on Next Page]

Agreed to by:

FRANCHISOR:

SIGNAL HEALTH GROUP FRANCHISE, INC.

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE:

[if an individual:]

Name: _____

[if an entity:]

By: _____

Name: _____

Title: _____

Date: _____

(Check if applicable) At the same time as the parties execute this Agreement, they are also executing a Rider to Multi-Unit Development Agreement pursuant to:

_____ Illinois
_____ Indiana
_____ Maryland
_____ Minnesota
_____ New York
_____ North Dakota
_____ Ohio
_____ Rhode Island
_____ Washington

EXHIBIT E

FORM OF GENERAL RELEASE

[This is our current standard form of General Release. This document is not signed when you purchase a franchise. In circumstances such as a renewal of your franchise or as a condition of our approval of a sale of your franchise, we may require you to sign a general release.]

This General Release (“Release”) is executed by the undersigned (“Releasor”) in favor of Signal Health Group Franchise, Inc., a Nevada corporation (“Signal Health Group Franchising”).

Background Statement: *[describe circumstances of Release]*

Releasor agrees as follows:

- 1. Release.** Releasor (on behalf of itself and its parents, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, managers, members, partners, agents, and employees (collectively, the “Releasing Parties”)) hereby releases Signal Health Group Franchising, its affiliates, and their respective directors, officers, shareholders, franchise sellers, employees, and agents (collectively, the “Released Parties”) from any and all claims, causes of action, suits, debts, agreements, promises, demands, liabilities, contractual rights and/or obligations, of whatever nature, known or unknown, which any Releasing Party now has or ever had against any Released Party based upon and/or arising out of events that occurred through the date hereof, including without limitation, anything arising out of the Franchise Agreement (collectively, “Claims”).
- 2. Covenant Not to Sue.** Releasor (on behalf of all Releasing Parties) covenants 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 Released Party with respect to any Claim.
- 3. Representations and Acknowledgments.** Releasor represents and warrants that: (i) Releasor is the sole owner of all Claims, and that no Releasing Party has assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim; (ii) Releasor has full power and authority to sign this Release; and (iii) this Release has been voluntarily and knowingly signed after Releasor has had the opportunity to consult with counsel of Releasor’s choice. Releasor acknowledges that the release in Section 1 is a complete defense to any Claim.
- 4. Miscellaneous.** If any of the provisions of this Release are held invalid for any reason, the remainder of this Release will not be affected and will remain in full force and effect. In the event of any dispute concerning this Release, the dispute resolution, governing law, and venue provisions of the Franchise Agreement shall apply. Releasor agrees to take any actions and sign any documents that Signal Health Group Franchising reasonably requests to effectuate the purposes of this Release. This Release contains the entire agreement of the parties concerning the subject matter hereof.

5. State Addenda.

[Maryland Residents]: This Release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

[Washington Residents]: A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the franchise agreement is in effect and where the parties are represented by independent counsel.

Agreed to by:

Name: _____

Date: _____

EXHIBIT F

FINANCIAL STATEMENTS

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

8:47 AM
07/31/24
Accrual Basis

Signal Health Group Franchise Inc
Summary Balance Sheet
As of July 31, 2024

	Jul 31, 24
ASSETS	
Current Assets	
Checking/Savings	730,458.59
Accounts Receivable	33,398.71
Other Current Assets	394,480.56
Total Current Assets	1,158,337.86
TOTAL ASSETS	1,158,337.86
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	-196,650.00
Other Current Liabilities	131,899.52
Total Current Liabilities	-64,750.48
Total Liabilities	-64,750.48
Equity	1,223,088.34
TOTAL LIABILITIES & EQUITY	1,158,337.86

8:51 AM
07/31/24
Accrual Basis

Signal Health Group Franchise Inc
Profit & Loss
January through July 2024

	Jan - Jul 24
Ordinary Income/Expense	
Income	
Franchise Income	67,360.00
Royalty Income	63,767.10
Total Income	131,127.10
Expense	
Professional Fees	145,371.95
Payroll Expenses	22.75
Total Expense	145,394.70
Net Ordinary Income	-14,267.60
Net Income	-14,267.60

8:48 AM
07/31/24

Signal Health Group Franchise Inc
Statement of Cash Flows
January through July 2024

	Jan - Jul 24
OPERATING ACTIVITIES	
Net Income	-14,267.60
Adjustments to reconcile Net Income to net cash provided by operations:	
Accounts Receivable	-1,894.71
Net cash provided by Operating Activities	-16,162.31
Net cash increase for period	-16,162.31
Cash at beginning of period	915,551.46
Cash at end of period	<u>899,389.15</u>

SIGNAL HEALTH GROUP FRANCHISE, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

**SIGNAL HEALTH GROUP FRANCHISE, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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PARTNERS
Certified Public Accountants

15800 Pines Blvd. Suite 3002
Pembroke Pines, FL 33027
Telephone: 954-362-5195
Fax: 954-430-8776

Independent Auditors' Report

To the Board of Directors and Members
Signal Health Group Franchise, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Signal Health Group Franchise, Inc., which comprise the balance sheet as of December 31, 2023, and the related statements of income and stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Signal Health Group Franchise, Inc. as of December 31, 2023, and the results of its operations and its cashflow for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Signal Health Group Franchise, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Signal Health Group Franchise, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



PARTNERS
Certified Public Accountants

15800 Pines Blvd. Suite 3002
Pembroke Pines, FL 33027
Telephone: 954-362-5195
Fax: 954-430-8776

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Signal Health Group Franchise, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt Signal Health Group Franchise, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

BAS Partners LLC

Pembroke Pines, Florida
February 22, 2024

SIGNAL HEALTH GROUP FRANCHISE, INC.
BALANCE SHEET
DECEMBER 31, 2023

	<u>2023</u>
ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	\$ 875,853
Accounts receivable	<u>31,504</u>
Total Current Assets	<u>907,357</u>
Due to Affiliates	1,368,517
Inventory supplies	3,500
Other assets	<u>39,698</u>
Total Assets	<u><u>\$ 2,319,072</u></u>
 LIABILITIES AND STOCKHOLDER'S EQUITY	
LIABILITIES	
Accounts Payables and Accruals	\$ -
Due to Affiliates	<u>1,168,699</u>
Total Current Liabilities	<u>1,168,699</u>
Total Liabilities	<u>1,168,699</u>
STOCKHOLDER'S EQUITY	<u>1,150,373</u>
	<u>1,150,373</u>
 TOTAL LIABILITIES AND MEMBER'S EQUITY	<u><u>\$ 2,319,072</u></u>

The accompanying notes are an integral part of these financial statements.

**SIGNAL HEALTH GROUP FRANCHISE, INC.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>2023</u>
REVENUE	
Royalties	\$ 345,149
Franchise Fees	-
Other Income	-
Total Revenue	<u>345,149</u>
EXPENSES	
Operating Expenses	<u>239,595</u>
Total Expenses	<u>239,595</u>
NET INCOME	<u><u>105,554</u></u>

The accompanying notes are an integral part of these financial statements.

**SIGNAL HEALTH GROUP FRANCHISE, INC.
STATEMENT OF STOCKHOLDER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Common Stock		Additional	Retained	
	<u>Shares</u>	<u>Amount</u>	<u>Paid-In</u> <u>Capital</u>	<u>Earnings</u>	<u>Total</u>
Balance, December 31, 2022	10,000	\$ 1,000	\$ 1,816,225	\$ (772,406)	\$ 1,044,819
Net income			-	105,554	105,554
Balance, December 31, 2023		<u>\$ 1,000</u>	<u>\$ 1,816,225</u>	<u>\$ (666,852)</u>	<u>\$ 1,150,373</u>

The accompanying notes are an integral part of these financial statements.

**SIGNAL HEALTH GROUP FRANCHISE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Cash Flows From Operating Activities:

Net Income	\$ 105,554
Adjustments to reconcile net income to net cash provided by operating activities:	
(Increase) decrease in operating assets:	
Due from affiliates	-
Accounts receivable	(31,504)
Other assets	(6,783)
Increase (decrease) in:	
Accounts payable & accrued expenses	-
Deferred rent	-
Due to affiliates	137,870
Deferred revenue	-
Net Cash Provided by Operating Activities	<u>205,137</u>
Change in cash and cash equivalents	<u>205,137</u>
Cash - Beginning of Year	<u>670,716</u>
Cash - End of Year	<u>875,853</u>

The accompanying notes are an integral part of these financial statements

**SIGNAL HEALTH GROUP FRANCHISE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Note 1 - Summary of Significant Accounting Policies

Nature of Operations

Signal Health Group Franchise, Inc. (the Company) was formed to provide home based personal support and companionship services to aging and or disabled individuals. The Franchise also extends services to hospitals, retirement facilities and clinics.

Basis of Accounting

The Company's financial statements have been prepared on the accrual basis of accounting and are prepared in accordance with the accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

For purposes of the financial statements, The Company considers all assets with a maturity of three months or less to be cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with the Generally Accepted Accounting Principles (GAAP) which requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fixed Assets

Fixed Assets are stated at cost. Depreciation is computed using the accelerated cost recovery and modified cost recovery methods allowable under the Internal Revenue Code. The recovery periods being used are 5 and 7 years for furniture, fixtures and equipment and 39 years for non-residential real estate.

Income Taxes

The Company accounts for income taxes under the asset and liability method. A deferred tax asset or liability is recognized whenever there are (1) future tax effects from temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and (2) operating loss, capital loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to the years in which those differences are expected to be recovered or settled. There were no deferred tax liability or asset at December 31, 2023.

**SIGNAL HEALTH GROUP FRANCHISE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Note 1 - Summary of Significant Accounting Policies (Continued)

Revenue recognition

The Company has implemented the Financial Accounting Standards Board (FASB), Accounting Standards Update (ASU) No. 2014-09, which amended *Revenue from Contracts with Customers (Topic 606)* of the Accounting Standards Codification. The Franchise fee revenue is recognized when all material services or conditions relating to the sale of the franchise have been substantially performed or satisfied. The Company has substantially satisfied all of these conditions at the beginning of franchise operations. When franchise fees have been received but not all conditions have been substantially satisfied to be recognized as revenue, the franchise fee amount is included in deferred revenue. Continuing franchise royalties are based on a defined percentage of franchise revenues and are recognized when earned.

The Company determines revenue recognition through the following steps:

- *Identification of the contract or contracts with a customer;*
- *Identification of the performance obligations in the contract;*
- *Determination of the transaction price;*
- *Allocation of the transaction price to the performance obligations in the contract, and*
- *Recognition of revenue when or as the Company satisfies the performance obligations.*

The Company has two distinct revenue streams:

- Initial franchise fees
- Royalties

Franchise agreements have terms of ten years. These agreements convey renewal terms provided the franchisee is in good standing and meets all criteria stated in the franchise agreement.

The Company has elected to expense the incremental costs incurred to obtain a contract, as the amortization period is less than a year.

**SIGNAL HEALTH GROUP FRANCHISE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Note 1 - Summary of Significant Accounting Policies (Continued)

Accounts receivables

Credit terms are extended to customers in the normal course of business. The Company performs ongoing credit evaluations of its customers' financial conditions and generally requires no collateral. Accounts receivable are recorded at their estimated net realizable value, net of an allowance for doubtful accounts. The Company's estimate of the allowance for doubtful accounts is based upon historical experience, its evaluation of the current status of receivables, and unusual circumstances, if any. Accounts are considered past due if payment is not made on a timely basis in accordance with the Company's credit terms. Accounts considered uncollectible are written off against the allowance. The Company has outstanding accounts receivable as of December 31, 2023 amounting to \$31,504.

Note 2 – Fair Value Measurements

The Company reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

- Level 1. Quoted prices for identical assets or liabilities in active markets to which the Company has access at measurement date.
- Level 2. Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
 - I. quoted prices for similar assets or liabilities in active markets;
 - II. quoted prices for identical or similar assets in markets that are not active;
 - III. observable inputs other than quoted prices for asset or liability (for example, interest rates and yield curves); and
 - IV. inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

Level 3. Unobservable inputs for asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available. When available the Company measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. The primary use of fair value measures in the Company's financial statements is the initial measurement of cash and cash equivalents.

**SIGNAL HEALTH GROUP FRANCHISE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Note 3 - Commitments and Contingencies

The Company records accruals for contingencies when it is possible that a liability will be incurred and the amount of loss can be reasonably estimated based on historical claim activity and loss development factors. There can be no assurance there will not be an increase in the scope of these matters or that any future or pending lawsuits, claims, proceedings, or investigations will not be material.

Note 5 - Related Party

Related Party transaction represents due to and from Owners and related companies affiliated with owner. At December 31, 2023, Due from Affiliates was \$1,368,517 and Due to Affiliates was \$1,168,699.

Note 6 - Subsequent Events

The Company did not have any other subsequent events through February 22, 2024, which is the date the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the year ended December 31, 2023.

SIGNAL HEALTH GROUP FRANCHISE, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

SIGNAL HEALTH GROUP FRANCHISE, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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PARTNERS
Certified Public Accountants

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Independent Auditors' Report

To the Board of Directors and Members
Signal Health Group Franchise, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Signal Health Group Franchise, Inc., which comprise the balance sheet as of December 31, 2022, and the related statements of operation and stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Signal Health Group Franchise, Inc. as of December 31, 2022, and the results of its operations and its cashflow for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Signal Health Group Franchise, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Signal Health Group Franchise, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



PARTNERS
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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Signal Health Group Franchise, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt Signal Health Group Franchise, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

BAS Partners LLC

Pembroke Pines, Florida
April 3, 2023

SIGNAL HEALTH GROUP FRANCHISE, INC.
BALANCE SHEET
DECEMBER 31, 2022

	<u>2022</u>
ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	\$ 670,716
Inventory supplies	<u>3,500</u>
Total Current Assets	<u>674,216</u>
Due to Affiliates	1,368,517
Other assets	<u>32,915</u>
Total Assets	<u><u>\$ 2,075,648</u></u>
 LIABILITIES AND MEMBER'S EQUITY	
LIABILITIES	
Accounts Payables and Accruals	\$ -
Due to Affiliates	<u>1,030,828</u>
Total Current Liabilities	<u>1,030,828</u>
Total Liabilities	<u>1,030,828</u>
MEMBER'S EQUITY	<u>1,044,820</u>
	<u>1,044,820</u>
 TOTAL LIABILITIES AND MEMBER'S EQUITY	<u><u>\$ 2,075,648</u></u>

The accompanying notes are an integral part of these financial statements.

**SIGNAL HEALTH GROUP FRANCHISE, INC.
STATEMENT OF STOCKHOLDER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>2022</u>
REVENUE	
Royalties	\$ 32,334
Franchise Fees	291,100
Other Income	<u>1</u>
Total Revenue	323,435
EXPENSES	
Operating Expenses	<u>270,699</u>
Total Expenses	<u>270,699</u>
NET INCOME (LOSS)	52,736
Member's Equity - Beginning of Year	152
Contributions	2,128,039
Distributions	(1,461,840)
Member's Equity - End of Year	<u>\$ (332,782)</u>

The accompanying notes are an integral part of these financial statements.

**SIGNAL HEALTH GROUP FRANCHISE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Net Income (Loss)	\$ 52,736
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
(Increase) Decrease in Assets	
Due from related party	-
Prepaid expense	
Increase (Decrease) in Liabilities	
Accounts payables and accrued liabilities	196,650
Inventory supplies	<u>(3,500)</u>
Net Cash Provided by Operating Activities	245,886
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from member contributions	2,128,039
Proceeds to affiliates	(1,716,617)
Proceeds from affiliates	1,030,828
Member Distributions	<u>(1,461,840)</u>
Net Cash Used in Financing Activities	(19,590)
CHANGE IN CASH AND CASH EQUIVALENTS	226,296
Cash and Cash Equivalents - Beginning of Year	<u>226,448</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 226,448</u>

The accompanying notes are an integral part of these financial statements

**SIGNAL HEALTH GROUP FRANCHISE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 1 - Summary of Significant Accounting Policies

Nature of Operations

Signal Health Group Franchise, Inc. (the Company) was formed to provide home based personal support and companionship services to aging and or disabled individuals. The Franchise also extends services to hospitals, retirement facilities and clinics.

Basis of Accounting

The Company's financial statements have been prepared on the accrual basis of accounting and are prepared in accordance with the accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

For purposes of the financial statements, The Company considers all assets with a maturity of three months or less to be cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with the Generally Accepted Accounting Principles (GAAP) which requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fixed Assets

Fixed Assets are stated at cost. Depreciation is computed using the accelerated cost recovery and modified cost recovery methods allowable under the Internal Revenue Code. The recovery periods being used are 5 and 7 years for furniture, fixtures and equipment and 39 years for non-residential real estate.

Income Taxes

The Company accounts for income taxes under the asset and liability method. A deferred tax asset or liability is recognized whenever there are (1) future tax effects from temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and (2) operating loss, capital loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to the years in which those differences are expected to be recovered or settled. There were no deferred tax liability or asset at December 31, 2022.

**SIGNAL HEALTH GROUP FRANCHISE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 1 - Summary of Significant Accounting Policies (Continued)

Revenue recognition

The Company has implemented the Financial Accounting Standards Board (FASB), Accounting Standards Update (ASU) No. 2014-09, which amended *Revenue from Contracts with Customers (Topic 606)* of the Accounting Standards Codification. The Franchise fee revenue is recognized when all material services or conditions relating to the sale of the franchise have been substantially performed or satisfied. The Company has substantially satisfied all of these conditions at the beginning of franchise operations. When franchise fees have been received but not all conditions have been substantially satisfied to be recognized as revenue, the franchise fee amount is included in deferred revenue. Continuing franchise royalties are based on a defined percentage of franchise revenues and are recognized when earned.

The Company determines revenue recognition through the following steps:

- *Identification of the contract or contracts with a customer;*
- *Identification of the performance obligations in the contract;*
- *Determination of the transaction price;*
- *Allocation of the transaction price to the performance obligations in the contract, and*
- *Recognition of revenue when or as the Company satisfies the performance obligations.*

The Company has two distinct revenue streams:

- Initial franchise fees
- Royalties

Franchise agreements have terms of ten years. These agreements convey renewal terms provided the franchisee is in good standing and meets all criteria stated in the franchise agreement.

The Company has elected to expense the incremental costs incurred to obtain a contract, as the amortization period is less than a year.

**SIGNAL HEALTH GROUP FRANCHISE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 1 - Summary of Significant Accounting Policies (Continued)

Accounts receivables

Credit terms are extended to customers in the normal course of business. The Company performs ongoing credit evaluations of its customers' financial conditions and generally requires no collateral. Accounts receivable are recorded at their estimated net realizable value, net of an allowance for doubtful accounts. The Company's estimate of the allowance for doubtful accounts is based upon historical experience, its evaluation of the current status of receivables, and unusual circumstances, if any. Accounts are considered past due if payment is not made on a timely basis in accordance with the Company's credit terms. Accounts considered uncollectible are written off against the allowance. The Company has no outstanding accounts receivable as of December 31, 2022.

Note 2 – Fair Value Measurements

The Company reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

- Level 1. Quoted prices for identical assets or liabilities in active markets to which the Company has access at measurement date.
- Level 2. Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
 - I. quoted prices for similar assets or liabilities in active markets;
 - II. quoted prices for identical or similar assets in markets that are not active;
 - III. observable inputs other than quoted prices for asset or liability (for example, interest rates and yield curves); and
 - IV. inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

Level 3. Unobservable inputs for asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available. When available the Company measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. The primary use of fair value measures in the Company's financial statements is the initial measurement of cash and cash equivalents.

**SIGNAL HEALTH GROUP FRANCHISE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 3 - Commitments and Contingencies

The Company records accruals for contingencies when it is possible that a liability will be incurred and the amount of loss can be reasonably estimated based on historical claim activity and loss development factors. There can be no assurance there will not be an increase in the scope of these matters or that any future or pending lawsuits, claims, proceedings, or investigations will not be material.

Note 4 – Rental and Lease Information

The Company leases certain office facilities and equipment. Rental expense for the year ended December 31, 2022 was \$8,045.

The following is a schedule of future minimum rental payments:

Year ending December 31:		
2023	\$	-
2024		-
2025		-
2026		-
2027		-
Thereafter		-
Total future minimum rental payments	\$	-

Note 5 - Related Party

Related Party transaction represents due to and from Owners and related companies affiliated with owner. At December 31, 2022, Due from Affiliates was 1,368,517 and Due to Affiliates was \$1,030,828.

Note 6 – Risks and Uncertainties

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Company, its performance, and its financial results.

**SIGNAL HEALTH GROUP FRANCHISE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 7 - Subsequent Events

The Company did not have any other subsequent events through April 3, 2023, which is the date the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the year ended December 31, 2022.

SIGNAL HEALTH GROUP FRANCHISE, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

**SIGNAL HEALTH GROUP FRANCHISE, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

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PARTNERS
Certified Public Accountants

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Independent Auditors' Report

To the Board of Directors and Members
Signal Health Group Franchise, Inc.

We have audited the accompanying financial statements of Signal Health Group Franchise, Inc., which comprise the Balance Sheet as of December 31, 2021, and the related statement of operation and members' equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



PARTNERS

Certified Public Accountants

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Signal Health Group Franchise, Inc. as of December 31, 2021, and the results of its operations and its cash flow for the year then ended in accordance with accounting principles generally accepted in the United States of America.

BAS Partners LLC

Pembroke Pines, Florida
March 30, 2022

SIGNAL HEALTH GROUP FRANCHISE, INC.
BALANCE SHEET
DECEMBER 31, 2021

	<u>2021</u>
ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	\$ 482,380
Inventory supplies	<u>3,500</u>
Total Current Assets	<u>485,880</u>
Due to Affiliates	<u>1,466,717</u>
Total Assets	<u><u>\$ 1,952,597</u></u>
LIABILITIES AND MEMBER'S EQUITY	
LIABILITIES	
Accounts Payables and Accruals	\$ 196,650
Due to Affiliates	<u>1,030,928</u>
Total Current Liabilities	<u>1,227,578</u>
Total Liabilities	<u>1,227,578</u>
MEMBER'S EQUITY	<u>725,019</u>
	<u>725,019</u>
TOTAL LIABILITIES AND MEMBER'S EQUITY	<u><u>\$ 1,952,597</u></u>

The accompanying notes are an integral part of these financial statements.

**SIGNAL HEALTH GROUP FRANCHISE, INC.
STATEMENT OF OPERATIONS AND MEMBER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>2021</u>
REVENUE	
Royalties	\$ 1,251,513
Franchise Fees	3,501
Other Income	5,000
Total Revenue	<u>1,260,014</u>
EXPENSES	
Operating Expenses	<u>1,106,204</u>
Total Expenses	<u>1,106,204</u>
NET INCOME	153,810
Member's Equity - Beginning of Year	719,087
Contributions	-
Distributions	(147,878)
Member's Equity - End of Year	<u><u>\$ 725,019</u></u>

The accompanying notes are an integral part of these financial statements.

**SIGNAL HEALTH GROUP FRANCHISE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Net Income (Loss)	\$ 153,810
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
(Increase) Decrease in Assets	
Due from related party	-
Prepaid expense	
Increase (Decrease) in Liabilities	
Accounts payables and accrued liabilities	-
Inventory supplies	-
Net Cash Provided by Operating Activities	<u>153,810</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from member contributions	-
Proceeds to affiliates	(100)
Proceeds from affiliates	250,100
Member Distributions	<u>(147,878)</u>
Net Cash provided by Financing Activities	102,122
CHANGE IN CASH AND CASH EQUIVALENTS	255,932
Cash and Cash Equivalents - Beginning of Year	<u>226,448</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 482,380</u></u>

The accompanying notes are an integral part of these financial statements

**SIGNAL HEALTH GROUP FRANCHISE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 1 - Summary of Significant Accounting Policies

Nature of Operations

Signal Health Group Franchise, Inc. (the Company) was formed to provide home based personal support and companionship services to aging and or disabled individuals. The Franchise also extends services to hospitals, retirement facilities and clinics.

Basis of Accounting

The Company's financial statements have been prepared on the accrual basis of accounting and are prepared in accordance with the accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

For purposes of the financial statements, The Company considers all assets with a maturity of three months or less to be cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with the Generally Accepted Accounting Principles (GAAP) which requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fixed Assets

Fixed Assets are stated at cost. Depreciation is computed using the accelerated cost recovery and modified cost recovery methods allowable under the Internal Revenue Code. The recovery periods being used are 5 and 7 years for furniture, fixtures and equipment and 39 years for non-residential real estate.

Income Taxes

The Company has elected to be treated as a S Corporation for federal and state income tax purposes. All income or loss flows through to the individual owner who reports the income or loss on his individual tax returns. Therefore, no provision or liability for income taxes has been included in the financial statements.

The Company follows the income tax standards for uncertain tax positions. The Company recognized no liability for uncertain tax positions for the year ended December 31, 2021.

**SIGNAL HEALTH GROUP FRANCHISE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 1 - Summary of Significant Accounting Policies (Continued)

Revenue recognition

The Company has implemented the Financial Accounting Standards Board (FASB), Accounting Standards Update (ASU) No. 2014-09, which amended *Revenue from Contracts with Customers (Topic 606)* of the Accounting Standards Codification. The Franchise fee revenue is recognized when all material services or conditions relating to the sale of the franchise have been substantially performed or satisfied. The Company has substantially satisfied all of these conditions at the beginning of franchise operations. When franchise fees have been received but not all conditions have been substantially satisfied to be recognized as revenue, the franchise fee amount is included in deferred revenue. Continuing franchise royalties are based on a defined percentage of franchise revenues and are recognized when earned.

The Company determines revenue recognition through the following steps:

- *Identification of the contract or contracts with a customer;*
- *Identification of the performance obligations in the contract;*
- *Determination of the transaction price;*
- *Allocation of the transaction price to the performance obligations in the contract, and*
- *Recognition of revenue when or as the Company satisfies the performance obligations.*

The Company has two distinct revenue streams:

- Initial franchise fees
- Royalties

Franchise agreements have terms of ten years. These agreements convey renewal terms provided the franchisee is in good standing and meets all criteria stated in the franchise agreement.

The Company has elected to expense the incremental costs incurred to obtain a contract, as the amortization period is less than a year.

**SIGNAL HEALTH GROUP FRANCHISE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 1 - Summary of Significant Accounting Policies (Continued)

Accounts receivables

Credit terms are extended to customers in the normal course of business. The Company performs ongoing credit evaluations of its customers' financial conditions and generally requires no collateral. Accounts receivable are recorded at their estimated net realizable value, net of an allowance for doubtful accounts. The Company's estimate of the allowance for doubtful accounts is based upon historical experience, its evaluation of the current status of receivables, and unusual circumstances, if any. Accounts are considered past due if payment is not made on a timely basis in accordance with the Company's credit terms. Accounts considered uncollectible are written off against the allowance. The Company has no outstanding accounts receivable as of December 31, 2021.

Note 2 – Fair Value Measurements

The Company reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

- Level 1. Quoted prices for identical assets or liabilities in active markets to which the Company has access at measurement date.
- Level 2. Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
 - I. quoted prices for similar assets or liabilities in active markets;
 - II. quoted prices for identical or similar assets in markets that are not active;
 - III. observable inputs other than quoted prices for asset or liability (for example, interest rates and yield curves); and
 - IV. inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

Level 3. Unobservable inputs for asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available. When available the Company measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. The primary use of fair value measures in the Company's financial statements is the initial measurement of cash and cash equivalents.

**SIGNAL HEALTH GROUP FRANCHISE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 3 - Commitments and Contingencies

The Company records accruals for contingencies when it is possible that a liability will be incurred and the amount of loss can be reasonably estimated based on historical claim activity and loss development factors. There can be no assurance there will not be an increase in the scope of these matters or that any future or pending lawsuits, claims, proceedings, or investigations will not be material.

Note 4 – Rental and Lease Information

The Company leases certain office facilities and equipment. Rental expense for the year ended December 31, 2021 was \$38,189.

The following is a schedule of future minimum rental payments:

Year ending December 31:	
2021	\$ 6,495
2022	-
2023	-
2024	-
2025	-
Thereafter	-
Total future minimum rental payments	<u>\$ 6,495</u>

Note 5 - Related Party

Related Party transaction represents due to and from Owners and related companies affiliated with owner. At December 31, 2021, Due from Affiliates was 1,466,717 and Due to Affiliates was \$1,030,928.

Note 6 – Risks and Uncertainties

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Company, its performance, and its financial results.

**SIGNAL HEALTH GROUP FRANCHISE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 7 - Subsequent Events

The Company did not have any other subsequent events through March 30, 2022, which is the date the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the year ended December 31, 2021.

SIGNAL HEALTH GROUP FRANCHISE, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

**SIGNAL HEALTH GROUP FRANCHISE, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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PARTNERS
Certified Public Accountants

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Independent Auditors' Report

To the Board of Directors and Members
Signal Health Group Franchise, Inc.

We have audited the accompanying financial statements of Signal Health Group Franchise, Inc., which comprise the Balance Sheet as of December 31, 2020, and the related statement of operation and members' equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



PARTNERS
Certified Public Accountants

15800 Pines Blvd. Suite 3002
Pembroke Pines, FL 33027
Telephone: 954-362-5195
Fax: 954-430-8776

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Signal Health Group Franchise, Inc. as of December 31, 2020, and the results of its operations and its cash flow for the year then ended in accordance with accounting principles generally accepted in the United States of America.

BAS Partners LLC

Pembroke Pines, Florida
April 16, 2021

SIGNAL HEALTH GROUP FRANCHISE, INC.
BALANCE SHEET
DECEMBER 31, 2020

	2020
ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	\$ 226,448
Inventory supplies	3,500
Total Current Assets	<u>229,948</u>
Due to Affiliates	1,716,617
Total Assets	<u>\$ 1,946,565</u>
LIABILITIES AND MEMBER'S EQUITY	
LIABILITIES	
Accounts Payables and Accruals	\$ 196,650
Due to Affiliates	1,030,828
Total Current Liabilities	<u>1,227,478</u>
Total Liabilities	<u>1,227,478</u>
MEMBER'S EQUITY	<u>719,087</u>
	719,087
TOTAL LIABILITIES AND MEMBER'S EQUITY	<u>\$ 1,946,565</u>

The accompanying notes are an integral part of these financial statements.

**SIGNAL HEALTH GROUP FRANCHISE, INC.
STATEMENT OF OPERATIONS AND MEMBER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>2020</u>
REVENUE	
Royalties	\$ 32,334
Franchise Fees	291,100
Other Income	<u>1</u>
Total Revenue	323,435
EXPENSES	
Operating Expenses	<u>270,699</u>
Total Expenses	<u>270,699</u>
NET INCOME (LOSS)	52,736
Member's Equity - Beginning of Year	152
Contributions	2,128,039
Distributions	(1,461,840)
Member's Equity - End of Year	<u>\$ 719,087</u>

The accompanying notes are an integral part of these financial statements.

**SIGNAL HEALTH GROUP FRANCHISE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Net Income (Loss)	\$ 52,736
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
(Increase) Decrease in Assets	
Due from related party	-
Prepaid expense	
Increase (Decrease) in Liabilities	
Accounts payables and accrued liabilities	196,650
Inventory supplies	(3,500)
Net Cash Provided by Operating Activities	<u>245,886</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from member contributions	2,128,039
Proceeds to affiliates	(1,716,617)
Proceeds from affiliates	1,030,828
Member Distributions	(1,461,840)
Net Cash Used in Financing Activities	<u>(19,590)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	226,296
Cash and Cash Equivalents - Beginning of Year	<u>152</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 226,448</u></u>

The accompanying notes are an integral part of these financial statements

**SIGNAL HEALTH GROUP FRANCHISE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 1 - Summary of Significant Accounting Policies

Nature of Operations

Signal Health Group Franchise, Inc. (the Company) was formed to provide home based personal support and companionship services to aging and or disabled individuals. The Franchise also extends services to hospitals, retirement facilities and clinics.

Basis of Accounting

The Company's financial statements have been prepared on the accrual basis of accounting and are prepared in accordance with the accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

For purposes of the financial statements, The Company considers all assets with a maturity of three months or less to be cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with the Generally Accepted Accounting Principles (GAAP) which requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fixed Assets

Fixed Assets are stated at cost. Depreciation is computed using the accelerated cost recovery and modified cost recovery methods allowable under the Internal Revenue Code. The recovery periods being used are 5 and 7 years for furniture, fixtures and equipment and 39 years for non-residential real estate.

Income Taxes

The Company has elected to be treated as a S Corporation for federal and state income tax purposes. All income or loss flows through to the individual owner who reports the income or loss on his individual tax returns. Therefore, no provision or liability for income taxes has been included in the financial statements.

The Company follows the income tax standards for uncertain tax positions. The Company recognized no liability for uncertain tax positions for the year ended December 31, 2020.

**SIGNAL HEALTH GROUP FRANCHISE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 1 - Summary of Significant Accounting Policies (Continued)

Revenue recognition

The Company has implemented the Financial Accounting Standards Board (FASB), Accounting Standards Update (ASU) No. 2014-09, which amended *Revenue from Contracts with Customers (Topic 606)* of the Accounting Standards Codification. The Franchise fee revenue is recognized when all material services or conditions relating to the sale of the franchise have been substantially performed or satisfied. The Company has substantially satisfied all of these conditions at the beginning of franchise operations. When franchise fees have been received but not all conditions have been substantially satisfied to be recognized as revenue, the franchise fee amount is included in deferred revenue. Continuing franchise royalties are based on a defined percentage of franchise revenues and are recognized when earned.

The Company determines revenue recognition through the following steps:

- *Identification of the contract or contracts with a customer;*
- *Identification of the performance obligations in the contract;*
- *Determination of the transaction price;*
- *Allocation of the transaction price to the performance obligations in the contract, and*
- *Recognition of revenue when or as the Company satisfies the performance obligations.*

The Company has two distinct revenue streams:

- Initial franchise fees
- Royalties

Franchise agreements have terms of ten years. These agreements convey renewal terms provided the franchisee is in good standing and meets all criteria stated in the franchise agreement.

The Company has elected to expense the incremental costs incurred to obtain a contract, as the amortization period is less than a year.

**SIGNAL HEALTH GROUP FRANCHISE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 1 - Summary of Significant Accounting Policies (Continued)

Accounts receivables

Credit terms are extended to customers in the normal course of business. The Company performs ongoing credit evaluations of its customers' financial conditions and generally requires no collateral. Accounts receivable are recorded at their estimated net realizable value, net of an allowance for doubtful accounts. The Company's estimate of the allowance for doubtful accounts is based upon historical experience, its evaluation of the current status of receivables, and unusual circumstances, if any. Accounts are considered past due if payment is not made on a timely basis in accordance with the Company's credit terms. Accounts considered uncollectible are written off against the allowance. The Company has no outstanding accounts receivable as of December 31, 2020.

Note 2 – Fair Value Measurements

The Company reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

- Level 1. Quoted prices for identical assets or liabilities in active markets to which the Company has access at measurement date
- Level 2. Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
 - I. quoted prices for similar assets or liabilities in active markets;
 - II. quoted prices for identical or similar assets in markets that are not active;
 - III. observable inputs other than quoted prices for asset or liability (for example, interest rates and yield curves); and
 - IV. inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

Level 3. Unobservable inputs for asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available. When available the Company measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. The primary use of fair value measures in the Company's financial statements is the initial measurement of cash and cash equivalents.

**SIGNAL HEALTH GROUP FRANCHISE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 3 - Commitments and Contingencies

The Company records accruals for contingencies when it is possible that a liability will be incurred and the amount of loss can be reasonably estimated based on historical claim activity and loss development factors. There can be no assurance there will not be an increase in the scope of these matters or that any future or pending lawsuits, claims, proceedings, or investigations will not be material.

Note 4 – Rental and Lease Information

The Company leases certain office facilities and equipment. Rental expense for the year ended December 31, 2020 was \$32,409.

The following is a schedule of future minimum rental payments:

Year ending December 31:	
2021	\$ 25,980
2022	6,495
2023	-
2024	-
2025	-
Thereafter	-
Total future minimum rental payments	<u><u>\$ 32,475</u></u>

Note 5 - Related Party

Related Party transaction represents due to and from Owners and related companies affiliated with owner At December 31, 20120, Due from Affiliates was 1,716,617 and Due to Affiliates was \$1,030,828.

Note 6 – Risks and Uncertainties

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Company, its performance, and its financial results.

**SIGNAL HEALTH GROUP FRANCHISE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 7 - Subsequent Events

The Company did not have any other subsequent events through April 16, 2021, which is the date the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the year ended December 31, 2020.

~~THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.~~

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05/18/23

Accrual Basis

**Signal Health Group Franchise
Balance Sheet
As of April 30, 2023**

	Apr 30, 23
ASSETS	
Current Assets	
Checking/Savings	
F Payment WF Account 3583	15,262.44
F Premier Saving 5630	223,766.80
Franchise Saving Account 0318	431,596.92
Petty Cash	90.05
Total Checking/Savings	670,716.21
Accounts Receivable	
Accounts Receivable	4.00
Total Accounts Receivable	4.00
Other Current Assets	
Due From Affiliates	1,142,967.00
Investment SHG	225,550.00
Supplies Inventory	3,500.00
Undeposited Funds	103,833.34
Total Other Current Assets	1,475,850.34
Total Current Assets	2,146,570.55
TOTAL ASSETS	2,146,570.55
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Due to Affiliates	1,030,828.00
Total Other Current Liabilities	1,030,828.00
Total Current Liabilities	1,030,828.00
Total Liabilities	1,030,828.00
Equity	
Common Stock	1,000.00
Equity	
Equity	1,938,648.37
Indiana Signal Health Group	5,000.00
Shg Employee Leasing Company	-2,310,377.72
SHG Receivable Management	2,479,802.80
Signal Business Administration	-174,148.88
Signal Health Group	63,351.47
Signal Health Management Inc.	-584,050.88
Equity - Other	398,000.19
Total Equity	1,816,225.35
Retained Earnings	-772,405.18
Net Income	70,922.38
Total Equity	1,115,742.55
TOTAL LIABILITIES & EQUITY	2,146,570.55

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05/18/23

Accrual Basis

Signal Health Group Franchise
Profit & Loss
January 2022 through April 2023

	Jan '22 - Apr 23
Ordinary Income/Expense	
Income	
Franchise Income	142,500.00
Interest Income	138.69
Royalty Income	128,379.83
Total Income	271,018.52
Expense	
Bank Service Charges	510.00
Franchise Legal Operation	32,178.16
Franchise Training System	204,010.19
Medical Records and Supplies	5,000.00
Rent Expense	8,044.54
Software Expenses	161,454.67
Training Supplies	121,680.75
Total Expense	532,878.31
Net Ordinary Income	-261,859.79
Net Income	-261,859.79

EXHIBIT G

BRAND STANDARDS MANUAL TABLE OF CONTENTS

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EXHIBIT H

CURRENT AND FORMER FRANCHISEES

Current Franchisees

Names of all current franchisees (as of the end of our last fiscal year) and the address and telephone number of each of their outlets:

Sharon Darrow (Personal Care Non-Medical Services Franchised Business)
1525 S. Highly Road, Suite 104
Gilbert, Arizona 85296
(480) 845-7998

Thi Duong (Personal Care Non-Medical Services Franchised Business)
1211 Embarcadero Suite 300
Oakland, California 94606
(510) 565-1313

Huy Doan (Personal Care Non-Medical Services Franchised Business)
4272 Gravitt Place
Duluth, GA, 30096
(678) 436-2901

Jeremiah Poe (Personal Care Non-Medical Services Franchised Business)
212 S. Main Street
Goshen, Indiana 46528
(765) 243-6662

Michael Sanderson (Personal Care Non-Medical Services Franchised Business)
60 Gibson St.
Boston, Massachusetts 02122
(856) 796-2063

Michelle & Jim Zirngible (Personal Care Non-Medical Services Franchised Business)
16201 90th Street, Suite 200
Otsego, Minnesota 55330
(763) 207-1863

~~Crystal Brown and Tami Styles (Personal Care Non-Medical Services Franchised Business)~~
~~3753 Howard Hughes Parkway #200~~
~~3827 S. Carson St., Suite 505-25 PMB 2003~~
~~Carson City Las Vegas, Nevada 89701~~
~~—89169~~

(702) ~~659-7411~~843-0579

Phuoc Giang & Hien Le (Personal Care Non-Medical Services Franchised Business)

3150 E. Tropicana Ave

~~(mutually terminated earlier this year)~~

~~Las Vegas, Nevada 89121~~

Naneth & Tim Kallio (Personal Care Non-Medical Services Franchised Business)

22976 Morninglight Drive

Rapid City, South Dakota 57703

(605) 939-3880

Naneth & Tim Kallio (Home Health Medical Services Franchised Business)

22976 Morninglight Drive

Rapid City, South Dakota 57703

(605) 939-3880

Danya De Leon (Personal Care Non-Medical Services Franchised Business)

8751 Collin McKinney Pkwy Suite 1102 #560

McKinney, Texas 75070

(214) 897-3123

Tim Higgins (Personal Care Non-Medical Services Franchised Business)

109 Prairie Road

Oregon, Wisconsin 53575

(608) 807-0776

Franchisees who had signed franchise agreements as of the end of our last fiscal year ~~but are~~were not ~~yet~~ open as the end of the last fiscal year:

~~Huy Doan~~Joseph Rodriguez (Personal Care Non-Medical Services Franchised Business)

23658 El Paso Circle

4272 Gravitt Place

Duluth, GA 30096

(Signed earlier this year)

~~Phuoc Giang & Hien Le (Personal Care Non-Medical Services Franchised Business)~~

~~3150 E. Tropicana Ave~~

~~Las Vegas NV 89121~~

~~(Opened earlier this year)~~

~~Naneth & Tim Kallio (Home Health Medical Services Franchised Business)~~

~~22976 Morninglight Drive~~

~~Rapid City, South Dakota 57703~~

~~(605) 939-3880~~

~~(Signed earlier this year)~~

Harlingen, TX 78552
(469) 271-7611

Jonathon Voss (Personal Care Non-Medical Services Franchised Business)
101 South Main
Janesville WI 53545
(608) 351-3028

Former Franchisees

Name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date:

Crystal Brown and Tami Styles (Personal Care Non-Medical Services Franchised Business)
3827 S. Carson St., Suite 505-25 PMB 2003
Carson City, Nevada 89701
(702) 659-7411

~~(mutually terminated earlier this year)~~

| _____

EXHIBIT I

STATE ADDENDA TO DISCLOSURE DOCUMENT

CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT

California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department of Financial Protection and Innovation, prior to a solicitation of a proposed material modification of an existing franchise.

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

OUR WEBSITE, SIGNALHG.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~~ BUSINESS OVERSIGHT AT WWW.DFPI.CA.GOV.

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. ~~SUCH~~

REGISTRATION **OF THIS FRANCHISE OFFERING** DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF **THE DEPARTMENT OF** FINANCIAL PROTECTION AND INNOVATION ~~NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.~~

ALL THE OWNERS OF THE FRANCHISE WILL BE REQUIRED TO EXECUTE PERSONAL GUARANTEES. THIS REQUIREMENT PLACES THE MARITAL ASSETS OF THE SPOUSES DOMICILED IN COMMUNITY PROPERTY STATES – ARIZONA, CALIFORNIA, IDAHO, LOUISIANA, NEVADA, NEW MEXICO, TEXAS, WASHINGTON AND WISCONSIN AT RISK IF YOUR FRANCHISE FAILS.

1. The following paragraph is added to the end of Item 3 of the Disclosure Document:

Neither franchisor nor any person or franchise broker in Item 2 of this 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. 78a et seq., suspending or expelling such persons from membership in that association or exchange.

2. The following paragraph is added to the end of Item 6 of the Disclosure Document:

With respect to the Late Fee described in Item 6, this Item is amended to disclose that the maximum rate of interest permitted under California law is 10%.

3. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

The Franchise Agreement requires franchisee 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 a franchise to waive compliance with any provision of that law or any rule or order thereunder is void.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

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

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.

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

In registering this franchise, the California Department of Financial Protection and Innovation has not reviewed, and makes no statements concerning, the franchisor's compliance with federal licensing and regulatory requirements relating to the practice of medicine. You should consult with your attorney concerning these laws, regulations and ordinances that may affect the operation of your business. If the California Medical Board, or any other agency overseeing the practice of medicine in this state, determines that the operation of the franchise fails to comply with state law, the franchisor may be required to cease operations of the franchised business in California. This may result in the termination of your franchise and loss of your investment.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

The Franchise Agreement requires binding arbitration. The arbitration will occur in Las Vegas, Nevada, with the costs being borne equally by Franchisor and Franchisee. 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 a franchise agreement restricting venue to a forum outside the State of California.

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

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee 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 any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

HAWAII ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Hawaii only, this Disclosure Document is amended as follows:

THESE FRANCHISES WILL BE/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 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 DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

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

Registered agent in the state authorized to receive service of process:

Commissioner of Securities
335 Merchant Street
Honolulu, Hawaii 96813

Registration of franchises or filings of offering circulars in other states. As of the date of filing of this Addendum in the State of Hawaii:

1. A franchise registration is effective or an offering circular is on file in the following states: _____
2. A proposed registration or filing is or will be shortly on file in the following states:

3. No states have refused, by order or otherwise to register these franchises.
4. No states have revoked or suspended the right to offer these franchises.
5. The proposed registration of these franchises has not been withdrawn in any state.

ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, as amended (the “Act”), this Disclosure Document is amended as follows:

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

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

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Act.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee 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 any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

MARYLAND ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Maryland only, this Disclosure Document is amended as follows:

The following is added to Item 17:

The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

You have the right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

The Franchise Agreement provides for termination upon bankruptcy of the franchisee. This provision may not be enforceable under federal bankruptcy law.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee 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 any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise

MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Minnesota only, this Disclosure Document is amended as follows:

- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
- Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.
- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, which states "No action may be commenced pursuant to this Section more than three years after the cause of action accrues."
- Item 5 and Item 7 are amended to add the following: All fees paid to us by you, including payment for goods and services, before your business opens, are deferred until we have satisfied all of our pre-opening obligations to you and your franchise has opened for business.

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE

INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

In the State of New York only, this Disclosure Document is amended as follows:

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 A 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 NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY ST. 21ST FLOOR, NEW YORK, NY 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 the “Summary” sections of Item 17(c), titled **“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.

4. The following language replaces the “Summary” section of Item 17(d), titled **“Termination by franchisee”**:

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

5. The following is added to the end of the “Summary” sections of Item 17(v), titled **“Choice of forum”**, and Item 17(w), titled **“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 DISCLOSURE DOCUMENT

In the State of North Dakota only, this Disclosure Document is amended as follows:

THE SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (NDCC SECTION 51-19-09):

1. Restrictive Covenants: Franchise disclosure documents that disclose the existence of covenants restricting competition contrary to NDCC Section 9-08-06, without further disclosing that such covenants will be subject to the statute.
2. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.
3. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
4. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
5. Applicable Laws: Franchise agreements that specify that they are to be governed by the laws of a state other than North Dakota.
6. Waiver of Trial by Jury: Requiring North Dakota Franchises to consent to the waiver of a trial by jury.
7. Waiver of Exemplary and Punitive Damages: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damage.
8. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.
9. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
10. Enforcement of Agreement: Franchise Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.
11. Fee Deferral: Item 5 and Item 7 of the Disclosure Document are amended to add: "All initial franchise fees paid by you to us will be deferred until we have satisfied all of our pre-opening obligations to you and you have commenced doing business."

OHIO ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Ohio only, this Disclosure Document is amended by adding the following two cover pages to this Disclosure Document:

SIGNAL HEALTH GROUP FRANCHISE, INC.

~~May 18, 2023~~

April 12, 2024

READ THIS DISCLOSURE DOCUMENT CAREFULLY

The state of Ohio has not reviewed and does not approve, recommend, endorse, or sponsor this or any franchise. If you have any questions about this franchise, the information contained in this disclosure document should be reviewed with an attorney or financial advisor before you sign any agreement.

The following disclosure document contains the disclosures required by Ohio law.

RHODE ISLAND ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Rhode Island only, this Disclosure Document is amended as follows:

Item 17, summary columns for (v) and (w) are amended to add the following:

Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

VIRGINIA ADDENDUM TO DISCLOSURE DOCUMENT

In the Commonwealth of Virginia only, this Disclosure Document is amended as follows:

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 grounds for default or termination stated in the Franchise Agreement do 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.

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to the franchisee under the franchise, that provision may not be enforceable.

Item 17(t) is amended to read as follows:

Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee 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 any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise

WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT

(See Exhibit J for Washington Addendum to Disclosure Document and Rider to Franchise Agreement)

EXHIBIT J

STATE ADDENDA TO AGREEMENTS

ILLINOIS RIDER TO FRANCHISE AGREEMENT [*if applicable*: AND MULTI-UNIT DEVELOPMENT AGREEMENT]

This Rider amends the Franchise Agreement [*if applicable*: and Multi-Unit Development Agreement] dated _____ (the “Agreement”), between Signal Health Group Franchise, Inc., a Nevada corporation (“Signal Health Group Franchising”) and _____, a _____ (“Franchisee”).

- 1. Governing Law.** Illinois law governs the Agreement.
- 2. Waivers Void.** In conformance with Section 41 of the Illinois Franchise Disclosure Act, notwithstanding any provision of the Agreement to the contrary, any condition, stipulation, or provision purporting to bind Franchisee to waive compliance with any provision of the Illinois Act or any other law of the State of Illinois is void. This Section shall not prevent Franchisee from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.
- 3. Jurisdiction.** In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to occur outside of Illinois.
- 4. Entire Agreement; No Disclaimer.** This Agreement and all related agreements executed simultaneously with this Agreement constitute the entire understanding of the parties and supersede any and all prior oral or written agreements between Signal Health Group Franchising and Franchisee on the matters contained in this Agreement; but nothing in this Agreement or any related agreement is intended to disclaim the representations that Signal Health Group Franchising made in the latest franchise disclosure document that Signal Health Group Franchising furnished to Franchisee.
- 5. Questionnaires.** No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee 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 any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
- 6. Effective Date.** This Rider is effective as of the date of the Agreement.

Agreed to by:

FRANCHISOR:

SIGNAL HEALTH GROUP FRANCHISE,
INC.

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

INDIANA RIDER TO FRANCHISE AGREEMENT [*if applicable: AND MULTI-UNIT DEVELOPMENT AGREEMENT*]

This Rider amends the Franchise Agreement [*if applicable: and Multi-Unit Development Agreement*] _____ (the “Agreement”), between Signal Health Group Franchise, Inc., a Nevada corporation (“Signal Health Group Franchising”) and _____, a _____ (“Franchisee”).

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Indiana Acts” means the Indiana Franchise Act and the Indiana Deceptive Franchise Practices Act.

2. Certain Provisions Modified. Any provision of the Agreement which would have any of the following effects is hereby modified to the extent required for the Agreement to be in compliance with the Indiana Acts:

(1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or services or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation. This subdivision does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor.

(2) Allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement; or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee within a reasonable area.

(3) Allowing substantial modification of the franchise agreement by the franchisor without the consent in writing of the franchisee.

(4) Allowing the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.

(5) Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by the Indiana Deceptive Franchise Practices Act or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee. This subsection (5) does not apply to arbitration before an independent arbitrator.

(6) Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official price increase

notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new models shall not be considered a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subsection (6).

(7) Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this subsection (7) includes any material violation of the franchise agreement.

(8) Permitting the franchisor to fail to renew a franchise without good cause or in bad faith. This chapter shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the franchisee meets certain conditions specified in the agreement.

(9) Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three years or in an area greater than the exclusive area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

(10) Limiting litigation brought for breach of the agreement in any manner whatsoever.

(11) Requiring the franchisee to participate in any (A) advertising campaign or contest; (B) promotional campaign; (C) promotional materials; or (D) display decorations or materials; at an expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay.

3. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:

SIGNAL HEALTH GROUP FRANCHISE,
INC.

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

MARYLAND RIDER TO FRANCHISE AGREEMENT [*if applicable: AND MULTI-UNIT DEVELOPMENT AGREEMENT*]

This Rider amends the Franchise Agreement [*if applicable: and Multi-Unit Development Agreement*] dated _____ (the “Agreement”), between Signal Health Group Franchise, Inc., a Nevada corporation (“Signal Health Group Franchising”) and _____, a _____ (“Franchisee”).

- 1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Maryland Franchise Registration and Disclosure Law” means the Maryland Franchise Registration and Disclosure Law, Business Regulation Article, §14-206, Annotated Code of Maryland.
- 2. Releases, Estoppels and Waivers of Liability.** All representations requiring prospective franchisees 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. The general release required as a condition of renewal shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
- 3. Statute of Limitations.** Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.
- 4. Jurisdiction.** Franchisee does not waive its right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Registration and Disclosure Law in any court of competent jurisdiction in the State of Maryland.
- 5. Questionnaires.** No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee 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 any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

SIGNAL HEALTH GROUP FRANCHISE,
INC.

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

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

MINNESOTA RIDER TO FRANCHISE AGREEMENT [*if applicable*: AND MULTI-UNIT DEVELOPMENT AGREEMENT]

This Rider amends the Franchise Agreement [*if applicable*: and Multi-Unit Development Agreement] dated _____ (the “Agreement”), between Signal Health Group Franchise, Inc., a Nevada corporation (“Signal Health Group Franchising”) and _____, a _____ (“Franchisee”).

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Minnesota Act” means Minnesota Statutes, Sections 80C.01 to 80C.22.

2. Amendments. The Agreement is amended to comply with the following:

Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

The franchisor will protect the franchisee’s rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee’s right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, and therefore the applicable provision of the Agreement is amended to state “No action may be commenced pursuant to Minnesota Statutes, Section 80C.17 more than three years after the cause of action accrues.”

3. Fee Deferral. Article 4 of the Franchise Agreement is amended to add the following: “All fees paid to franchisor by franchisee, including payments for goods and services before

franchisee's business opens, are deferred until franchisor has satisfied all of franchisor's pre-opening obligations to franchisee and your franchise has opened for business.

4. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

SIGNAL HEALTH GROUP FRANCHISE,
INC.

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

NEW YORK RIDER TO FRANCHISE AGREEMENT [if applicable: AND MULTI-UNIT DEVELOPMENT AGREEMENT]

This Rider amends the Franchise Agreement [if applicable: and Multi-Unit Development Agreement] _____ (the “Agreement”), between Signal Health Group Franchise, Inc., a Nevada corporation (“Signal Health Group Franchising”) and _____, a _____ (“Franchisee”).

- 1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.
- 2. Waivers Not Required.** Notwithstanding any provision of the Agreement to the contrary, Franchisee is not required to assent to a release, assignment, novation, waiver or estoppel which would relieve Signal Health Group Franchising or any other person from any duty or liability imposed by New York General Business Law, Article 33 (the “New York Franchise Law”).
- 3. Waivers of New York Law Deleted.** Any condition, stipulation, or provision in the Agreement purporting to bind Franchisee to waive compliance by Signal Health Group Franchising with any provision of the New York Franchise Law, or any rule promulgated thereunder, is hereby deleted.
- 4. Governing Law.** Notwithstanding any provision of the Agreement to the contrary, the New York Franchise Law shall govern any claim arising under that law.
- 5. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:

SIGNAL HEALTH GROUP FRANCHISE,
INC.

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

NORTH DAKOTA RIDER TO FRANCHISE AGREEMENT [*if applicable*: AND MULTI-UNIT DEVELOPMENT AGREEMENT]

This Rider amends the Franchise Agreement [*if applicable*: and Multi-Unit Development Agreement] _____ (the “Agreement”), between Signal Health Group Franchise, Inc., a Nevada corporation (“Signal Health Group Franchising”) and _____, a _____ (“Franchisee”).

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

2. Amendments. The Agreement (and any Guaranty Agreement) is amended to comply with the following:

- (1) Restrictive Covenants: Every contract by which Franchisee, any Guarantor, or any other person is restrained from exercising a lawful profession, trade, or business of any kind is subject to NDCC Section 9-08-06.
- (2) Situs of Arbitration Proceedings: Franchisee and any Guarantor are not required to agree to the arbitration of disputes at a location that is remote from the site of Franchisee’s business.
- (3) Restrictions on Forum: Franchisee and any Guarantor are not required to consent to the jurisdiction of courts outside of North Dakota.
- (4) Liquidated Damages and Termination Penalties: Franchisee is not required to consent to liquidated damages or termination penalties.
- (5) Applicable Laws: The Agreement (and any Guaranty Agreement) is governed by the laws of the State of North Dakota.
- (6) Waiver of Trial by Jury: Franchisee and any Guarantor do not waive a trial by jury.
- (7) Waiver of Exemplary and Punitive Damages: The parties do not waive exemplary and punitive damages.
- (8) General Release: Franchisee and any Guarantor are not required to sign a general release upon renewal of the Agreement.
- (9) Limitation of Claims: Franchisee is not required to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
- (10) Enforcement of Agreement: The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney’s fees.

3. Fee Deferral. Article 4 of the Franchise Agreement is amended to add the following: “All fees paid to franchisor by franchisee, including payments for goods and services before

franchisee's business opens, are deferred until franchisor has satisfied all of franchisor's pre-opening obligations to franchisee and your franchise has opened for business.

4. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:

SIGNAL HEALTH GROUP FRANCHISE,
INC.

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

OHIO RIDER TO FRANCHISE AGREEMENT [if applicable: AND MULTI-UNIT DEVELOPMENT AGREEMENT]

This Rider amends the Franchise Agreement [if applicable: and Multi-Unit Development Agreement] dated _____ (the “Agreement”), between Signal Health Group Franchise, Inc., a Nevada corporation (“Signal Health Group Franchising”) and _____, a _____ (“Franchisee”).

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “BOPA” means the Ohio Business Opportunity Act, codified in Revised Code of Ohio, Title XIII, Chapter 1334.

2. Applicability of BOPA. Franchisee acknowledges that Signal Health Group Franchising is providing this Rider out of an abundance of caution, and that neither the execution of this Rider nor any other act of Signal Health Group Franchising constitutes an intent that BOPA apply to the transaction between Signal Health Group Franchising and Franchisee or an admission by Signal Health Group Franchising that the transaction fails to comply in any material respects with the trade regulation rule of the federal trade commission, “disclosure requirements and prohibitions concerning franchising,” 16 C.F.R. 436.1 et seq.

3. No Delivery of Goods or Services during Cancellation Period. Signal Health Group Franchising will not commence delivery of any goods or provide any services during the time within which Franchisee may cancel the Agreement as provided in Section 5 below.

4. Jurisdiction and Venue. In connection with the sale of the franchise, any provision in the Agreement restricting jurisdiction or venue to a forum outside of Ohio, or requiring the application of laws of another state, is void with respect to a claim otherwise enforceable under Sections 1334.01 to 1334.15 of the BOPA.

5. Cancellation. You, the franchisee, may cancel the transaction at any time prior to midnight of the fifth business day after the date you sign this Agreement. See the attached notice of cancellation for an explanation of this right.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

SIGNAL HEALTH GROUP FRANCHISE,
INC.

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

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

OHIO
NOTICE OF CANCELLATION

[Insert Date Agreement Signed by FRANCHISEE]

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the Agreement, and any negotiable instrument executed by you will be returned within ten business days following Signal Health Group Franchise, Inc.'s receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to Signal Health Group Franchising at your business address all goods delivered to you under this agreement; or you may if you wish, comply with the instructions of Signal Health Group Franchising regarding the return shipment of the goods at Signal Health Group Franchising's expense and risk. If you do make the goods available to Signal Health Group Franchising and Signal Health Group Franchising does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to Signal Health Group Franchising, or if you agree to return them to Signal Health Group Franchising and fail to do so, then you remain liable for the performance of all obligations under the Agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to Signal Health Group Franchise, Inc., at 3753 Howard Hughes Parkway, Suite 200, Las Vegas, Nevada 89169, or send a fax to Signal Health Group Franchising at *[Insert facsimile number]* or an e-mail to Signal Health Group Franchising at *[Insert email address]*, not later than midnight of *[Insert date that is five business days after the date above]*.

I hereby cancel this transaction.

FRANCHISEE:

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

RHODE ISLAND RIDER TO FRANCHISE AGREEMENT [if applicable: AND MULTI-UNIT DEVELOPMENT AGREEMENT]

This Rider amends the Franchise Agreement [if applicable: and Multi-Unit Development Agreement] dated _____ (the “Agreement”), between Signal Health Group Franchise, Inc., a Nevada corporation (“Signal Health Group Franchising”) and _____, a _____ (“Franchisee”).

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

2. Jurisdiction and Venue. Any provision of the Agreement restricting jurisdiction or venue to a forum outside the State of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under Rhode Island Franchise Investment Act.

3. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

SIGNAL HEALTH GROUP FRANCHISE,
INC.

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

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

**WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT
AND
RIDER TO FRANCHISE AGREEMENT [if applicable: AND MULTI-UNIT
DEVELOPMENT AGREEMENT]**

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

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.

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.

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.

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

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.

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.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee 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 any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Agreed to by:

FRANCHISOR:

SIGNAL HEALTH GROUP FRANCHISE,
INC.

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

~~Exhibit~~ **EXHIBIT K**
EFT AUTHORIZATION FORM

Bank Name: _____
ABA#: _____
Acct. #: _____
Acct. Name: _____

Effective as of the date of the signature below, _____ (“Franchisee”) hereby authorizes Signal Health Group Franchise, Inc. (“Franchisor”) or its designee to withdraw funds from the above-referenced bank account, electronically or otherwise, to make the following payments to Franchisor under the franchise agreement (the “Franchise Agreement”) between Franchisor and Franchisee: (1) all Royalty Fees; (2) all Marketing Fund Contributions; (3) all other fees authorized under the Franchise Agreement; and (4) any amounts charged by Franchisor or its affiliates in connection with equipment, inventory, supplies, and/or services that Franchisee purchases from Franchisor or its affiliates, as and when such amounts become due and owing to Franchisor and/or its affiliates. Franchisee acknowledges that Royalty Fees, Marketing Fund Contributions, and all other fees may be collected by Franchisor in the manner provided for in the Franchise Agreement. The parties further agree that all capitalized terms not specifically defined herein will be given the same definition as set forth in the Franchise Agreement.

Such withdrawals shall occur on a monthly basis, or on such other schedule as Franchisor shall specify in writing. This authorization shall remain in force and effect until terminated in writing by Franchisor. Franchisee shall provide Franchisor, in conjunction with this authorization, a voided check from the above-referenced account.

Agreed to by:

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

**PLEASE ATTACH A VOIDED BLANK CHECK FOR PURPOSES OF SETTING UP
BANK AND TRANSIT NUMBERS**

EXHIBIT L
CONFIDENTIALITY AND NONCOMPETE AGREEMENT

This Confidentiality and Noncompete Agreement (this “Agreement”) is made as of the date signed by below by _____, a resident of _____ (“Recipient”), in favor of Signal Health Group Franchise, Inc., a Nevada corporation, and its affiliates (collectively, “Signal Health Group Franchising”).

Background Statement. Recipient desires to evaluate a potential opportunity to enter into a franchise agreement with Signal Health Group Franchising (the “Proposed Opportunity”) for a Signal Health Group franchise. To induce Signal Health Group Franchising to disclose confidential information to Recipient, Recipient agrees as follows:

1. Confidentiality. “Confidential Information” means all non-public data information of or about Signal Health Group Franchising or its franchise system, including without limitation, trade secrets, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information, and know-how. Recipient shall (i) hold all Confidential Information in strict confidence and not disclose it to any person or entity; and (ii) not use Confidential Information for the purpose developing or operating a business similar to a Signal Health Group or competing against Signal Health Group Franchising or any of its franchisees or for any other purpose. The obligations of Recipient shall remain in force indefinitely or at least until such time as Recipient enters into a franchise agreement with Signal Health Group Franchising (in which case such franchise agreement shall supersede the terms of this agreement).

2. Noncompete. Recipient shall not directly or indirectly have any ownership interest in, lend money or provide financial assistance to, develop, or invest in, own, acquire, advise, or be employed by a Competitor anywhere in the United States for a period of three years from the date of this Agreement. For purposes of this agreement, “Competitor” is a business, other than a Signal Health Group Franchising business, which provides medical services, companion care, home healthcare services, including supplemental healthcare staffing services and personal care service.

3. Notice. Recipient shall promptly notify Signal Health Group Franchising in writing of any loss or unauthorized disclosure of any Confidential Information. If Recipient is requested or required to disclose any Confidential Information due to a lawsuit or similar action, Recipient shall promptly notify Signal Health Group Franchising. Upon the request of Signal Health Group Franchising, or upon termination of the Proposed Opportunity (whichever occurs first), Recipient shall promptly deliver to Signal Health Group Franchising all documents and electronic files containing or constituting Confidential Information, without retaining any copies.

4. Disclaimer. Signal Health Group Franchising makes no promise regarding its future business relationship with Recipient, and nothing herein obligates Signal Health Group Franchising to enter into a franchise agreement with Recipient.

5. Dispute Resolution.

(a) The laws of the state of Nevada (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties. The parties agree that any Nevada law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 5.

(b) Unless Recipient and Signal Health Group Franchising enter into a franchise agreement—in which case the Dispute Resolution provisions of such franchise agreement will govern this Agreement—for any legal proceeding between the parties the parties, Recipient and Signal Health Group Franchising agree that such proceeding will be brought in the United States District Court where Signal Health Group Franchising’s headquarters is then located. If there is no federal jurisdiction over the dispute, the parties agree that any such legal proceeding will be brought in the court of record of the state and county where Signal Health Group Franchising’s headquarters is then located. Each party consents to the jurisdiction of such courts and waives any objection that it, he or she may have to the laying of venue of any proceeding in any of these courts.

6. Miscellaneous. This Agreement contains the entire agreement of the parties related to the subject matter hereof, provided that nothing contained herein shall be deemed to waive, supersede, or otherwise modify any other confidentiality or non-compete obligations of Recipient. Signal Health Group Franchising shall be entitled to specific performance and injunctive relief as remedies for any breach of this Agreement, in addition to all other remedies available at law or in equity. If any provision of this Agreement is invalid, void or unenforceable, the remaining provisions will continue in full force. No modification or release hereunder shall be effective except by means of a written instrument executed by the parties hereto.

Agreed to by:

RECIPIENT:

Name:

Date:

EXHIBIT M
STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, 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	July 12, 2023
Hawaii	June 16, 2023
Michigan	July 6, 2023
North Dakota	July 6, 2023
South Dakota	June 11, 2023
Virginia	pending
Wisconsin	June 9, 2023

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.

~~Exhibit M~~

EXHIBIT N
RECEIPTS

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 Signal Health Group Franchise, Inc. 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. New York requires that you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If Signal Health Group Franchise, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (which are listed in Exhibit A).

The name, principal business address, and telephone number of each franchise seller offering the franchise is:

Name	Principal Business Address	Telephone Number
Hahn March	3753 Howard Hughes Parkway, Suite 200 Las Vegas, Nevada 89169	800-953-6183

Issuance Date: ~~May 18, 2024~~ April 12, 2023

I received a disclosure document dated ~~May 18, 2023~~ April 12, 2024, that included the following Exhibits:

- A. State Administrators and Agents for Service of Process
- B. Franchise Agreement for Non-Medical Services Business (with Guaranty and Non-Compete Agreement)
- C. Franchise Agreement for Medical Services Business (with Guaranty and Non-Compete Agreement)
- D. Multi-Unit Development Agreement
- E. Form of General Release
- F. Financial Statements
- G. Brand Standards Manual Table of Contents
- H. Current and Former Franchisees
- I. State Addenda to Disclosure Document
- J. State Addenda to Agreements
- K. EFT Authorization Form
- L. Confidentiality and Noncompete Agreement
- M. State Effective Dates
- ~~MN.~~ Receipt (2 copies)

Signature: _____

Print Name: _____

Date Received: _____

**Keep This Copy For Your Records
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 Signal Health Group Franchise, Inc. 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. New York requires that you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If Signal Health Group Franchise, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (which are listed in Exhibit A).

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- J. State Addenda to Agreements
- K. EFT Authorization Form
- L. Confidentiality and Noncompete Agreement
- M. State Effective Dates
- ~~M~~N. Receipt (2 copies)

Signature: _____

Print Name: _____

Date Received: _____

Return This Copy To Us--Signal Health Group Franchise, Inc.