

FRANCHISE DISCLOSURE DOCUMENT

2ND FAMILY FRANCHISING, LLC
Maryland limited liability company
1532 Liberty Road, Suite 105
Eldersburg, Maryland 21784
443-609-3640
theoffice@2ndfamily.com
www.2ndfamily.com



The franchisee will operate a personal assistance and non-medical home care business under the “2nd Family” trademarks. The franchised business will provide non-medical assistance and care to clients where they reside, whether in a permanent home or temporary living facility.

The total investment necessary to begin operation of a 2nd Family® franchise ranges from ~~\$400,305~~ \$112,325 to ~~\$476,299~~ \$198,500. This includes ~~\$52,500~~ \$60,000 that must be paid to the franchisor.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive the 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 government agency has verified the information contained in this document.**

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

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

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

Issuance Date: ~~March 22, 2023~~ June 3, 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 E.
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 C 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 2nd Family 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 2nd Family franchisee?	Item 20 or Exhibit E 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. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation or litigation only in Maryland. Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or litigate with franchisor in Maryland than in your own state.
2. **Spouse Liability.** Your spouse must sign a document that makes your spouse liable for your financial obligations under the franchise agreement, even though your spouse has no ownership interest in the business. This guarantee will place both your and your spouse's personal and marital assets, perhaps including your house, at risk if your franchise fails.
3. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise and loss of your investment.
4. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
5. **Mandatory Minimum Payments.** You must make minimum royalty and 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.

**2ND FAMILY FRANCHISING, LLC
Franchise Disclosure Document**

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ITEM 1: THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this disclosure document, the terms “Franchisor”, or “we” or “us” means 2nd Family Franchising, LLC, the Franchisor. The terms “we”, “us” and “Franchisor” do not include you, the “Franchisee”. We refer to the purchaser(s) of a 2nd Family® franchise, as “you” or “Franchisee”, whether an individual, a partnership, corporation, or limited liability company. If you are a corporation, partnership or other entity, our Franchise Agreement also will apply to your owners, officers and directors. If you are married and your spouse is not a partner in the franchise business, certain provisions of our Franchise Agreement will also apply to that spouse.

We were formed as a limited liability company in the State of Maryland on February 20, 2017. Our principal business address is 1532 Liberty Road, Suite 105, Eldersburg, Maryland, 21784, and our telephone number is 443-609-3640. We do business under our company name, “2nd Family” and its associated design (the “Marks”). Our affiliate, 2nd Family Properties LLC, has registered, or has filed for registration, our primary service marks on the Principal Register of the United States Patent and Trademark Office. We do not own or operate any businesses of the type you will be operating. We have not offered franchises in any other line of business. We only offer franchises which operate under the “2nd Family” Marks. We began offering franchises on September 1, 2017.

The principal business addresses of our agents for service of process are shown on Exhibit A.

Our Parents, Predecessors and Affiliates

We have a parent company, 2nd Family Holdings, LLC, a Maryland limited liability company with a principal place of business at 1532 Liberty Road, Suite 105, Eldersburg, Maryland, 21784. 2nd Family Holdings, LLC, was formed on February 20, 2017, and is our owner. 2nd Family Holdings, LLC, has not offered franchises in this or in any other lines of business previously.

We have no predecessor.

We have an affiliated company, 2nd Family Properties, LLC, a Maryland limited liability company with a principal place of business at 1532 Liberty Road, Suite 105, Eldersburg, Maryland, 21784. 2nd Family Properties, LLC, was formed on February 20, 2017, and is the owner of the certain of our Marks and has exclusively licensed use of the Marks to us. 2nd Family Properties, LLC, has not offered franchises in this or in any other lines of business previously.

We have a second affiliated company, 2nd Family Home Health Services, LLC, a Maryland limited liability company with a principal place of business at 1532 Liberty Road, Suite 105, Eldersburg, Maryland, 21784. 2nd Family Home Health Services, LLC, has operated a non-medical senior care and support services business in Baltimore, Maryland, and the surrounding counties, using the Marks since May 2012. 2nd Family Home Health Services, LLC, has not offered franchises in this or in any other lines of business previously.

The Franchise Offered:

We offer franchises for the right to operate a non-medical senior care and support services business under the 2nd Family Marks and using our distinctive operating procedures and standards in a designated territory (the “Franchised Business”). The Franchised Business will provide non-medical personal assistance, care and companionship to clients at their place of residence. The services offered by the Franchised Business include assistance with personal care, meal preparation, medication reminders, light housekeeping, transportation, general companionship, and other personal and home care tasks. The distinguishing characteristics of the Franchised Business include, but are not limited to, our distinctive and uniform trade dress standards, care standards, client communication standards, and standards for management, training, and promotion, all of which may be changed, improved or further developed by us at any time (the “System”).

Market and Competition:

The market for your Franchised Business consists of individuals requiring varying degrees of non-medical personal care and assistance. This market includes, but is not limited to, senior citizens, disabled individuals, and individuals recovering from chronic and acute illnesses or injuries. You will serve individuals needing short- or long-term care.

The residential, non-medical care industry is growing and is highly competitive. You will compete with home health care and non-medical care providers and other healthcare provider placement services, including national, regional and local agencies, offering services similar to those offered by your Franchised Business. There are other in-home, non-medical care franchises, as well as independent businesses and individual providers that may offer similar services and products. The market for our services is not seasonal but may be affected by economic conditions.

Industry Specific Regulations:

At all times during the operation of your Franchised Business, your caregivers must have current licenses as certified nursing assistants, or meet equivalent state requirements. A registered nurse must serve as your Director of Nursing. Your caregivers must attend all required continuing education or training programs to maintain their nursing assistant or registered nurse certifications.

Some states have licensing, certification or registration requirements applicable to some or all of the services you and your employees will be providing through your Franchised Business. You may be required to pay a fee to the state agency responsible for enforcing these requirements. Some states may require a minimum level of education or related work experience to obtain licenses.

Some states may also have specific record keeping or other requirements for service providers who receive payments from Medicare, Medicaid, or private health insurance. You will be responsible for investigating and complying with any such laws in your territory. You should thoroughly investigate all of these laws and requirements before purchasing a 2nd Family franchise.

You must comply with all local, state and federal laws and regulations that apply to the operation of your Franchised Business, including, among others, business operations,

insurance, discrimination, and employment laws. The Franchised Business is also subject to the federal Health Insurance Portability and Accountability Act (HIPAA), which sets standards for privacy of individuals' health information. Some states may require you to operate from a commercial office space. Your advertising of the Franchised Business is regulated by the Federal Trade Commission. There may be federal, state and local laws which affect your Franchised Business in addition to those listed here.

You should investigate whether there are any state or local regulations or requirements that may apply in the geographic area in which you intend to conduct business. You should consider both their effect on your business and the cost of compliance. You are responsible for obtaining all licenses and permits which may be required for your business.

ITEM 2: BUSINESS EXPERIENCE

President: Chadmark Tracey

Chad is our co-founder and owner and has served as our president since our company's inception. Chad is also the co-owner and president of our affiliate 2nd Family Home Health Services, LLC, which has provided non-medical senior care and support services since May 2012 in Baltimore, Maryland, and the surrounding counties. Chad founded the mortgage company Serenity First Financial, LLC, based in Eldersburg, Maryland, in March 2006 and had served as Serenity's president until July 2018.

Vice President: Joshua Markland

Josh is our co-founder and owner and has served as our vice-president since our company's inception. Josh is also the co-owner and vice-president of our affiliate 2nd Family Home Health Services, LLC, which has provided non-medical senior care and support services since May 2012 in Baltimore, Maryland, and the surrounding counties. From 2011 through 2013, Josh was a loan processor at Serenity First Financial, LLC, a mortgage company in Eldersburg, Maryland.

ITEM 3: LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4: BANKRUPTCY

No bankruptcies are required to be disclosed in this Item.

ITEM 5: INITIAL FEES

We will charge you an initial franchise fee ("Initial Franchise Fee") when you sign the Franchise Agreement. The Initial Franchise Fee is ~~Fifty-Two Sixty~~ ~~Thousand Five Hundred~~ Dollars (\$~~52,500.00~~-~~60,000~~). This payment is fully earned by us and due in lump sum when you sign the Franchise Agreement. The Initial Franchise Fee is not refundable under any circumstance.

Should you purchase multiple territories at once, you will receive a discounted rate of the additional territories, as follows: \$55,000 per territory for 2 territories, \$45,000 per territory for 3-5 territories, or \$40,000 per territory for 6-9 territories.

From time to time, we may offer special incentive programs as part of our franchise development activities. We reserve the right to offer, modify or withdraw any incentive program without notice to you. We currently offer an incentive whereby we will discount the Initial Franchise Fee by twenty percent (20%) for each subsequent territory that you purchase.

We currently offer a ~~40%~~ \$5,000 discount for one territory, on the Initial Franchise Fee to veterans of the U.S. armed forces who have been honorably discharged from the military and who otherwise meet our requirements.

ITEM 6: OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	<p>5.5% 5% of Gross Revenue, with a minimum royalty in the following amounts:</p> <p>Months 7-12, \$270.83 <u>\$500</u> monthly;</p> <p>Months 13-24, \$729.17 <u>\$800</u> monthly;</p> <p>Months 25-36, through the remainder of the term \$1,041.67 <u>\$200</u> monthly;</p> <p>Months 37-48, \$1,562.50 <u>\$25</u> through the remainder of the term for 2+ territories, <u>\$2,000</u> monthly;</p> <p>Month 49 through balance of the term, \$2,083.33 monthly</p>	The 5 th day following the close of the month	Payable to us. See footnote 1.

Type of Fee	Amount	Due Date	Remarks
Required Minimum Expenditure for Local Marketing and Advertising	During the first ninety (90) days of operation, you are required to spend at least \$10,000 on grand opening marketing activities. For months 4-12, you are required to spend at least \$10,000 in the aggregate, with a minimum of \$500 per month. Commencing Month 13, you are required to spend at least (i) \$1,000 per month, subject to increase to \$2,000 per month or (ii) 2% of Gross Revenues, whichever is greater.	As incurred.	Payable to third-party suppliers. All advertising must be approved by us. See Item 11. See footnote 2.
System Marketing Fund Contribution	1% or \$500 per month, subject to increase, whichever is greater	Monthly on the first royalty payment date of each calendar month	Payable directly to the System Marketing Fund. See footnote 3.
Advertising Cooperative	Up to one-half of your required minimum local advertising expenditure.	As determined by cooperative.	No cooperatives have been established as of the date of this Disclosure Document. You are required to join an advertising cooperative if one is formed. Cooperatives will be comprised of all franchised 2nd Family [®] outlets in a designated geographic area, or we may establish a national cooperative comprised of all franchised 2nd Family [®] outlets. Our affiliate-owned outlets may participate in an advertising cooperative, in our sole discretion. See footnote 4.

Type of Fee	Amount	Due Date	Remarks
System Platforms Charge	\$4,000	30 days after opening	Payable to us to provide you with customized software and application.
Bookkeeping Services Charge	\$600 1 month prior to opening; \$330 monthly fee for months 1 through 5 of operation	Monthly on the first royalty payment date of each calendar month	Payable to us for our preferred bookkeeping service provider for the first 6 months of operation of your Franchised Business.
Internal System Fees	\$525 per month, subject to increase	As incurred.	Payable to us or for system maintenance to third parties for access to and maintenance of your email address and client management and bookkeeping software. See footnote 5.
Call Center	Currently \$0	As determined by call center service provider and/or us.	No call center service has been established as of the date of this Disclosure Document. We reserve the right to establish a regional or national call center. In the event that a call center is established, you are required to pay to the call center or to us fees for all calls for services to be performed in the your Protected Area in accordance with such call center's then-current fee schedule.
Late Charge	\$75	As incurred	If you fail to pay us the Royalty Fee, System Marketing Fund Fee, or if you fail to submit your Gross Revenue report when due, we may charge you \$75 for each late submission in addition to interest charges explained below.
Interest Charge	1.5% per month from due date, or maximum allowed by law	As incurred	If you fail to pay us any amount when due, we may charge you interest on the unpaid balance until the payment is received.
Non-Sufficient Funds Fee	\$50	As incurred	If your check is returned or an electronic funds transfer from your bank account is denied for insufficient funds, for each occurrence we may charge you an Insufficient Funds Fee.

Type of Fee	Amount	Due Date	Remarks
Successor Agreement Fee	\$5,000	Before signing successor agreement	Payable to us. See Item 17.
Transfer Fee	<p>75% of the then-current initial franchise fee. <u>\$10,000</u></p> <p>For transfer to: (i) an existing franchisee in good standing, the transfer fee is 50% of the then-current initial franchise fee, (ii) owner(s) of the franchisee entity that does not change management control, the transfer fee is \$1,500 and (iii) a spouse, parent or child upon death or permanent disability, the transfer fee is \$3,500.</p>	Upon approval of the transfer	Payable to us. See Item 17
Interim Management Fee	Our then-current fee, which is currently \$250 per day for remote management or \$450 per day for on-site management during the term of interim management, plus all travel related and other expenses.	As incurred.	We may impose this fee (in addition to all regularly occurring fees such as the Royalty Fee and System Marketing Fund Contributions), payable to us, if we provide interim management of your Franchised Business due to lack of manager, default, death or disability.
Initial Training	No charge for initial training of up to two (2) people. You pay all travel and other	Travel and related expenses are due as incurred.	Initial training takes place in Eldersburg, Maryland. You must pay the incidental costs of attendance, which include but

Type of Fee	Amount	Due Date	Remarks
	related expenses incurred by all trainees. The current fee to train subsequently hired personnel is \$1,500 per person.		are not limited to, airfare, transportation, hotel and food costs for all trainees. Incidental costs are payable to third-party suppliers. Fees for additional or subsequent trainees are payable to us. We will provide you with a trainer for one (1) day at your location within thirty (30) following your opening. See Item 11.
Additional Training	A reasonable fee for all System training programs. You pay all travel and other related expenses incurred by you and your personnel to attend training.	As incurred.	See footnote 6.
Remedial Training Fee	Our then-current trainer per diem rate plus expenses. Our current per diem rate is 300 per day, plus travel and other expenses.	As incurred.	We may impose this fee, payable to us, if you request additional training in your territory from time-to-time, or if you are operating below our standards and we require you to have additional training. You must also pay all costs of our trainer, which include but are not limited to, airfare, transportation, hotel and meals.
Examination of Books and Records	Cost of examination plus related expenses.	As incurred.	We have the right under the Franchise Agreement to examine your books, records and tax returns. If an examination reveals that you have understated any Gross Revenue report by two percent (2%) or more, you must pay to us the cost of the audit and all travel and related expenses, in addition to repaying monies owed and interest on the monies owed.

Type of Fee	Amount	Due Date	Remarks
Evaluation Fee	Actual cost of inspection and testing of a proposed item or vendor.	As incurred.	Payable to us. See footnote 7.
Confidential Operating Manual Replacement Fee	\$100, or our then-current fee	As incurred	Paid to us
Quality Review Services	Varies	As incurred	Payable to third-party providers. See footnote 8.
Indemnification	Amount of loss or damages plus costs	As incurred.	See footnote 9.
Damages, Costs and Expenses for Non-compliance	Actual damages, costs and expenses	As incurred.	See footnote 10.
Insurance	Amount paid by us for your insurance obligations	As incurred	You must reimburse us for any insurance costs and other fees we incur due to your failure to meet the insurance obligations required by the Franchise Agreement.
Taxes	Amount of taxes	When incurred.	You must reimburse us for any taxes that we must pay to any taxing authority on account of either the operation of your Franchised Business or payments that you make to us, including, but not limited to any sales taxes or income taxes imposed by any authority.

Type of Fee	Amount	Due Date	Remarks
Recruiting Program Fee (OPTIONAL)	\$2,500 per month	As incurred	<p><u>At Franchisees option, they may opt into the recruiting program in which we will provide recruiting and screening services related to finding caregivers, and provide a "hot lead" caregiver candidate to the franchisee. The Franchisee shall determine whether or not to hire or further vet the caregiver candidate.</u></p> <p><u>If opted into by Franchisee, the minimum term of the recruiting program is twelve (12) months.</u></p>

All fees and expenses described in this Item 6 are nonrefundable and are uniformly imposed. Except as otherwise indicated in the preceding chart, we impose all fees and expenses listed and you must pay them to us.

¹ "Gross Revenue" includes all revenues and income from any source derived, invoiced or received, by you from, through, by or on account of the operation of the Franchised Business whether invoiced only or received in cash, in services, in kind, from barter and/or exchange, on credit (whether or not payment is actually received) or otherwise. It does not include (i) any sales tax or similar taxes collected from customers and turned over to the governmental authority imposing the tax, (ii) properly documented refunds to customers, or (iii) properly documented promotional discounts (i.e. vouchers). At our request, you must execute documents that allow us to automatically take the Royalty Fee from business bank accounts via electronic funds transfers. Interest and late fees will apply to any late payments or electronic funds transfer requests denied due to insufficient funds.

Obligation to begin to pay the Royalty Fee on Gross Revenue begins on your opening date, the day upon which the last of these obligations is met: (i) satisfactory completion of the Initial Management Training Program, (ii) hiring and training staff, (iii) obtaining all required licenses, and (iv) securing and outfitting a home-based or commercial office.

² Upon our request, you must furnish us with a quarterly report and documentation of local advertising expenditures during the previous calendar quarter.

³ We may increase the System Marketing Fund contribution at any time, provided that, your total required minimum expenditures for local advertising and the System Marketing Fund will not exceed the greater of (i) two percent (~~2%~~%) of your Gross Revenue or (ii) \$36,000 per year.

⁴ You may be required to contribute up to one-half of your local advertising expenditure to an advertising cooperative, if one is established. This contribution is in addition to your required contributions to the System Marketing Fund. Any contributions made by you to the advertising cooperative shall be credited against your required expenditures for local

advertising. Each outlet in the cooperative, whether franchised or affiliate-owned, shall have one vote to determine any fees or other requirements imposed by the advertising cooperative.

⁵ As of the date of this Disclosure Document, \$150 of the Internal Systems Fee is payable to us for proprietary system maintenance.

⁶ We may offer mandatory and/or optional additional training programs from time to time. If we require it, you must participate in additional training for up to three (3) days per year, at a location we designate. We may also require you to attend a national business meeting or annual convention for up to three (3) days per year, at a location we designate. We reserve the right to impose a reasonable fee for all additional training programs, including the national business meeting or annual convention. You are responsible for any and all incidental expenses incurred by you and your personnel in connection with additional training or attendance at Franchisor's national business meeting or annual convention, including, without limitation, costs of travel, lodging, meals and wages.

⁷ If you wish to purchase, lease or use any, equipment, supplies, services or other items from an unapproved supplier, you must request our prior written approval. As a condition to our approval, we may require inspection of the proposed supplier's facilities and evaluation and testing of the proposed item or service. We reserve the right to charge you a fee equal to our actual cost of any inspection and testing.

⁸ We may establish quality assurance programs conducted by third-party providers, such as, by way of example only, customer satisfaction surveys and periodic quality audits, to monitor the operations of your Franchised Business. If we require it, you must subscribe and pay the fees for any such program.

⁹ You must indemnify and hold us, our parent and affiliates, and all of our respective officers, directors, agents and employees harmless from and against any and all claims, losses, costs, expenses, liability and damages arising directly or indirectly from, as a result of, or in connection with your business operations under the Franchise Agreement, as well as the costs, including attorneys' fees, of defending against them.

¹⁰ If you breach the Franchise Agreement, you must pay us all damages, costs and expenses, including reasonable attorneys' fees, we incur in obtaining any remedy, injunctive or other relief to enforce the provisions of the Franchise Agreement.

**ITEM 7: ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT**

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee ¹	\$52,500 60,000	Lump sum payment in cash or	Upon signing the Franchise Agreement.	Us

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
		available funds.		
Your Training Expenses ²	\$1,950- \$2,500,000- <u>\$3,000</u>	As required for transportation, lodging & meals	As required by suppliers of transportation, lodging & meals.	Suppliers of transportation, lodging & meals.
Rent deposits ³	\$1,000- \$1,667- <u>\$5,000</u>	As required by landlord	As required by landlord	Landlord
Utilities Deposits ⁴	\$200 - \$500	As required by utility providers	As required by utility providers	Utility providers
Office Furniture, Fixtures, Equipment and Supplies ⁵	\$1,000- \$3,435,4,000	As required by supplier	Before opening	Suppliers
Signage ⁶	\$600- \$2- <u>\$5,500</u>	As incurred	Before opening	Suppliers
Licenses and Permits ⁷	\$25- \$310,000	As required by government agencies	Before opening, as required by government agencies	Government Agencies
Licensing Consultant Services Fee ⁸	\$2,000 - \$515,000	As required by supplier	Before opening	Supplier
Computer Systems ⁹	\$3,500 - \$7,2378,500	As required by suppliers	Before opening	Suppliers
Initial Inventory to Begin Operating ¹⁰	\$2,270,000 - \$3,000	As required by suppliers	Before opening	Suppliers
Professional Fees ¹¹	\$1,000 - \$35,000	As required by providers	As incurred	Attorney, Accountant, Other Professional Service Providers
Grand Opening Advertising	\$10,000-\$20,000	As required by supplier	As required by supplier	Suppliers
Insurance ¹²	\$5,000 - \$4015,000 (annually)	As required by insurer	Before opening	Insurer
<u>System Platforms Charge</u>	<u>\$4,000</u>	<u>Lump sum payment in cash or</u>	<u>30 days after opening</u>	<u>Payable to us.</u>

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
		<u>available funds.</u>		
Operating Expenses / Additional Funds – 3 months ¹³	\$19,260 \$62,260 \$20,000 - <u>\$40,000</u>	As incurred	Payroll weekly, other purchases according to agreed-upon terms	Employees, suppliers, etc.
TOTAL	\$400,305 \$176,299 \$112,325 - \$198,500			

¹ Please see Item 5 for information on incentive programs that may offer a discount on the Initial Franchise Fee.

² The cost of the Initial Management Training Program for up to two (2) people is included in the Initial Franchise Fee. The chart estimates the costs for transportation, lodging, and meals for your trainees. These incidental costs are not included in the Initial Franchise Fee. Your costs will depend on the number of people attending training, their point of origin, method of travel, class of accommodation and living expenses. The duration of the training program is five (5) days. This estimate does not include employee wages.

³ You are not required to operate the Franchised Business from a commercial office. You may operate from a home-based office, but you are required to lease a commercial office space to conduct caregiver orientations and/or client meetings. Some states may require you to operate your Franchised Business from a commercial office space.

⁴ Utility providers set the amounts of the utility deposits. A credit check may be required by the issuing utility company prior to the initiation of services, or a higher deposit required for first time customers. These costs will vary depending on the type of services required for the facility and the municipality or utility provider from which they are being contracted. We have based our estimate on the experiences of our affiliate. The figures in the chart include deposits that may be refundable to you at a later time. In most cases, your lease will require you to pay electric, gas, water, and other utilities directly; however, some landlords cover some utility charges through operating fees.

⁵ The furniture, fixtures and equipment required for your Franchised Business include desks, chairs, filing and storage cabinetry and systems, printer/copier, shredder, and a conference table. You must also have sufficient lighting. The cost of furniture and fixtures will vary depending on suppliers and the size and location of your Franchised Business location. You will also need incidental office supplies such as printing paper, writing implements, forms and stationery.

⁶ You are required to have exterior signage for your office and magnetic signage bearing the Marks for mounting on the exterior of your vehicle. A vehicle wrap is encouraged, but not required.

⁷ You are responsible for applying for, obtaining and maintaining all required permits and licenses necessary to operate your Franchised Business. This estimate includes the cost of local business licenses that typically remain in effect for 1 year. This estimate further includes the initial cost of licenses, certifications and/or permits that may be required by you or your employees to provide services offered by the Franchise. The costs of permits and licenses will vary by location.

⁸ We require you to use the services of our designated licensing consultant.

⁹ We require you to purchase computer systems and software meeting our minimum specifications for use in your Franchised Business. This estimate includes the cost of a laptop computer, a computer tablet, and purchase, installation and access to the business management and accounting software we require. You must also have Internet and other telecommunications equipment and services in accordance with our standards to permit electronic transmission of revenue information and client communication. We reserve the right to change your requirements for computer hardware and software at any time.

¹⁰ This estimate is for your initial marketing materials, forms and name badges.

¹¹ You may incur professional fees depending on the scope of work performed, which may include, legal and accounting fees to review franchise documents and costs of forming a separate legal entity. This list is not exhaustive. This amount will vary greatly depending on your specific needs and location. We strongly recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity, this disclosure document and the Franchise Agreement. It is also advisable to consult these professionals to review any other contracts that you will enter into as part of starting your Franchised Business.

¹² Before you open for business, you must purchase and maintain at your sole cost and expense the insurance coverage that we specify. Insurance costs and requirements may vary widely in different localities. The estimate is for 1 year of liability insurance coverage. We reserve the right to require additional types of insurance and coverage as provided in the Franchise Agreement.

¹³ This is an estimate of the amount of additional operating capital that you may need to operate your Franchised Business during the first three (3) months after commencing operations. We cannot guarantee that you will not incur additional expenses in starting the business that may exceed this estimate. This estimate includes such items as initial payroll and payroll taxes; Royalties, System Marketing Fund Contributions and the System Platforms Charge (as described in this disclosure document); bank charges; miscellaneous supplies and equipment; initial ~~staff~~ staffing and recruiting expenses, business development expenses; and other miscellaneous items. These estimates do not include any compensation to you nor do they include debt service. These items are by no means all-inclusive of the extent of possible expenses. We anticipate that you may need additional working capital of \$80,000 to \$100,000 for months 4 through 12 after opening.

We relied upon the experience of our affiliate-owned 2nd Family[®] outlet to compile these estimates. You should review these figures carefully with a business advisor before making any decision to invest in the franchise. These figures are estimates and we cannot guarantee that you will not have additional expenses starting your Franchised Business. Your additional costs will depend on factors such as how closely you follow our methods

and procedures; your management skill, experience, and business acumen; local economic conditions; the local market for our service; competition; and the sales level reached during your initial period. ~~We estimate that a franchisee can expect to put additional cash into the business during at least the first three to nine months, and sometimes longer. Notwithstanding, 2nd Family Franchising, LLC cannot estimate or guarantee when, or whether, any individual franchisee will achieve positive cash flow or profits.~~

We do not offer direct or indirect financing to franchisees for any items included in this section.

All fees and payments are non-refundable, unless otherwise stated or permitted by payee.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We have identified various suppliers, distributors and manufacturers of equipment, inventory, and services that your Franchised Business must use or provide which meet our standards and requirements. You must purchase all inventory, equipment, computer systems and certain software from our designated suppliers and contractors or in accordance with our specifications.

As of the date of this Disclosure Document, neither we nor any of our affiliates are an approved supplier or the only supplier of any good or service that you are required to purchase. However, we reserve the right to require you to purchase goods and services from us or any of our affiliates in the future. None of our officers or directors has an interest in any current approved supplier, although they may have an interest in a supplier the future.

We maintain written lists of approved items of equipment, fixtures, inventory and services (by brand name and/or by standards and specifications) and a list of designated suppliers and contractors for those items. We update these lists periodically and issue the updated lists to all franchisees.

You are required to use our approved consultant to secure your initial license to open and operate the Franchised Business.

You are required to use our approved bookkeeping service for the first six months of operation of your Franchised Business.

You must purchase and maintain at your sole cost and expense the insurance coverage that we specify. The minimum insurance required is comprehensive general liability insurance, including coverage for personal and advertising injury, in the amount of at least one million dollars (\$1,000,000) per occurrence and three million dollars (\$3,000,000) in the aggregate and a medical expense of five thousand dollars (\$5,000), or such higher amount as required by state laws; property and casualty insurance in an amount to cover the full replacement value of your equipment, furniture, fixtures, inventory, vehicles and inventory; business interruption insurance in an amount necessary to satisfy your obligations under your franchise agreement and your lease for the Franchise Business; automobile insurance in the amount of at least a combined single limit for bodily and property damage of at least a one million dollars (\$1,000,000), or greater if required by state law; statutory worker's compensation insurance in the limits required by state law; and employer's liability insurance, including coverage for physical/sexual abuse of a minimum of one million dollars

(\$1,000,000) per incident and a commercial crime bond of at least ten thousand dollars (\$10,000). Each policy must be written by a responsible carrier or carriers acceptable to us and must name us, and our respective officers, directors, partners, agents and employees as additional insured parties, and contain a waiver of the insurance company's rights of subrogation against us.

You must purchase and maintain at your sole cost and expense the computer systems that we specify. You are required to have an internet-capable laptop or desk-top computer that can operate the latest versions of software and computer platforms we require, which currently include: IPCed, Qvinci, Quickbooks Online, Zoho One, and AxisCare Home Care Software. We also require you to use email marketing and payroll processing software, a ~~reboiler~~, background check provider, and VOIP phone system with computer texting capabilities through vendors of your choosing.

We approve suppliers after careful review of the quality of the products and services they provide to us and our franchisees. If you would like us to consider another item or supplier, you must make such request in writing to us and have the supplier give us samples of its product or service and such other information that we may require. If the item and/or supplier meets our specifications, as we determine in our sole discretion, we will approve it as an additional item or supplier. We will notify you whether we approve or disapprove of the proposed item or supplier within 30 days after we receive all required information to evaluate the product or service. We reserve the right to revoke approval of any item or supplier that does not continue to meet our then-current standards. Our criteria for approving items and suppliers are not available to you. If you request that we approve a proposed item or supplier, we may charge you a fee equal to our actual cost and expense of inspection and testing.

In the fiscal year ending December 31, 2023, we did not receive any revenue from required purchases by franchisees.

We currently do not receive any revenue, rebates, discounts or other material consideration from any suppliers based on your required purchases of products, supplies or equipment; however, we may do so in the future, and any rebates or discounts we receive may be kept by us in our sole discretion.

We estimate that your purchase or lease of products, supplies and services from approved suppliers (or those which meet our specifications) will represent approximately ~~19-22-15-~~50% of your costs to establish your Franchised Business and approximately ~~6%5-25%%~~ of your costs for ongoing operation.

Currently, there are no purchasing or distribution cooperatives. However, we can require that you make your purchases through a cooperative if one is formed.

Although we do not do so currently, we may in the future negotiate purchase arrangements, including price terms, with designated and approved suppliers on behalf of all franchisees.

We provide no material benefits (such as the grant of additional franchises) based on your use of designated sources; however, failure to use approved items or designated suppliers and contractors may be a default under the Franchise Agreement. Additionally, when there is any default under the Franchise Agreement, we reserve the right, in addition to other

remedies available under the Franchise Agreement, to direct suppliers to withhold furnishing products and services to you.

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 or Article in Franchise Agreement	Item in Franchise Disclosure Document
a. Site Selection and Acquisition/Lease	8.1	11
b. Pre-Opening Purchase/Leases	8.2, 12.3.1	7, 11
c. Site Development & other Pre-Opening Requirements	8.1, 8.2	11
d. Initial and Ongoing Training	Article 7	11
e. Opening	8.2	11
f. Fees	5.2.5, Article 6, 7.4, 7.5, 12.3.7, 12.8, 12.9, 13.2, 13.3.1, 15.6, 16.4, 18.1.4, 18.1.5, 19.1.5	5, 6, 7
g. Compliance with Standards and Policies/Operating Manual	Article 9, 11.4, Article 12, 19.1.1	8, 11
h. Trademarks and Proprietary Information	9.4, Article 14, 19.2, 19.3, 19.4	13, 14
i. Restrictions on Products/Services Offered	12.8	8
j. Warranty and Customer Service Requirements	12.6	Not Applicable
k. Territorial Development and Sales Quotas	13.2	12
l. Ongoing Product/Service Purchases	Not Applicable	8
m. Maintenance, Appearance and Remodeling Requirements	Article 9, 12.1.1, 12.1.7, 12.3.1	Item 11

Obligation	Section or Article in Franchise Agreement	Item in Franchise Disclosure Document
n. Insurance	Article 15	7
o. Advertising	Article 13	6, 11
p. Indemnification	12.4, 12.5, 15.6, 16.3.6, 21.1	14
q. Owner's Participation, Management, Staffing	11.1, 11.3, 12.1.6	11, 15
r. Records/Reports	12.2	6
s. Inspections and Audits	12.1.6, 12.2.5, 12.9	6, 11
t. Transfer	Article 16	17
u. Renewal	Article 5	17
v. Post-Termination Obligations	Article 18	17
w. Non-Competition Covenants	19.5	17
x. Dispute Resolution	Article 20	17
y. Guaranty	Attachment 8	15

ITEM 10: FINANCING

We do not offer direct or indirect financing. We do not guarantee any note, lease, or obligation on your behalf.

ITEM 11: FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

1. Pre-Opening Obligations

Before you open your Franchised Business, we will:

- a. designate the boundaries of your territory (Franchise Agreement, Section 8.1, 10.1).
- b. provide the 2nd Family® Operations Manual and other manuals and training aids we designate for use in the operation of your 2nd Family Franchise, as they may be revised from time to time (Franchise Agreement, Section 10.2).

- c. provide a written list of equipment, fixtures, furnishings, signage, supplies and products that will be required to open the Franchised Business. (Franchise Agreement, Section 10.3).
- d. provide you with initial training at our headquarters in Eldersburg, Maryland. We will determine, in our sole discretion, whether you satisfactorily complete the initial training (Franchise Agreement, Section 7.1).
- e. provide you with samples or digital artwork of advertising and promotional materials for your initial marketing activities (Franchise Agreement, Section 10.4).

2. Time to Open

We estimate the typical length of time between the signing of the Franchise Agreement and the time you open your 2nd Family is ninety (90) days. Factors that may affect this time period include your ability to acquire license and permits, completion of required training and secure and outfit your home-based or commercial office. If you have not opened your Franchised Business within ninety (90) days after you sign the Franchise Agreement, you must obtain our consent to extend the time to open, which we may or may not grant, at our discretion. Failure to open your Franchised Business within the original time as extended, is a default of the Franchise Agreement. (Franchise Agreement, Sections 8.2).

Your 2nd Family will be considered open on the date of completion of the last of the following obligations: (i) satisfactory completion of the Initial Management Training Program, (ii) hiring and training staff, (iii) obtaining all required licenses, and (iv) securing and outfitting a home-based or commercial office.

3. Obligations After Opening

During the operation of your franchise, we will:

- a. At our option, provide a trainer for on-site or virtual training, supervision and assistance for one (1) day. (Franchise Agreement, Section 7.3).
- b. offer from time to time, in our discretion, mandatory or optional additional training programs. If we require it, you must attend mandatory additional training offered by us for up to three (3) days each year at a location we designate and attend an annual business meeting or franchisee conference for up to three (3) days each year at a location we designate. Failure to attend mandatory additional training or an annual business meeting or conference is a default of the Franchise Agreement. We reserve the right to impose a reasonable fee for tuition and/or attendance for all additional training programs, including the annual business meeting or conference. You must also pay your transportation, lodging, meals and other expenses to attend any mandatory training program. If you fail to attend any mandatory training program, you are required to obtain the training at a location we designate, at your sole cost, which includes tuition at the then-current rate, plus all of your travel costs and our trainer's travel costs. (Franchise Agreement, Section 7.4).

- c. upon your request, or as we determine to be appropriate, provide remedial in-territory training and assistance. For any in-territory training, you must reimburse all costs for the services of our trainer, including but not limited to the trainer's then-current per diem fee and all travel-related expenses, such as transportation, meals and lodging (Franchise Agreement, Section 7.5).
- d. upon your request, provide individualized assistance to you within reasonable limits by telephone, video conference, electronic mail or postage service, subject at all times to availability of our personnel and in reasonable limits (Franchise Agreement, Section 7.6).
- e. from time to time, as may become available, provide you with samples or digital artwork of advertising and promotional materials (Franchise Agreement, Section 10.4).
- f. maintain the 2nd Family® website with a link to your Franchised Business location. (Franchise Agreement, Section 12.3.6).
- g. provide you with any written specifications for required equipment, fixtures, products and services and provide you with updated lists of any approved suppliers of these items (Franchise Agreement, Section 10.5).
- h. suggest selling prices for the services and products offered by your Franchised Business. You have no obligation to adhere to our suggested prices, and you may provide your Franchised Business services and products at any price that you determine. Our suggested prices are not a representation, warranty or guarantee that such prices will enhance your sales or profit (Franchise Agreement, Section 12.7).
- i. approve or disapprove of all advertising, direct mail, and other promotional material and campaigns you propose in writing to us. We will respond within ten (10) business days, either accepting or rejecting the proposed material and/or campaign; however, if we do not respond within ten (10) business days, the proposed material and/or campaign is deemed "disapproved". (Franchise Agreement, Section 13.6).
- k. approve your office location, if you choose to relocate to commercial premises, which approval is in our sole discretion. You will commence operations at home. If you wish to move to a commercial location, you can do so with our approval. We consider the general location, neighborhood and demographic characteristics of the area when approving a site. We will not unreasonably withhold our approval. You must continue operating out of your home office until we approve a commercial office location (Franchise Agreement, Section 10.1).

4. Advertising

Local Advertising (Franchise Agreement, Sections 13.2 and 13.6)

We require you to spend at least \$10,000.00 in opening advertising and promotional activities during the ninety (90) days following the opening of your Franchised Business.

During Months 4-12 of your operation, you are required to spend at least \$10,000 additionally in the aggregate, with a minimum of \$500 per month. Commencing Month 13, you are required to spend at least (i) \$1,000 per month, subject to increase to \$2,000 per month or (ii) 2% of Gross Revenues, whichever is greater. Upon our request, you must furnish us with a quarterly report and documentation of local advertising expenditures during the previous calendar quarter. We reserve the right to collect some or all of your grand opening funds and/or your Local Advertising expenditure and implement grand opening campaign activities and/or Local Advertising on your behalf.

You may develop advertising materials for your own use at your own cost, and you may use marketing materials that we may offer to you from time to time. You may not use any advertising or marketing materials, including press releases, unless they have been approved in advance in writing by us, which approval may be withheld in our discretion. We will respond to your request for approval within ten (10) business days; however, if we do not respond within ten (10) business days, the proposed advertising or marketing material is deemed "disapproved".

We do not provide for placement of local advertising on your behalf, and we have no obligation to spend any amount on advertising in your area or territory. You are responsible for local advertising placement. You must list the Franchised Business in local business directories, including, but not limited to, listings on Internet search engines. If feasible, you may do cooperative advertising with other 2nd Family® franchisees in your area, with our prior written approval. You may not maintain any business profile on Facebook, Twitter, LinkedIn, YouTube, Instagram, TikTok or any other social media and/or networking site without our prior written approval.

System-wide Brand Fund (Franchise Agreement, Section 13.3)

You are required to contribute to the System Marketing Fund ~~the greater of~~ the greater of Five Hundred Dollars (\$500) per month ~~or one percent (1%) of gross sales per month.~~ We may increase the System Marketing Fund contribution at any time, provided that, your total required minimum expenditures for local advertising and the System Marketing Fund will not exceed the greater of (i) two percent (2%) of your Gross Revenue or (ii) \$36,000 per year. Each 2nd Family® outlet operated by our affiliate or us may contribute to the System Marketing Fund, in our discretion, but has no obligation to do so.

The System Marketing Fund is administered by our accounting and marketing personnel. We may use System Marketing Fund contributions to pay any and all costs for the development, production and placement of advertising, (both caregiver advertising and client advertising), marketing, promotional and public relations materials and programs. We may also use System Marketing Fund contributions to pay any and all costs of marketing seminars and training programs, market research, services of advertising and/or public relations agencies, and website development and maintenance. We may further use System Marketing contributions to pay our costs (including personnel and other administrative costs) for advertising that is administered by us or prepared by us, as well as for administration and direction of the System Marketing Fund.

The System Marketing Fund will not be used to defray any of our other general operating expenses. System Marketing Fund contributions will not be used to solicit new franchise sales; provided however, we reserve the right to include "Franchises Available" or similar

language and contact information in advertising produced with System Marketing Fund contributions.

The System Marketing Fund collects and expends the Brand System Marketing Fund contributions for the benefit of the System as a whole. We reserve the right to use the System Marketing Fund contributions to place advertising in national, regional or local media (including broadcast, print, or other media) and to conduct marketing campaigns through any channel, in our discretion, including but not limited to, Internet and direct-mail campaigns. We have no obligation, however, to place advertising or conduct marketing campaigns in any particular area, including the Territory where your Franchised Business is located.

The System Marketing Fund and its earnings shall not otherwise inure to our benefit except that any resulting technology and intellectual property shall be deemed our property.

We have no obligation to make expenditures that are equivalent or proportionate to your System Marketing Fund contribution or to ensure that you benefit directly or pro rata from the production or placement of advertising from the System Marketing Fund.

The System Marketing Fund is not audited. An annual unaudited financial statement of the System Marketing Fund is available to any franchisee upon written request.

If we spend more or less than the total of all contributions to the System Marketing Fund in any fiscal year, we may carry forward any surplus or deficit to the next fiscal year.

In our most recently concluded fiscal year ending December 31, ~~2022~~2023, the System Marketing Fund contributions were expended as follows: ~~44~~35% on website development, ~~43~~30% on ~~career site development~~, ~~48~~Production and ~~35~~35% on ~~digital advertising~~other.

Although the System Marketing Fund is intended to be of perpetual duration, we may terminate it at any time and for any reason or no reason. We will not terminate the System Marketing Fund, however, until all monies in the System Marketing Fund have been spent for advertising or promotional purposes or returned to contributors, without interest, on the basis of their respective contributions.

Regional Advertising (Franchise Agreement, Section 13.4)

Currently, our System has no regional advertising fund or cooperative. However, we may decide to establish a regional fund or cooperative in the future and your participation may be mandatory, in our sole discretion. A regional cooperative will be comprised of all franchised 2nd Family® outlets in a designated geographic area. Our affiliate-owned outlets may participate in a regional cooperative, in our sole discretion. Each 2nd Family® outlet will have one vote in the cooperative. We will determine in advance how each cooperative will be organized and governed. We have the right to form, dissolve, merge or change the structure of the cooperatives. If a cooperative is established during the term of your Franchise Agreement, you must sign all documents we request and become a member of the cooperative according to the terms of the documents.

If we establish a regional advertising fund or cooperative, you must contribute amounts we require. Your contributions to a regional advertising fund or cooperative will be in

addition to your required contributions to the Brand Fund; however, contributions made by you to a regional advertising fund or cooperative will be credited against your required expenditures for local advertising.

Advertising Council (Franchise Agreement, Section 9.5)

We do not have an advertising council composed of franchisees that advises us on advertising policies. The Franchise Agreement gives us the right, in our discretion, to create a franchisee advisory council to communicate ideas, including proposed advertising policies. If created, we will determine in advance how franchisees are selected to the council, which may include factors such as a franchisee's level of success, superior performance and studio profitability. We reserve the right to change or dissolve the council at any time.

5. **Computer Systems** (Franchise Agreement, Sections 6.1 & 12.3)

You are required to have an internet-capable laptop or desk-top computer that can operate the latest versions of software and computer platforms we require, ~~which currently include: IPCed, Qvinci, Quickbooks Online, Zoho One.~~ You must also purchase homecare business management software that we require. ~~The current System requirement is AxisCare Home Care Software.~~ ~~The AxisCare Home Care Software is a web-based management system for the private duty homecare industry.~~ ~~The AxisCare Home Care Software which is used for scheduling, case management, client communication and billing.~~ We also require you to use email marketing and payroll processing software, a ~~rebedialer,~~ background check provider, and VOIP phone system with computer texting capabilities through vendors of your choosing.

You must pay us Four Thousand Dollars (\$4,000.00) to customize software for your use ~~in Zoho One and our 2nd Family App.~~ The charge is due within thirty (30) days after you open for business.

You must purchase the required computer hardware and software, at your expense. The cost of purchasing the required hardware and software is \$3,500 ~~-- \$7,237-~~ **\$8,500**. The current software access fees are approximately \$375 per month, subject to increase.

There are no contractual limitations on the frequency and cost of upgrades and/or updates to the above-described systems. We may in the future modify or establish other sales reporting systems, as we deem appropriate, for the accurate and expeditious reporting of Gross Revenue and delivery of our products and services. You must fully cooperate in implementing any such modifications at your expense.

We have no obligation to maintain, repair, update or upgrade your computer and software. At your cost, you must provide on-going maintenance and repairs to your computer and software. You must upgrade your computer hardware and software as necessary to operate the most current version of our System requirements. We cannot estimate the cost of maintaining, updating and upgrading your computer hardware and software because it will depend on the make and model of your computer, repair history, usage, local cost of computer maintenance services in your area and technological advances that we cannot predict.

We reserve the right to have remote and independent access to your revenue information and client data generated by and stored in your computer system. There are no contractual limitations on our right to have full access to this information. At our option, we may retrieve, download, analyze and store such information and data at any time. Upon our request, you must sign any documents we require to allow us to independently and electronically access and retrieve the information stored in your computer system. We own all client data stored in your computer system.

6. Table of Contents of Operations Manual

The Table of Contents of our 2nd Family® Operations Manual, current as of the date of this Disclosure Document is attached as Exhibit D. The Operations Manual has a total of 275 pages.

7. Training (Franchise Agreement, Article 7)

You (if the franchisee is an individual) or all of your owners (if the franchisee is a business entity) must complete our five (5) - day Initial Management Training Program, to our satisfaction, at least two (2) weeks before opening your Franchised Business. We will train you at our headquarters in Eldersburg, Maryland or another location of our choosing, which may include remote sessions by webinar.

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
History/Philosophy of 2nd Family Home Health Services	.5	0	Eldersburg, MD/ Webinar
Use of the Manual	.5	0	Eldersburg, MD/ Webinar
Services Provided to 2nd Family Home Health Services Franchisees & Franchise Reporting Requirements	1	0	Eldersburg, MD/ Webinar
Pre-Opening Procedures	3	0	Eldersburg, MD/ Webinar
People Development	4	0	Eldersburg, MD/ Webinar
Recruiting Caregivers	4	2	Eldersburg, MD/ Webinar

Marketing	4	0	Eldersburg, MD/ Webinar
Developing Referral Network	1	8	Eldersburg, MD/ Webinar
Working With Clients	2	8	Eldersburg, MD/ Webinar
Daily Operating Procedures	4	8	Eldersburg, MD/ Webinar
TOTAL	24	26	

We periodically conduct our Initial Management Training Program throughout the year, as needed. Training will be provided by or under the direction of Chad Tracey and Josh Markland. Chad is our co-founder and owner. He is also the co-owner and president of our affiliate-owned 2nd Family outlet that has provided non-medical senior care and support services since May 2012. Chad has primary responsibility for sales, marketing and brand development of the 2nd Family® concept and builds and maintains relationships with referral sources. Josh is our co-founder and owner. He is also the co-owner and vice-president of our affiliate-owned 2nd Family outlet that has provided non-medical senior care and support services since May 2012. Josh oversees human resources functions and scheduling. He is also responsible for our digital marketing, graphic design, billing, payroll, technology and process management.

Our training materials consist of the Operations Manual. You will receive both classroom instruction and hands-on training. You may not commence operation of the Franchised Business unless and until we determine that you have successfully completed the Initial Management Training Program.

Within thirty (30) days of the opening of your Franchised Business, ~~we will~~ and at our sole discretion, we may provide a trainer, at no cost to you, for on-site training, supervision and assistance for one (1) day.

The cost of our instructors, training materials and one (1)-day in-Territory training for up to two (2) people is included in the Initial Franchise Fee. You must pay for all of travel and personal expenses, including, but not limited to, all costs for your transportation, meals, and lodging for yourself and your personnel. Our current fee to provide initial training to any additional trainees is \$1,500 per person.

If you do not complete our Initial Management Training Program to our satisfaction, we reserve the right to terminate the Franchise Agreement.

We reserve the right to charge a reasonable fee to provide initial training in Eldersburg, Maryland, to any manager you appoint, with our approval, after the initial opening of your Franchised Business. Our current fee to provide initial training to any approved manager is \$1,500 per person. You must also pay your manager's travel and personal expenses.

We may conduct mandatory or optional additional training programs, including an annual conference or national business meeting. If we require it, you must attend mandatory training programs that we offer for up to three (3) days each year, and an annual conference or national business meeting for up to three (3) days each year, at a location we designate. Failure to attend mandatory training, including an annual conference or business meeting is a default under the Franchise Agreement. We reserve the right to impose a reasonable fee for tuition and/or attendance for all additional training programs, including the annual business meeting or conference. You must also pay your transportation, lodging, meals and other expenses to attend any mandatory training program. If you fail to attend any mandatory training program, you are required to obtain the training at a location we designate, at your sole cost, which includes tuition at the then-current rate, plus all of your travel costs and our trainer's travel costs.

ITEM 12: TERRITORY

Under the Franchise Agreement, you have the right to establish and operate one (1) 2nd Family® outlet within a limited protected territory that will be defined after the location of your Franchised Business is identified and approved by us (the "Territory"). Your Territory is located in all or a portion of a listed town, city, or county, and is identified by a group of contiguous zip codes. The Territory is determined on an individual basis taking into account demographics, minimum numbers of households, and household incomes. Your Territory will have a minimum population of 40,000 individuals over the age of 65, based on the most recent census data and determined by a third-party mapping service. Your Territory will be defined and attached to your Franchise Agreement as Attachment 2. 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. If you do not yet have a location at the signing of the Franchise Agreement, you will receive a non-exclusive site search area list as Attachment 2.

During the term of your Franchise Agreement, and provided that you are not in default of your Franchise Agreement, we will not open another 2nd Family® outlet or grant the right to anyone else to open a 2nd Family® outlet within the Territory. However, notwithstanding this limited protection right we grant to you, we reserve all rights to sell our products and services under the Marks in the Territory (i) through alternative distribution channels, as discussed below, and (ii) to pre-existing clients. You are required to meet the following minimum revenue requirements:

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5+
<u>Single Territory</u> Minimum Annual					
Gross Revenue	None	\$175,000	\$250,000	\$375,000	\$500,000
<u>2 Territories (if applicable)</u>	None	\$250,000	\$400,000	\$600,000	\$800,000
<u>3+ Territories (if applicable)</u>	None	\$325,000	\$500,000	\$750,000	\$1,000,000

If you do not meet these minimum requirements, we have the right to reduce the size of your Territory or terminate your Franchise Agreement.

There is no other market penetration or other contingency that will affect your limited protected right to operate in your Territory during the term of your Franchise Agreement, unless you are in default of your obligations to us.

The Franchise Agreement entitles you to operate only at and from one (1) location within your Territory. You may not change the location of your Franchised Business office, except in accordance with the requirements of Section 8.3 of the Franchise Agreement. You may only relocate the Franchised Business office with our consent, and the relocation must be complete within 60 days. You are required to remove all identifying signs and property from the original office location.

The Franchise Agreement grants you no options, rights of first refusal or similar rights to acquire additional franchises within the Territory or contiguous territories. We may, but have no obligation to, consider granting to you the right to establish additional 2nd Family[®] outlets under other franchise agreements if you are in compliance with the Franchise Agreement and propose to open another 2nd Family[®] Franchise in an area and at a location we approve.

We reserve all rights not expressly granted in the Franchise Agreement. For example, we or our affiliates may own, operate or authorize others to own or operate 2nd Family[®] outlets outside of the Territory and may operate other kinds of businesses within the Territory. Although we do not currently do so and have no plans to do so, we and our affiliates may own, acquire, conduct, or authorize others to conduct, any form of business at any location selling any type of product or service not offered under the Marks, including a product or service similar to those you will sell at your Franchised Business. We reserve the right to merge with, acquire, or be acquired by, an existing competitive or non-competitive franchise network, chain, or other business; however, we will not convert any acquired business in your Territory to a franchise using our primary trademarks during the Term of your Franchise Agreement.

We also reserve the right to solicit, sell to, negotiated rates with, and service commercial healthcare providers that conduct business across multiple areas or have multiple locations either regionally or nationally, such as nursing homes and rehabilitation centers ("Commercial Accounts"). We will offer you the first right to service Commercial Accounts in your Territory, provided that you accept the negotiated terms.

We reserve the rights to offer (i) other services and products not offered under the Marks, (ii) other senior care concepts or products under the Marks or other trademarks, and (iii) products or services through other channels of distribution in the Territory including, but not limited to, co-branding with other caregiver businesses, and products offered through retail stores, the Internet or direct marketing ("Alternate Channels of Distribution"). You will receive no compensation for our sales through Alternative Distribution Channels in the Territory.

You may not use Alternative Distribution Channels to make sales inside or outside your Territory; however, we will include a listing on our website of your 2nd Family[®] Franchised Business location. You may only solicit sales from customers and referral sources in your Territory. Your local advertising must target customers and referral sources in your Territory. You may, however, solicit and service a client or solicit a referral source located outside of your Territory, provided that (i) the client or referral source is not located in an area serviced by another corporate or franchised 2nd Family[®] outlet, (ii) you did not solicit the client or

referral source in violation of your Franchise Agreement, and (iii) your receive our prior written approval. We reserve the right at any time, however, in our sole discretion, to revoke our prior approval for you to solicit and/or perform any services outside of your Territory, even to pre-existing clients or referral sources.

The Franchise Agreement does not grant you any right to participate in franchises, licensing programs or other business proposals for the sale and distribution of 2nd Family® products or services through Alternate Distribution Channels.

ITEM 13: TRADEMARKS

2nd Family Properties, LLC (“Licensor”) is the owner of the Marks and has granted us the exclusive right to use the Marks and license to others the right to use the Marks in the operation of a 2nd Family® outlet in accordance with the System. Unless you will be operating in the State of Texas, the Franchise Agreement will license to you the right to operate your Franchised Business under the 2nd Family® service marks, as described below (“Principal Marks”):

Mark	Registration Number	Registration Date	Register
	5300513	September 12, 2017	Principal
<u>2nd Family</u>	5285587	September 12, 2017	Principal

~~Licensor has filed all required affidavits.~~

~~In the State of Texas, the Franchise Agreement will license to you the right to operate your Franchised Business under the service marks, as described below:~~

Mark	Serial Number	Filing Date	Register
	<u>976509477389283</u>	October 27, 2022 <u>May 14, 2024</u>	Principal
			
<u>Always Family</u>	<u>976509357389285</u>	October 27, 2022 <u>May 14, 2024</u>	Principal

Licensor has filed all required affidavits.

~~With regard to the above Marks only, we do not have a federal registration for this principal trademark. Therefore, this trademark does not have many legal benefits and rights as a federally registered trademark. If our right to use these trademarks is challenged, you may have to change to an alternative trademark, which may increase your expenses.~~

You must notify us immediately when you learn about an infringement of or challenge to your use of the Principal Mark or other Marks. Licensor and we will take any action we think appropriate and, if you have given us timely notice and are in full compliance with the Franchise Agreement, we will indemnify you for all expenses and damages arising from any claim challenging your authorized use of the Principal Mark or other Marks. Licensor and we have the right to control any administrative proceedings or litigation involving the Principal Mark or other Mark licensed by us to you. You must cooperate fully with Licensor and us in defending and/or settling the litigation.

We reserve the right to substitute different Marks if we can no longer use the current Marks, or if we determine that substitution of different Marks will be beneficial to the System. In such event, we may require you, at your expense, to modify or stop using any Mark, including the Principal Mark, or to use one or more additional or substitute Marks.

You must not directly or indirectly contest Licensor's right, or our right, to the Principal Mark or other Marks.

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeals Board, the Trademark Administration of any state, or any court relating to the Marks. There is no pending infringement, opposition or cancellation. There is no pending material federal or state court litigation involving the Principal Mark or other Marks.

2nd Family Properties, LLC is party to an agreement with Second Family Home Care, LLC dated September 12, 2022, in which 2nd Family Properties, LLC has agreed not to use the 2nd Family Marks in the State of Texas. Our and your rights to use the Marks are subject to these restrictions.

Our license agreement with Licensor gives us broad rights to use the Marks in connection with the operation of the 2nd Family franchise System, and to sublicense to franchisees the right to use the Marks, in strict accordance with our Franchise Agreement. The term of our license agreement is for five (5) years, commencing August 15, 2017, and will automatically renew every five (5) years. The license agreement will terminate only upon (i) our bankruptcy or (ii) our election to terminate by providing 180 days' prior notice to the Licensor. A termination of the license agreement will have no effect on sublicenses granted to franchisees prior to the date of termination.

As of the date of this Disclosure Document, we are aware of an unaffiliated companion care business located in Detroit, Michigan using a similar trademark to 2nd Family, which may have superior rights to use such mark. We know of no other superior prior rights or infringing uses that could materially affect your use of the Principal Mark.

ITEM 14: PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We hold no patents and have no pending patent applications that are material to the franchise. We have registered no copyright with the United States Copyright Office. However, we claim copyrights on certain forms, advertisements, promotional materials and other written materials. We also claim copyrights and other proprietary rights in our Operations Manual and the contents of our website.

There are no current material determinations of, or proceedings pending in, the United States Patent and Trademark Office, the U.S. Copyright Office, or any court regarding any of our copyrights discussed above.

There are no agreements currently in effect that limit your right to use any of our copyrights. As of the date of this Disclosure Document, we are unaware of any infringing uses of or superior previous rights to any of our copyrights that could materially affect your use of them.

Our mutual obligations to protect your rights to use our copyrights are the same as the obligations for Trademarks described in Item 13 of this disclosure document.

During the term of the Franchise Agreement, you may have access to and become acquainted with our trade secrets, including, but not limited to, methods, processes, customer lists, vendor partnerships and/or relationships, sales and technical information, costs, product prices and names, software tools and applications, website and/or email design, products, services, equipment, technologies and procedures relating to the operation of your Franchised Business; systems of operation, services, programs, products, procedures, policies, standards, techniques, requirements and specifications which are part of the System; the Operations Manual; methods of advertising and promotion; instructional materials; marketing plans, business methods, research, development or know-how, any other information which we may or may not specifically designate as "confidential" or "proprietary", and the components of our System whether or not such information is protected or protectable by patent, copyright, trade secret or other proprietary rights (collectively called the "Confidential Information"). You agree that you will take all reasonable measures to maintain the confidentiality of all Confidential Information in your possession or control and that all such Confidential Information and trade secrets shall remain our exclusive property. You may never during the Initial Term, any Renewal Term, or after the Franchise Agreement expires or is terminated reveal any of our confidential information to another person or use it for any other person or business. You may not copy any of our Confidential Information or give it to a third party except as we authorize in writing to you prior to any dissemination. Any and all of your personnel who have access to our Confidential Information must sign our Confidentiality/Non-Competition Agreement (Franchise Agreement, Attachment 10).

You must promptly tell us when you learn about unauthorized use of any Confidential Information. We are not obligated to take any action, but will respond to this information as we think appropriate. We will indemnify you for losses brought by a third party concerning your use, in strict compliance with the Franchise Agreement, of the Confidential Information.

ITEM 15: OBLIGATIONS OF THE FRANCHISEE TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

The Franchise Agreement requires that you personally supervise your Franchised Business. You may not appoint a manager of the Franchised Business, unless you receive our prior written consent. Your manager must successfully complete our Initial Management Training Program and all other training courses we require. Your manager cannot have an interest or business relationship with any of our competitors. If the franchisee is a business entity, your manager is not required to have an equity interest in the franchisee entity but must otherwise meet our approval.

Your manager and all other personnel who will have access to our proprietary and Confidential Information and training must sign our Non-Disclosure/Non-Competition Agreement, which is attached to our Franchise Agreement as Attachment 10. If your Franchised Business is owned by an entity, all owners of the entity must personally sign the Franchise Agreement as a Principal. If you are a married individual, your spouse must sign our Personal Guaranty, which is attached to our Franchise Agreement as Attachment 8.

ITEM 16: RESTRICTION ON WHAT FRANCHISEE MAY SELL

You must offer and sell all products and services that are part of the System, and all services and products which we incorporate into the System in the future. You may only offer products and services that we have previously approved.

You may not use our Marks for any other business, and you may not conduct any other business at or through your Franchised Business operations or office. You cannot engage in any other business that competes with your Franchised Business, with us or our affiliates, or with 2nd Family® outlets owned by other franchisees, whether such business is inside or outside of the Territory.

We may add to, delete from or modify the products and services that you can and must offer. You must abide by any additions, deletions and modifications. There are no other limits on our rights to make these changes.

You may only sell products and services in the manner we prescribe. You may only solicit sales from customers and referral sources in your Territory. Your local advertising must target customers and referral sources in your Territory. You may, however, solicit and service a client or solicit a referral source located outside of your Territory, provided that (i) the client or referral source is not located in an area serviced by another corporate or franchised 2nd Family® outlet, (ii) you did not solicit the client or referral source in violation of your Franchise Agreement, and (iii) you receive our prior written approval. We reserve the right at any time, however, in our sole discretion, to revoke our prior approval for you to solicit and/or perform any services outside of your Territory, even to pre-existing clients or referral sources.

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 Agreement	Summary
a.	Length of the franchise term	Art. 4	Term is ten (10) years
b.	Renewal or extension of the Term	Art. 5	If you are in good standing as defined below, you can sign successor agreements for up to two (2) additional terms of five (5) years each, unless we have determined, in our sole discretion, to withdraw from the geographical area where your Franchise is located.
c.	Requirements for franchisee to renew or extend	Sections 5.2 and 5.3	Be in full compliance, have no more than three (3) events of default during current term, provide written notice to us at least six months before the end of the term, execute a new franchise agreement, pay us a successor agreement fee of \$5,000, repair, replace or re-decorate the equipment and other Franchised Business assets to meet then-current specifications, execute a general release, comply with then-current qualifications and training requirements, including completion of additional training. You may be asked to sign a new Franchise Agreement with materially different terms and conditions than your original Franchise Agreement.
d.	Termination by franchisee	None	You may seek termination upon any grounds available by state law.
e.	Termination by franchisor without cause	Section 16.7	The Franchise Agreement will terminate upon your death or permanent disability, and the Franchise must be transferred within six (6) months to a replacement franchisee that we approve.
f.	Termination by franchisor with cause	Article 17	We may terminate only if you default. The Franchise Agreement describes defaults throughout. Please read it carefully.
g.	"Cause" defined – curable defaults	Section 17.3	You have 5 days to cure non-payments and any other defaults (except for non-curable defaults listed in the Franchise Agreement and described in h. immediately below).

	Provision	Section in Franchise Agreement	Summary
h.	"Cause" defined - non-curable defaults	Sections 17.1 and 17.2	<p>The Franchise Agreement will terminate automatically, without notice for the following defaults: insolvency; bankruptcy; written admission of inability to pay debts; receivership; levy; composition with creditors; unsatisfied final judgment for more than 30 days; or foreclosure proceeding that is not dismissed within 30 days.</p> <p>We may terminate the Franchise Agreement upon notice to you if you: do not obtain required licenses and permits, find an acceptable office location and/or open the Franchised Business within required time frames; falsify any report to us; fail to operate for a period of five (5) consecutive days or more; fail to comply with applicable laws; understate Gross Revenue two (2) or more times; fail to comply with insurance and indemnification requirements; attempt a transfer in violation of the Franchise Agreement; fail, or your legal representative fails to transfer as required upon your death or permanent disability; misrepresent or omit a material fact in applying for the Franchise; are convicted or plead no contest to a felony or crime that could damage the goodwill or reputation of the Marks or the System; receive an adverse judgment in any proceeding involving allegations of fraud, racketeering or improper trade practices or similar claim that could damage the goodwill or reputation of the Marks or the System; conceal revenues or maintain false books; create a threat or danger to public health or safety; refuse an inspection or audit by us; use the Marks, copyrighted material or Confidential Information in an unauthorized manner; make an unauthorized disclosure of Confidential Information; fail to comply with non-competition covenants; default in the performance of your obligations three (3) or more times during the term or receive two (2) or more default notices in any 12-month period; default under any other agreement with us or our affiliate; have insufficient funds to honor a check or EFT two (2) or more times within any twelve (12)-month period; fails to meet Minimum Performance Standards; or terminate the Franchise Agreement without cause.</p>

	Provision	Section in Franchise Agreement	Summary
i.	Franchisee's obligations on termination/ non-renewal	Article 18	Upon termination, you must: cease operations; cease to identify yourself as a 2nd Family® franchisee; cease to use the Marks; cancel any assumed name registration that contains any Mark; pay us and our affiliates all sums owing; pay us any damages, costs or expenses we incur in obtaining any remedy for any violation of the Franchise Agreement by you, including, but not limited to attorneys' fees; deliver to us all Confidential Information, the Operations Manual and all records and files related to your Franchised Business; comply with the non-disclosure and non-competition covenants; pay liquidated damages; sell to us, at our option, all furnishing, fixtures, equipment, inventory and supplies of your Franchised Business; and assign, at our option, your telephone numbers, directory and internet listings, and social media and software accounts.
j.	Assignment of contract by franchisor	Section 16.1.1	No restrictions on our right to assign.
k.	"Transfer" by franchisee defined	Section 16.3	Any assignment, sale, transfer, gift, devise or encumbrance of any interest in the Franchise Agreement, the Franchised Business, any assets of the Franchised Business, or in the Franchisee (if the Franchisee is a business entity).
l.	Franchisor approval of transfer by franchisee	Section 16.3	No transfer is allowed without our consent, which we will not unreasonably withhold.

	Provision	Section in Franchise Agreement	Summary
m.	Conditions for franchisor approval of a transfer	Section 16.3 and 16.4	Conditions include: our decision not to exercise our right of first refusal; transferee meets our then-current standards for qualifying franchisees; transferee signs our then-current form of Franchise Agreement, which may have materially different terms from your Franchise Agreement; transferee successfully completes our Initial Management Training Program; you have paid us and third-party creditors all amounts owed; you and the transferee sign a General Release in the form of Attachment 4 to the Franchise Agreement; you shall subordinate any claims you have against the transferee to us; you will indemnify us for a period of 3 years following the transfer; our approval of the material terms and conditions of the transfer; and payment of a transfer fee equal to 75% of the then-current initial franchise fee or 50% of the then-current initial franchise fee for transfer to an existing franchisee in good standing of \$10,000, or \$1,500 for transfer to an entity owned and controlled by the franchisee for convenience purposes or \$3,500 for a transfer to a spouse, parent or child upon death or permanent disability.
n.	Franchisor's right of first refusal to acquire franchisee's business	Section 16.6	You must promptly notify us of any written offer to purchase your Franchise. We have 30 days to exercise our first right to buy it on the same terms and conditions, provided that (a) we may substitute cash for any other consideration (b).we may pay the entire purchase price at closing, (c) our credit is deemed as good as the proposed purchaser, (d) we have at least 60 days to close and (e) you shall give us all customary seller's representations and warranties.
o.	Franchisor's option to purchase franchisee's business	Section 18.2	Upon termination of the Franchise Agreement, we have the option to purchase your furniture, fixtures, equipment, signs, advertising materials, supplies and inventory at your cost or fair market value, whichever is less.
p.	Death or disability of franchisee	Sections 16.3, 16.4 and 16.7	The Franchise Agreement will terminate upon your death or permanent disability, and the Franchise must be transferred within six (6) months to a replacement franchisee that we approve.

	Provision	Section in Franchise Agreement	Summary
q.	Non-competition covenants during the term of the franchise	Section 19.5.1	You may not: divert, or attempt to divert, customers of any 2nd Family® outlet (including yours) to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing business, induce any person employed by us to leave their employment; do any act that could damage the goodwill of the Marks or System, or disrupt or jeopardize our business or that of our franchisees.
r.	Non-competition covenants after the franchise is terminated or expires	Section 19.5.2	For 24 months after the termination of the Franchise Agreement, you may not: divert, or attempt to divert, customers of any 2nd Family® outlet (including yours) to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing business within 50 miles of your former 2nd Family® outlet territory or any other 2nd Family® outlet territory, induce any person employed by us; do any act that could damage the goodwill of the Marks or System, or disrupt or jeopardize our business or that of our franchisees.
s.	Modification of the agreement	Sections 9.4, 14.6, 19.1.4 and 21.4	No oral modifications generally, but we may change the Operations Manual and System standards at any time. You may be required to implement these changes at your own costs. We have the right to modify our Marks at any time upon written notice to you.
t.	Integration/merger clause	Section 21.4	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.
u.	Dispute resolution by arbitration or mediation	Sections 20.1 and 20.2	At our option, claims that are not resolved internally may be submitted to non-binding mediation at our headquarters.
v.	Choice of forum	Section 20.3	Litigation takes place in Maryland, subject to applicable state law.
w.	Choice of law	Section 20.3	Maryland law applies, subject to applicable state law.

See the state addenda to this Franchise Disclosure Document and the Franchise Agreement for special state disclosures.

ITEM 18: PUBLIC FIGURES

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

ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS

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

This financial performance representation is a historic representation of our corporate and franchised outlets in operation on December 31, ~~2023~~2022, our fiscal year end. On December 31, ~~2023~~2022, we had a total of 4 franchised outlets in operation. We have excluded the results of 1 franchised outlet who was new to the system and did not operate for the full 12 months of fiscal year ~~2023~~2022.

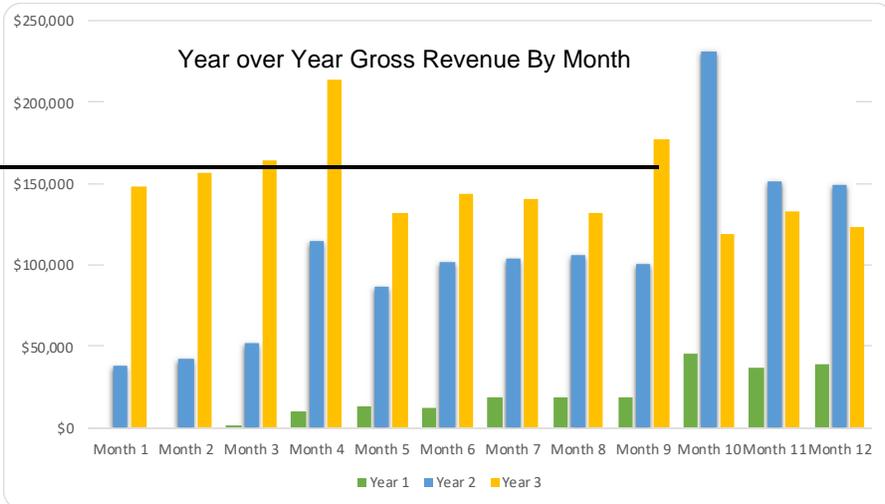
Average Monthly Gross Revenue Per Franchised ^{L 1 stands for Location} Opened For More Than 12 Months As Of December 31, 1, which is 2022

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total	
Year 1 of Operations	\$0	\$0	\$1,651	\$10,046	\$12,715	\$12,025	\$19,051	\$18,356	\$18,746	\$45,871	\$36,720	\$38,932	\$ 214,110	Median
													\$ 307,732	High
													\$ 120,488	Low
Year 2 of Operations	\$38,175	\$42,722	\$51,641	\$114,803	\$86,080	\$101,986	\$103,791	\$105,731	\$100,677	\$231,363	\$151,405	\$149,127	\$1,277,501	
Year 3 of Operations	\$147,908	\$ 156,224	\$164,540	\$213,947	\$131,988	\$144,168	\$140,811	\$132,155	\$177,462	\$118,525	\$132,931	\$123,298	\$1,783,957	

¹The data above for the first year of operations includes 3 outlets that have operated for at least 12 months corporate office. It has been open since 2012

²The data above for the second year of operations includes a second outlet purchased by the franchisee in August, 2021. This franchisee combines reporting for both outlets.

³The third year of operations data includes 1 outlet that has operated for at least 36 months.



L2 stands for Location 2, which has been open since Jan 1, 2020

L3 stands for Location 3, which has been open since Apr 4, 2022

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2023 Monthly Revenue

L4 stands for Location 4, which has been open since Sep 19, 2022

L5 stands for Location 5, which has been open since Jun 19, 2023

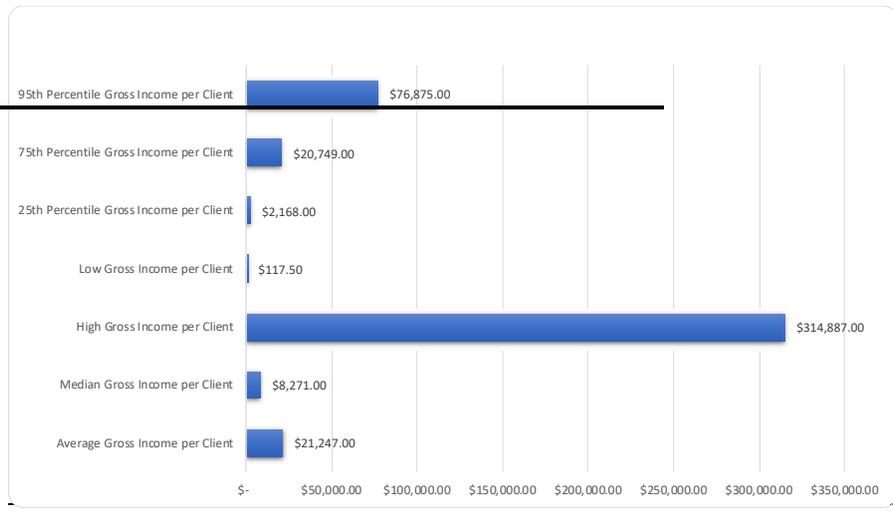
-	-	-	-
-	-	-	-
Yearly Gross Income Per Client *			-

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Tot
48,300	172,000	183,300	164,700	173,600	230,200	219,600	171,300	171,400	156,300	163,700	168,800	2,123,000
21,600	117,600	120,900	134,300	176,200	181,900	189,200	193,300	171,800	186,300	162,700	167,800	1,923,000
26,700	54,400	62,400	30,400	-	48,300	30,400	-	0	0	0	0	199,000
230	5,230	7,990	5,900	9,250	11,490	12,220	8,271.00 ⁵⁵	8,680	8,700	9,610	9,750	104,600

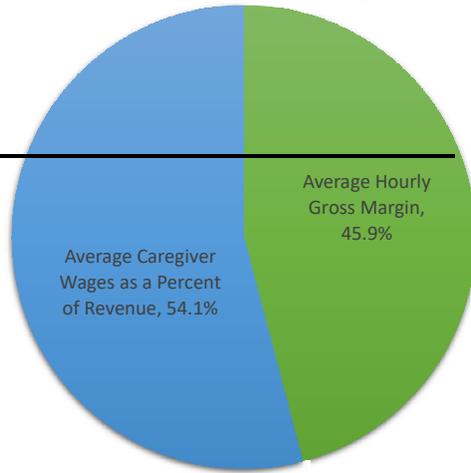
Client	9,330	10,080	13,900	10,420	17,450	11,400	10,170	29,740	34,800	36,590	42,180	52,600	60,490
High Gross Income per Client													
Low Gross Income per Client													
25th Percentile Gross Income per Client													
75th Percentile Gross Income per Client													
95th Percentile Gross Income per Client													
Average Weekly Billable Hours per Client													
Median Weekly Billable Hours per Client													
High Average Weekly Billable Hours per Client													

erage												
urly												
oss												
rgin	N/A	N/A	N/A	N/A	N/A	N/A	7.170	6.820	10.600	45.9%	10.670	14.170

Average Caregiver Wages as a Percent of Revenue	54.1%
Median Hourly Gross Margin	45.9%
Median Caregiver Wages as a Percent of Revenue	54.1%



Average Gross Margin



■ Average Hourly Gross Margin ■ Average Caregiver Wages as a Percent of Revenue

¹ The figures in the above tables have not been audited.

² Gross Revenues are total revenue, less any client refunds.

2024 Monthly Revenue						
	Jan	Feb	Mar	Apr	Total	Average
L1	174,700	158,600	167,900	160,400	661,600	165,400
L2	200,700	204,500	220,800	225,280	851,280	212,820
L3	15,220	2024 Total Monthly Client Hours Billed				
L4	69,330	54,640	94,830	80,270	268,470	67,118
L5	17,180	16,280	31,190	25,730	90,380	22,595

L1	4,950	4,550	4,820	4,930	18,950
L2	5,980	6,000	6,430	6,280	24,690

2023 Total Monthly Client Hours Billed													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
L1	4,661	5,482	5,975	4,764	4,989	6,598	6,151	4,949	4,864	4,301	4,665	4,780	62,379
L2	3,531	3,443	3,522	3,997	5,274	5,538	5,830	6,099	5,162	5,602	4,861	5,011	57,869
L3	256	189	304	206	321	410	450	308	280	294	329	393	3,741
L4	500	513	635	330	487	212	830	813	866	1,062	1,059	1,197	8,504
L5	-	-	-	-	-	-	222	256	444	422	423	495	2,262

2023 Monthly Client Count

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
L1	34	44	43	47	46	51	54	44	49	55	56	60	153
L2	17	22	30	30	25	23	26	23	26	26	24	23	69
L3	2	4	7	3	5	8	7	7	4	5	7	13	28
L4	3	3	6	5	6	6	10	13	14	14	13	15	38
L5	=	=	=	=	=	=	1	3	4	5	7	8	16

2024 Monthly Client Count

	Jan	Feb	Mar	Apr	Total
L1	57	59	53	52	82
L2	27	27	28	27	40
L3	15	21	29	24	51
L4	16	17	17	15	38
L5	7	9	12	11	16

2023 Caregivers with Visits

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
L1	77	96	92	94	97	112	105	96	106	97	88	92	223
L2	36	41	37	46	50	53	46	48	54	52	52	49	107
L3	7	6	6	3	6	9	11	8	6	10	9	11	24
L4	11	10	11	10	15	9	15	14	18	24	23	25	63
L5	=	=	=	=	=	0	1	8	9	9	14	12	23

2024 Caregivers with Visits

	Jan	Feb	Mar	Apr	Total
L1	102	100	100	96	148
L2	53	54	58	50	77
L3	14	16	21	20	32
L4	26	21	24	25	45
L5	12	10	17	15	18

2023 Avg Caregiver Hours Worked per Month

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
L1	60	57	65	50	51	59	58	51	46	46	53	52
L2	92	80	92	82	94	87	97	98	82	93	82	86
L3	36	31	50	68	53	45	38	38	46	29	34	31
L4	20	25	36	39	29	21	46	53	45	42	44	46
L5	=	=	=	=	=	=	23	27	48	39	27	36

2024 Avg Caregiver Hours Worked per Month				
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>
L1	<u>49</u>	<u>46</u>	<u>48</u>	<u>48</u>
L2	<u>97</u>	<u>97</u>	<u>103</u>	<u>120</u>
L3	<u>35</u>	<u>47</u>	<u>46</u>	<u>46</u>
L4	<u>60</u>	<u>58</u>	<u>58</u>	<u>66</u>
L5	<u>48</u>	<u>56</u>	<u>56</u>	<u>56</u>

Footnotes

- 1) All figures are unaudited and reported by the franchise owners
- 2) Gross revenue figures are directly from the home care software and calculated on a date-of-service basis
- 3) L1 is owned by the corporate office and operates in a larger territory than that listed in the FDD as a standard size
- 4) L2 operates in two territories and combines reporting
- 5) Gross revenue numbers for L4 in 2024 includes revenue for services performed, but not yet invoiced, due to the Change Healthcare service interruption
- 6) Client Count is reported as clients who have received services at any point during the month. Some clients continue over many months, while some do not. The Total column include the total number of clients for which services were rendered during the calendar year
- 7) Active Caregivers are those listed on the active roster and does not reflect the number of caregivers who performed services
- 8) Average Caregiver Hours Worked per Month only include caregivers who worked a shift during the month and does not take into account caregivers who are on the active roster but did not perform any services
- 9) Data above is taken from all locations in operation as of May 1, 2024

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2023 Revenue & Expense Info (Jan 1 - Dec 31)

Location	Location 1	Location 2	Location 3	Location 4	Location 5 Jun-Dec
Income	2,112,328	1,899,380	105,202	303,584	49,998
Caregiver Wages (including RN)	1,210,852	1,269,629	58,915	182,030	33,406
Total Non-Caregiver Salary Expense	270,496	35,697	24,020	25,929	-
Marketing & Advertising	10,946	24,075	30,075	30,263	7,948
Insurance	27,278	41,107	3,278	7,506	2,450
Rent	48,518	5,456	6,000	15,600	3,125
Royalties (Imputed) 5.50%	116,178	104,466	5,786	16,697	2,750
Systems Fee (Imputed) 525	6,300	6,300	6,300	6,300	3,675
Revenue Less Disclosed Expenses*	421,759	412,650	(29,172)	19,260	(3,356)

*Does not include any expenses not listed above

2024 Revenue & Expense Info (Jan 1 - Mar 31)

Location	Location 1	Location 2	Location 3	Location 4	Location 5
Income	533,915	659,064	28,275	194,705	91,313
Caregiver Wages (including RN)	326,702	379,651	31,830	97,378	37,147
Total Non-Caregiver Salary Expense	77,088	8,509	5,985	6,783	-
Marketing & Advertising	2,616	5,788	3,487	11,582	2,459
Insurance	8,485	13,469	607	2,637	983
Rent	12,370	3,314	1,500	1,650	1,275
Royalties (Imputed) 5.50%	29,365	36,249	1,555	10,709	5,022
Systems Fee (Imputed) 525	1,575	1,575	1,575	1,575	1,575

Revenue Less Disclosed Expenses*	75,714	210,509	(18,265)	62,392	42,852
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**Does not include any expenses not listed above*

Footnotes

- 1) Revenue and Expense numbers are pulled from the Profit and Loss statements provided by the franchise owners accounting software
- 2) These numbers have not been audited, and some sub-accounts have been combined to provide the expense items listed above
- 3) Profit and Loss statements are report on a date-of-invoice basis. That is why these numbers are different from the KPI Gross Revenue numbers, which are reported on a date-of-service basis.
- 4) Due to the Change Healthcare service interruption, Location 3 has performed services that have been delayed regarding billing submission and reimbursement. This P&L statement has been modified to include those rendered services in the Income category for Jan 1 - Mar 31 2024
- 5) Location 1 has a larger than required office, and thus Rent is not indicative of a standard franchise location
- 6) Due to semi-absentee ownership, Location 1 has larger non-caregiver payroll

~~2022 through December 2022 only. New clients who began services late in the year would not be adequately represented in these numbers. Some clients receive care for multiple years. This chart does not indicate the average lifetime value of a client.~~

~~————⁴Due to COVID-19, one franchise location did not open continuously until April 2020.~~

~~————⁵One Franchisee operates two outlets and combines reporting.~~

Written substantiation of the data used in preparing these figures will be made available to you upon reasonable request. The information presented above has not been audited.

Some outlets have earned this amount. Your individual results may differ. There is no assurance that you'll earn as much.

~~The actual performance of your Franchised Business depends on a variety of factors, including the demographics of your Territory, population shifts, your own management and marketing skills, experience and business acumen, local economic conditions, the local market for our products and services, competition, and other factors.~~

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Chad Tracey, 2nd Family Franchising, LLC, 1532 Liberty Road, Suite 105, Eldersburg, Maryland,

21784, 443-609-3640, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

System-wide Outlet Summary
For Years ~~2020~~2021 to ~~2023~~2022

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2021 2020	<u>0</u> 1	43	+42
	2022 2021	43	45	+32
	2022 2023	45	46	0+1
Company – Owned*	2021 2020	1	1	0
	2022 2021	1	1	0
	2022 2023	1	1	0
Total Outlets	2021 2020	42	24	+42
	2022 2021	24	56	+32
	2022 2023	56	57	0+1

Table No. 2

Transfers of Outlets From Franchisees to New Owners (Other than the Franchisor)
For Years ~~2020~~2021 to ~~2022~~2023

Column 1 State	Column 2 Year	Column 3 Number of Transfers
None	2021 2020	0
	2021 2022	0
	2022 2023	0
Total	2021 2020	0
	2022 2021	0
	2022 2023	0

Table No. 3

Status of Franchised Outlets
For Years ~~2020~~2021 to ~~2022~~2023

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non- renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations - Other Reasons	Column 9 Outlets at End of the Year
Georgia	2021 2020	0	0	0	0	0	0	0
	2022 2021	0	0	0	0	0	0	0
	2022 2023	0	0	0	0	0	0	0
New Jersey	2021 2020	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2
Ohio	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Pennsylvania	2020 2021	0	0	0	0	0	0	0
	2021 2022	1	1	0	0	0	0	2
	2022 2023	2	0	0	0	0	0	2
Texas	2020	0	0	0	0	0	0	0
Texas	2021	0	2	0	0	0	0	2
	2022	2	0	1	0	0	0	1
Total	2020 2023	0	0	0	0	0	0	0
Total	2021	1	3	0	0	0	0	4
	2022	4	1	2	0	0	0	3
	2023	5	2	1	0	0	0	6

Table No. 4

Status of Company Owned* Outlets
For Years ~~2020~~2021 to ~~2022~~2023

Column 4 State	Column 2 Year	Column 3	Column 4	Column 5 Outlets Reacquired	Column 6	Column 7	Column 8
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		Outlets at Start of Year	Outlets Opened	from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Maryland	2020 2021	1	0	0	0	0	1
	2022 2024	1	0	0	0	0	1
	2022 2023	1	0	0	0	0	1
Total	2020 2021	1	0	0	0	0	1
	2022 2024	1	0	0	0	0	1
	2022 2023	1	0	0	0	0	1

Table No. 5

Projected Openings as of December 31, ~~2022~~2023

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company Owned Outlets in the Next Fiscal Year
Arizona	0	4	0
Florida	0	1	0
Georgia	0	4	0
New Jersey	<u>4</u>	<u>4</u>	0
Ohio	0	1	0
Pennsylvania	<u>4</u>	<u>4</u>	0
Texas	0	1	0
Virginia	<u>0</u>	<u>1</u>	<u>0</u>
Total	<u>20</u>	<u>74</u>	0

* Our company-owned outlet is operated by our affiliate.

Exhibit E lists the location of each 2nd Family® outlet in our System.

During our last fiscal year, no franchisee has had an outlet terminated, canceled, not renewed, or has otherwise voluntarily or involuntarily ceased to do business under the franchise agreement or has not communicated with us within 10 weeks of the date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

No franchisee has signed confidentiality clauses during the last three years.

There are no trademark-specific franchisee organizations associated with the franchise system being offered in this Franchise Disclosure Document.

ITEM 21: FINANCIAL STATEMENTS

Our audited financial statements, which are comprised of our balance sheet and statements of operations and cash flow as of December 31, ~~2022~~2023, December 31, ~~2022~~2024, and December 31, ~~2020~~2021, are included in Exhibit C. Our fiscal year end is December 31.

ITEM 22: CONTRACTS

Copies of all proposed agreements regarding the franchise offering are included in this Disclosure Document, as follows:

- Exhibit B – The Franchise Agreement and all attachments to it (Marks, Protected Area, Minimum Performance Standards, General Release, ACH Authorization, Conditional Assignment of Lease, Statement of Ownership Interests in Franchisee, Spousal Guaranty, Internet Advertising, Social Media and Telephone Account Agreement, Confidentiality and Non-Compete Agreement).
- Exhibit F – Franchisee Acknowledgement Statement, as permitted by state 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.

ITEM 23: RECEIPT

A receipt in duplicate is attached to this Disclosure Document as Exhibit H. You should sign both copies of the receipt. Keep one copy for your own records and return the other signed copy to Chad Tracey, 2nd Family Franchising, LLC, 1532 Liberty Road, Suite 105, Eldersburg, MD 21784.

EXHIBIT A

AGENCIES/AGENTS FOR SERVICE OF PROCESS

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

State	State Agency	Agent for Service of Process
CALIFORNIA	Commissioner of the Department of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4 th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 Toll-free (866-275-2677)	Commissioner of the Department of Financial Protection and Innovation
CONNECTICUT	State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230	Banking Commissioner
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau

State	State Agency	Agent for Service of Process
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce
NEW YORK	Office of the New York State Attorney General Investor Protection Bureau, Franchise Section 28 Liberty Street, 21 st Floor New York, NY 10005 (212) 416-8211 Phone (212) 416-6042 Fax	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6 th Floor Albany, NY 11231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard, 5 th Floor Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
OREGON	Department of Consumer and Business Services Division of Finance and Corporate Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Director of the Department of Consumer and Business Services
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of Insurance-Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1 st Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

EXHIBIT B
FRANCHISE AGREEMENT

**2ND FAMILY FRANCHISING, LLC
FRANCHISE AGREEMENT**

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List of Attachments

- ATTACHMENT 1: TRADEMARKS
- ATTACHMENT 2: PROTECTED AREA DESCRIPTION AND FRANCHISED BUSINESS LOCATION
- ATTACHMENT 3: MINIMUM PERFORMANCE STANDARDS
- ATTACHMENT 4: GENERAL RELEASE
- ATTACHMENT 5: AUTHORIZATION AGREEMENT AUTOMATIC DEPOSITS (ACH WITHDRAWALS)
- ATTACHMENT 6: CONDITIONAL ASSIGNMENT OF LEASE
- ATTACHMENT 7: STATEMENT OF OWNERSHIP INTERESTS IN FRANCHISEE/ENTITY
- ATTACHMENT 8: GUARANTY
- ATTACHMENT 9: INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE, AND TELEPHONE ACCOUNT AGREEMENT
- ATTACHMENT 10: CONFIDENTIALITY AND NON-COMPETE AGREEMENT

THIS FRANCHISE AGREEMENT (this “Agreement”) is being entered into on _____, (the “Effective Date”) by and between 2nd Family Franchising, LLC, a Maryland limited liability company with its principal place of business at 1532 Liberty Road, Suite 105, Eldersburg, Maryland, 21784 (herein “Franchisor”) and _____, a(n) _____, with its principal place of business located at _____ and _____’s principals _____, an individual residing at _____ and _____, an individual residing at _____ (“Principal(s)”). _____ and Principal(s) shall be individually and collectively referred to, and each is, the “Franchisee”.

RECITATIONS

Through the expenditure of considerable time, effort and money, Franchisor has developed and established a business that delivers personal assistance and non-medical home care services to clients in their homes, using Franchisor’s format, trade dress, methods of marketing and presentation, training and assistance, Franchisor’s confidential operations manual (“Manual”) of business practices and policies; instructional materials, various other operation manuals and training courses; and care standards (taken together herein the “System”). Training will occur at Franchisor’s corporate headquarters in Maryland and will be provided consistent with Franchisor’s training manuals.

The System is identified by certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including but not limited to the marks 2nd Family service mark, as set forth in Attachment 1, and such other trade names, service marks, and trademarks as are now designated and may hereafter be designated or substituted by Franchisor for use in connection with the System (the “Marks”).

Franchisor continues to develop, use, and control the use of such Marks in order to identify for the public the source of services and products marketed under the Marks and the System and to represent the System’s high standards of quality, appearance, and service.

Franchisee understands and acknowledges the importance of Franchisor’s high and uniform standards of quality, service, and appearance, and the necessity of operating the business franchised hereunder in conformity with Franchisor’s standards and specifications.

NOW, THEREFORE, the parties, in consideration of the promises, undertakings and commitments of each party to the other set forth herein, and intending to be legally bound hereby, mutually agree as follows:

1. RECITATIONS. The Recitations set out above form part of this Agreement.

2. GRANT OF FRANCHISE. Franchisor hereby grants to Franchisee and Franchisee accepts, upon the terms and conditions contained in this Agreement, the license to operate a 2nd Family Home Care and Support Services franchise (the “Franchise” or “Franchised Business”), using

only the Marks licensed hereunder, in strict conformity with the System, which may be changed, improved and further developed by Franchisor from time to time. This grant applies only to a single location within a Protected Area that is designated in Attachment 2 attached hereto and incorporated herein (the “Protected Area”).

3. PROTECTED AREA

- 3.1 Protected Area. This Agreement grants Franchisee the right to operate the Franchise Business from a single location within a Protected Area (“Franchised Location”) that is designated by the description and/or mapped boundaries set forth in Attachment 2 attached hereto and incorporated herein. Subject to Sections 3.2, 3.3 and 3.4 below, Franchisor agrees that during the Term of this Agreement, Franchisor will not operate, and will not authorize any other 2nd Family Home Care and Support Services franchisees to operate, a 2nd Family Home Care and Support Services outlet in the Protected Area using the same Marks as licensed to Franchisee in this Agreement so long as Franchisee (i) meets the minimum performance standards (“Minimum Performance Standards”) set forth in Attachment 3 and (ii) is not in default under this Agreement or this Agreement has not been terminated. Except as otherwise specified in this Agreement, Franchisor reserves the right to open, operate or franchise 2nd Family Home Care and Support Services franchises bordering and adjacent to the Protected Area. Franchisee will be operating from a single location that will be determined by Franchisee with Franchisor’s prior written approval, which may be withheld or denied in Franchisor’s sole discretion. Except as set forth in this Agreement, Franchisee is prohibited from serving and soliciting customers outside of the Protected Area and from alternative methods of distribution as more fully specified herein.
- 3.2 Minimum Performance Standards. Franchisee acknowledges the importance of actively developing the Protected Area to achieve maximum revenues, and, to that end, Franchisee agrees to use best efforts to market Franchisee’s Franchised Business to meet the Minimum Performance Standards. Franchisee’s failure to meet the Minimum Performance Standards is a material default of this Agreement, and upon such default, Franchisor is entitled to either (i) reduce the size of the Protected Area or (ii) terminate this Agreement.
- 3.3 Pre-Existing Clients. Franchisee understands and agrees that Franchisor or another franchisee may serve clients in the Protected Area where such client relationship (i) was established prior to the date of this Agreement and (ii) is considered long-term and/or in the best interests of the client, as determined by Franchisor. Franchisor or another franchisee may continue to serve these clients during the term of this Agreement. Such service shall not be a violation of this Agreement and shall not give rise to any claim for compensation by Franchisee.
- 3.4 Reservation of Rights. Franchisee understands and agrees that all rights to any businesses, other than as specified in this Agreement, are fully reserved to Franchisor within or outside of the Protected Area. By way of example only, Franchisor reserves the rights to offer (i) other services and products not offered under the Marks, (ii) other senior care concepts or products under the Marks or other trademarks, (iii) products or

services through other channels of distribution in the Protected Area including, but not limited to, co-branding with other caregiver businesses, and products offered through retail stores, the Internet or direct marketing (“Alternate Channels of Distribution”). Franchisor further specifically reserves the right to solicit, sell to, negotiated rates with, and service commercial healthcare providers that conduct business across multiple areas or have multiple locations either regionally or nationally, such as nursing homes and rehabilitation centers (“Commercial Accounts”). Franchisor will offer Franchisee the first right to service Commercial Accounts in the Protected Area, provided that Franchisee accepts negotiated terms; otherwise, Franchisor may service the Commercial Accounts either directly or permit another franchisee to provide such service. Franchisee will receive no compensation for Franchisor’s sales through Alternate Distribution Channels or declined Commercial Accounts made within the Protected Area. Franchisee agrees that such implementation of Franchisor’s rights pursuant to this Section 3.4 is deemed not to impair or injure Franchisee’s rights pursuant to Section 2 hereof.

3.5 Outside Area Sales. Franchisee must target Franchisee’s advertising within the Protected Area and may only solicit sales from customers and referral sources located within the Protected Area. Notwithstanding, Franchisee may solicit and service a client or solicit a referral source located outside of the Protected Area, provided that (i) the client or referral source is not located in an area serviced by Franchisor or another 2nd Family® franchisee, (ii) Franchisee did not solicit the client or referral source in violation of this Agreement, and (iii) Franchisee receives Franchisor’s prior written approval. Notwithstanding Franchisor’s prior approval, Franchisor may at any time thereafter, in Franchisor’s sole discretion, revoke approval for Franchisee to solicit and/or perform any services outside of the Protected Area, including to pre-existing referral sources and clients.

4. TERM. Unless terminated earlier in accordance with the terms set forth in this Agreement, this Agreement and the Franchise granted hereunder shall commence upon the Effective Date set forth above, and terminate on the date that is ten (10) years following the Opening Date, as defined in Section 8 hereof (the “Term”).

5. SUCCESSOR OPTIONS. Subject to the terms and conditions of this Agreement, Franchisee shall have the right, following the expiration of the Term hereof, to enter into a new franchise agreement and other agreements then customarily employed by Franchisor and in the form then generally being offered to prospective franchisees in the state in which the Protected Area is located (the “Successor Franchise Agreement”) for up to two (2) additional terms equal to five (5) years each. The term of each such Successor Franchise Agreement shall commence upon the date of expiration of the immediately preceding term. Franchisee shall be charged a successor agreement fee equal to Five Thousand Dollars (\$5,000.00) (“Successor Agreement Fee”).

5.1 Form and Manner of Successor Agreement. If Franchisee desires to exercise Franchisee’s option to enter into a Successor Franchise Agreement, it shall be done in the following manner:

- 5.1.1 Not less than six (6) months prior to the expiration of the Term of this Agreement, Franchisee shall request from Franchisor in writing, a copy of Franchisor's then current Disclosure Document (including Franchisor's then current franchise agreement).
 - 5.1.2 Franchisee must execute and return to Franchisor all required documents, including any and all ancillary documents, within thirty (30) days after receipt by Franchisee of a copy of Franchisor's then current Disclosure Document.
 - 5.1.3 The Successor Franchise Agreement shall supersede this Agreement in all respects, and Franchisee understands and acknowledges that the terms of such new agreement may differ from the terms of this Agreement, including, without limitation, higher or lower royalty and other fees.
 - 5.1.4 If Franchisee fails to perform any of the acts, or deliver any of the notices required pursuant to this Paragraph 5 in a timely fashion, such failure shall be deemed an election by Franchisee not to exercise Franchisee's option to enter into the Successor Franchise Agreement, and such failure shall cause Franchisee's right and option to automatically lapse and expire, without further notice by Franchisor.
 - 5.1.5 Franchisee acknowledges that the initial Term of this Agreement provides Franchisee more than a sufficient opportunity to recoup Franchisee's investment in the Franchise, as well as a reasonable return on such investment.
- 5.2 Conditions of Successor Agreement. Franchisee's right to enter into a Successor Franchise Agreement is conditioned upon the following:
- 5.2.1 Franchisee shall be in full compliance with this Agreement and shall have materially performed Franchisee's obligations under this Agreement, the Manual and under all other agreements that may be in effect between Franchisee and Franchisor, including but not limited to all monetary obligations.
 - 5.2.2 Franchisee shall not have committed three (3) or more events constituting default during the Term of this Agreement, whether or not such defaults were cured.
 - 5.2.3 Franchisee will have completed any required additional training to Franchisor's reasonable satisfaction.
 - 5.2.4 Franchisee shall execute a general release of all claims Franchisee may have against 2nd Family Franchising, LLC, its parent, subsidiaries and affiliates, its officers, directors, shareholders, agents, and employees, whether in their corporate and/or individual capacities, in the form attached hereto as Attachment 4. This release will include all claims arising under any federal, state, or local law, rule, or ordinance.

5.2.5 Franchisee shall pay the required Successor Agreement Fee and sign the Successor Franchise Agreement.

5.3 Notice Required by Law. If applicable law requires Franchisor to give notice to Franchisee prior to the expiration of the Term, this Agreement shall remain in effect on a month-to-month basis until Franchisor has given the notice required by such applicable law. If Franchisor is not offering new 2nd Family Home Care and Support Services franchises, is in the process of revising, amending or renewing Franchisor's form of franchise agreement or disclosure document, or Franchisor is not lawfully able to offer Franchisee the then current form of Successor Franchise Agreement at the time Franchisee advises Franchisor pursuant to Paragraph 5.2 hereof that Franchisee desires to renew, Franchisor may, in Franchisor's sole discretion, (i) offer to renew this Agreement upon the same terms set forth herein for the appropriate successor term or (ii) offer to extend the Term hereof on a month-to-month basis following the expiration of the Term for as long as Franchisor deems necessary or appropriate so that Franchisor may lawfully offer the then current form of Successor Franchise Agreement. Any timeframes specified in this Paragraph 5 shall be inclusive of any state mandated notice periods.

5.4 Additional Reservation of Rights. Notwithstanding anything herein to the contrary, Franchisor reserves the right not to enter into a successor franchise agreement for this Franchise as a result of a decision to withdraw from the Protected Area in which Franchisee's Franchised Business is located.

6. FEES

6.1 Initial Franchise and Royalty Fee. As part of the consideration for the right to operate the Franchise granted herein, Franchisee shall pay to Franchisor the following fees:

6.1.1 Initial Franchise Fee. Franchisee acknowledges and agrees that the grant of this Franchise and the rights and obligations of the parties under this Agreement constitute the sole and only consideration for the initial franchise fee of ~~Fifty-Two~~Sixty Thousand ~~Five Hundred~~ Dollars (~~\$52,500~~60,000.00) (the "Initial Fee"). **The Initial Fee is fully earned at the time this Franchise Agreement is signed and is not refundable under any circumstances.** Franchisee shall pay the full amount of the Initial Fee to Franchisor upon Franchisee's execution of this Agreement.

6.1.2 Royalty Fee. Franchisee agrees to pay Franchisor, commencing on the opening date, monthly and throughout the Term, the following royalty fee ("Royalty Fee"):

MONTH OF OPERATION	MONTHLY ROYALTY FEE
Months 1 - 6	<u>5.5%</u> of Gross Revenue
Months 7 - 12	<u>5.5%</u> of Gross Revenue or \$270.83 <u>500</u> , whichever is greater
Months 13 - 24	<u>5.5%</u> of Gross Revenue or \$729.17 <u>800</u> , whichever is greater

Months 25—36+	5.5% of Gross Revenue or \$1,041.67200, whichever is greater
Months 37—4825+ for 2+ territories.	5.5% of Gross Revenue or \$1,562.502,000, whichever is greater
Month 49—Balance of Term	5% of Gross Revenue or \$2,083.33, whichever is greater

The term “Gross Revenues” means the aggregate of all revenues and income from any source derived, invoiced or received, by Franchisee from, through, by or on account of the operation of the Franchised Business whether invoiced only or received in cash, in services, in kind, from barter and/or exchange, on credit (whether or not payment is actually received) or otherwise. Gross Revenues also include all proceeds from any business interruption insurance. Excluded from Gross Revenues are: (1) sales taxes and other taxes separately stated that Franchisee collects from clients and pays to taxing authorities; (2) refunds and credits made in good faith to arms' length clients, provided such credits or refunds are made in accordance with Franchisor's standards and specifications; and (3) the discount value of any voucher or other allowance that Franchisor authorizes at the time Franchisee redeems the client's voucher or allowance.

6.1.3 Gross Revenue Reports. Franchisee shall, on the fifth (5th) day following the close of each monthly period, furnish Franchisor with a report showing Franchisee’s Gross Revenue at or from the Franchised Business and/or made pursuant to the rights granted hereunder during such period (the “Gross Revenue Report”). The Gross Revenue Report shall be in such form and shall contain such information as Franchisor may from time to time prescribe. At Franchisor’s discretion, (i) Franchisee shall submit, or (ii) Franchisor may remotely access, the Gross Revenues Report by an electronic transfer of data via the computer information systems (“Computer System”) that Franchisor may require Franchisee use in the operation of the Franchised Business.

~~6.1.4 System Platforms Charge. Franchisor imposes a System Platforms Charge for the customization of software that Franchisee is required to use in the Franchised Business. Franchisee shall pay the full amount of the then current System Platforms Charge within thirty (30) days following the Opening Date.~~

~~6.1.5~~6.1.4 Method of Payment. Franchisee shall, together with the submission of the Gross Revenue Report, pay Franchisor the Royalty Fee and the System Marketing Fund Contribution, as defined and more particularly described in Article 13, then due. At Franchisor’s request, Franchisee must execute documents that allow Franchisor to automatically take the Royalty Fee and System Marketing Fund Contribution due as well as other sums due Franchisor, from business bank accounts via electronic funds transfers. Franchisee’s failure to allow electronic funds transfers on an ongoing basis is a material breach of this Agreement.

6.2 Late Fee. If the Royalty Fee, System Fund Contribution, or any Gross Revenue Reports are not received by Franchisor as required by this Agreement, Franchisee shall

pay to Franchisor, in addition to the overdue amount, a late fee of Seventy-Five Dollars (\$75.00). This late fee is reasonably related to Franchisor's costs resulting from the delay in payment and/or receipt of any report, is not a penalty, and is in addition to any other remedy available to Franchisor under this Agreement for Franchisee's failure to pay the Royalty Fee, the System Marketing Fund Contribution, and/or submit Gross Revenue Reports in accordance with the terms of this Agreement.

- 6.3 Interest. Any and all amounts that shall become due and owing from Franchisee to Franchisor under the terms hereof shall bear interest from the date due until paid at the rate of 18% per annum or at the highest rate permitted by law, whichever is lower.
- 6.4 Non-Sufficient Funds Fee. In the event any of Franchisee's checks are returned, or an electronic funds transfer from Franchisee's bank account is denied, for insufficient funds, Franchisee shall pay Franchisor, in addition to the amount due, a non-sufficient funds fee of Fifty Dollars (\$50.00) per occurrence. This non-sufficient funds fee is reasonably related to Franchisor's costs resulting from the delayed and declined payment, is not a penalty, and is in addition to any other remedy available to Franchisor under this Agreement.
- 6.5 Call Center Fee. Franchisor reserves the right to establish a regional or national call center. In the event that a call center is established, Franchisee shall pay to Franchisor or to such call center(s) fees for all calls for services to be performed in the Protected Area in accordance with such call center's then-current fee schedule.
- 6.6 Internal Systems Fee. As of the date of this Agreement, Franchisee is required to pay a monthly fee for access to Franchisor's required client management and bookkeeping software ("Internal Systems Fee"). Franchisor reserve the right to impose an additional internal systems fee, in an amount that Franchisor reasonably determines, for new or improved technology adopted or developed by Franchisor for access to and maintenance of required software and processes, including but not limited to, a scheduling system, payment processor, inventory control, sales and financial reporting, franchise portal, benchmarking platform or other operations systems. In Franchisor's sole discretion, Franchisor may (i) increase the amount of the internal systems fees or (ii) replace the software and technology with different technology, developed by Franchisor or a third-party, and Franchisee shall pay the then-current internal systems fees for the replacement technology and for continuous access thereto. Franchisee shall pay the Internal Systems Fee in the manner and frequency as reasonably determined by Franchisor.
- 6.7 Taxes. If any sales, excise, use or privilege tax is imposed or levied by any government or governmental agency on Franchisor for any Royalty Fee, System Marketing Fund Contribution or other fees due and payable to Franchisor under this Agreement, Franchisee shall pay Franchisor a sum equal to the amount of such tax.

7. TRAINING

- 7.1 Initial Management Training Program. Franchisee (specifically including all Franchisee's principals) shall attend and complete to Franchisor's sole and absolute satisfaction, Franchisor's initial management training program ("Initial Management Training Program") at least two (2) weeks (but no more than six (6) weeks, prior to the opening of the Franchised Business. The Initial Management Training Program consists of a five (5)-day course conducted at Franchisor's headquarters in Eldersburg, Maryland. Franchisor reserves the right to designate an alternate location for the course component of the Initial Management Training Program. Franchisee must at all times during the term of this Agreement have principals who have successfully completed the Initial Management Training Program to Franchisor's sole and complete satisfaction. No charge shall be made for up to two (2) people to take the Initial Management Training Program prior to opening the Franchised Business ("Initial Trainees"). Notwithstanding the foregoing, Franchisee shall be required to pay all of the expenses of the Initial Trainees, including, without limitation, costs of travel, lodging, meals and wages.
- 7.2 Satisfactory Completion. Franchisor shall determine, in Franchisor's sole discretion, whether the Initial Trainees have satisfactorily completed the Initial Management Training Program. If the Initial Management Training Program is not satisfactorily completed by the Initial Trainees, or if Franchisor, in Franchisor's reasonable business judgment based upon the performance of the Initial Trainees, determines that the Initial Management Training Program cannot be satisfactorily completed by Franchisee and Franchisee's Principal(s), Franchisor may terminate this Agreement.
- 7.3. Opening Assistance. At Franchisor's option, following the opening of the Franchised Business, Franchisor shall provide Franchisee with opening assistance by a trained representative of Franchisor. The trainer will provide on-site or virtual opening training, supervision, and assistance to Franchisee for one (1) day at no charge to Franchisee.
- 7.4. Additional Training. Franchisor may offer mandatory and/or optional additional training programs from time to time. If required by Franchisor, Franchisee, or Franchisee's principals shall participate in the following additional training:

(i) on-going training for up to three (3) days per year, at a location designated by Franchisor.

(ii) a national business meeting or annual convention for up to three (3) days per year, at a location designated by Franchisor.

Franchisor reserves the right to impose a reasonable fee for all additional training programs. Franchisee shall be responsible for any and all incidental expenses incurred by Franchisee or Franchisee's personnel in connection with additional training or attendance at Franchisor's national business meeting or annual convention, including, without limitation, costs of travel, lodging, meals and wages. Franchisee's failure to attend and/or complete mandatory additional training or failure to attend Franchisor's national business meeting or annual convention is a default of this Agreement.

Franchisee or Franchisee's principal(s) shall be required to obtain any missed mandatory additional training at a location Franchisor designates. Franchisee shall pay all costs and expenses for such additional training, including but not limited to, tuition at the then-current rate and any and all transportation, meals and lodging of Franchisee, Franchisee's principal and Franchisor's training personnel. Franchisee shall pay to Franchisor any incurred expenses by Franchisor's training personnel within ten (10) days of Franchisor's billing thereof to Franchisee.

- 7.5. On-Site Remedial Training. Upon Franchisee's reasonable request or as Franchisor shall deem appropriate, Franchisor shall, during the term hereof, subject to the availability of personnel, provide Franchisee with additional trained representatives who shall provide on-site remedial training and assistance to Franchisee's personnel at the Franchised Business location. For any additional on-site training and assistance, Franchisee shall pay the per diem fee then being charged to franchisees under the System for the services of such trained representatives, plus their costs of travel, lodging, and meals.
- 7.6. Counseling and Assistance. In addition to visits by Franchisor's field representatives, as Franchisor deems appropriate, Franchisor shall, within reasonable limits and subject to the availability of Franchisor's personnel, upon Franchisee's request and at no charge, unless such assistance is provided at the Franchised Business pursuant to Section 7.5, furnish consultation and assistance to Franchisee, either in person or by telephone, video conference, electronic mail or postal service, as determined by Franchisor, in Franchisor's sole discretion, with respect to the operation of the Franchised Business, including consultation and advice regarding employee training, marketing, operation issues, bookkeeping and System improvements.

8. FRANCHISED BUSINESS SITE REQUIREMENTS

8.1 Site Requirements.

8.1.1 Franchisee shall operate the Franchised Business from a home-based office. If Franchisee desires to operate out of a commercial office site during the Term, such office site is subject to Franchisor's approval, and in accordance with Section 8.3 hereof. Franchisee assumes all cost, liability, expense and responsibility for equipping and outfitting the Franchised Business office as outlined in the Manual. After an office site for the Franchised Business is identified and approved, the address thereof shall be set forth on Attachment 2 of this Agreement. Notwithstanding Franchisee's right to operate from a home-based office, all caregiver orientations and/or client meetings must be conducted at a commercial office site at Franchisee's expense.

8.1.2 At Franchisee's option, Franchisee may operate from a commercial office site. Before signing a lease or other binding commitment for commercial premises, Franchisee shall submit to Franchisor, in writing, a description of the proposed office site, together with such other information and materials as Franchisor may

reasonably require. Franchisor shall have ten (10) business days after receipt of this information and materials to consent, in its sole and absolute discretion, to the proposed site. No commercial site may be used for the office site of the Franchised Business unless it is consented to in writing by Franchisor.

8.2 Time to Open. Franchisee acknowledges that time is of the essence in this Agreement. Upon Franchisee's compliance with the conditions stated below, Franchisee shall open the Franchised Business, which shall be defined herein as the "Opening Date". Prior to the Opening Date, Franchisee shall (i) satisfactorily complete Franchisor's Initial Management Training Program, as further set forth in Article 7, (ii) hire and train staff, (iii) obtain all required licenses to operate the Franchised Business and (iv) secure and outfit a professional, commercial office. The Opening Date will be deemed the day on which the last of these obligations is met. If Franchisee fails to comply with any of such obligations, Franchisor shall have the right to prohibit Franchisee from opening for business. Franchisee's failure to open the Franchised Business and commence business (i) in accordance with the foregoing and (ii) within ninety (90) days following the date of this Agreement, unless otherwise extended by Franchisor, shall be deemed a material event of default under this Agreement.

8.3 No Relocation. Franchisee's rights to operate the Franchised Business shall be limited to the Protected Area set forth in Attachment 2, and no other. Franchisee shall not relocate the office of the Franchised Business at any time without Franchisor's written approval, which approval shall be granted only in the sole and complete discretion of Franchisor, and if permitted, shall be at Franchisee's sole expense. In the event such permission is granted, (i) Franchisee shall secure and outfit the replacement office site in accordance with Section 8.1 within sixty (60) days of Franchisor's consent, (ii) Franchisee shall remove any signs or other property from the original Franchised Business office which identified the original Franchise Business office as part of the System and (ii) the parties shall amend Attachment 2 to reflect the address of the new Franchised Business office site.

9. MAINTENANCE AND IMPROVEMENT OF THE FRANCHISED PREMISES AND SYSTEM

9.1 Maintenance of Franchised Business Premises. Franchisee shall equip and maintain the Franchised Business office premises, the Computer System, and all hardware, software and related accessories to the standards of quality, repair and condition required by Franchisor, which standards are specified in the Manual and other written directives, standards, and specifications. Franchisee, at Franchisee's expense, shall make such alterations, repairs, refurbishing and replacements as may be required to comply with Franchisor's standards, including, without limitation, periodic repairs or replacement of worn or impaired furniture, fixtures, equipment and computer hardware, software and accessories, as Franchisor may direct.

9.2 Equipment and Technology Updates. Franchisee shall make any and all upgrades to equipment, including but not limited to, the Computer System, telecommunications

hardware and software, payment processing systems, and any technology used in conjunction therewith, as Franchisor requires in its sole and absolute discretion.

9.3 Trade Dress Modifications.

9.3.1 Franchisee is aware that to maintain and improve the image and reputation of the System, Franchisor, in its sole and absolute discretion, may change and modify identifying elements of the System, including but not limited to, the adoption and use of new or modified color schemes, tag lines, logos or marks (collectively, “Trade Dress Modifications”).

9.3.2 Franchisee shall, at Franchisee’s sole expense, modify identifying elements of the Franchised Business, as required by Franchisor, but not more frequently than every five (5) years, to conform to Trade Dress Modifications. Notwithstanding the foregoing restriction on the frequency of Trade Dress Modifications, Franchisee, upon notice by Franchisor and in accordance with Section 14.6 hereof, shall immediately discontinue the use of any Mark that is no longer desirable or available to Franchisor and substitute a different Mark or Marks as Franchisor directs.

9.3.3 Franchisee will accept, use and display any such Trade Dress Modifications as if they were a part of this Franchise Agreement at the time of execution hereof.

9.4 No Liability/Waiver of Claims. Franchisor shall not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any of the modifications, including Trade Dress Modifications, required by this Article 9. Franchisee hereby covenants not to commence or join in any litigation or other proceeding against Franchisor or any third party, complaining of any such or seeking expenses, losses or damages caused thereby. Further, Franchisee expressly waives any claims, demands or damages arising from or related to the modifications contemplated by this Article 9, including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

9.5 Franchisee Advisory Council. Franchisor reserves the right to create (and if created, the right to change or dissolve) a franchisee advisory council as a formal means for System franchisees to communicate ideas. In the event a franchisee advisory council is created, Franchisor may invite Franchisee to participate in council-related activities and meetings, which invitation may be based on a franchisee’s level of success, superior performance and profitability.

10 **FRANCHISOR’S OBLIGATIONS**

Franchisor and/or its designated representative will provide the services described below:

- 10.1 Protected Area and Site Determination. Designate the boundaries of Franchisee's Protected Area, by description and/or mapped boundaries, and set forth same in Attachment 2 attached hereto and incorporated herein. Franchisor shall also approve the site of the Franchised Business office site in accordance with Section 8.1.
- 10.2 Manual. Provide Franchisee access to the Confidential Operations Manual and such other manuals and written materials as Franchisor may hereafter develop for use by franchisees, as the same may be revised by Franchisor from time to time. Such documents may be provided electronically or via the Internet, at Franchisor's sole and absolute discretion.
- 10.3 Pre-Opening Requirements. Provide a written list of equipment, fixtures, furnishings, signage, supplies and products that will be required and/or recommended to open the Franchised Business for business.
- 10.4 Advertising Materials. Provide samples or digital artwork of certain advertising and promotional materials and information developed by Franchisor from time to time for use by Franchisee in marketing and conducting local advertising for the Franchised Business.
- 10.5 List of Suppliers. Make available from time to time, and amend as deemed appropriate by Franchisor, required products and services and a list of approved and/or recommended suppliers therefor.
- 10.6 Training. The training programs specified in Article 7 herein.
- 10.7 On-Going Assistance. Post-opening assistance at the Franchised Business office site in accordance with the provisions of Article 7.
- 10.8 System Marketing Fund. Administer a System Marketing Fund in accordance with Section 13.3.

11 FRANCHISEE'S REPRESENTATIONS, WARRANTIES AND COVENANTS

- 11.1 Best Efforts. Franchisee, including each of Franchisee's Principals covenants and agrees that he or she shall make all commercially reasonable efforts to operate the Franchised Business so as to achieve optimum sales.
- 11.2 Corporate Representations. If Franchisee is a corporation, partnership, limited liability company, or other legal entity, Franchisee and each Principal represent, warrant and covenant that:
 - 11.2.1 Franchisee is duly organized and validly existing under the state law of its formation;

11.2.2 Franchisee is duly qualified and is authorized to do business in the jurisdiction of the Franchised Business site and the Protected Area;

11.2.3 Franchisee's organizational documents shall at all times provide that the activities of Franchisee are confined exclusively to the operation of the Franchise granted herein, unless otherwise consented to in writing by Franchisor, which consent may be withheld by Franchisor in Franchisor's sole discretion;

11.2.4 The execution of this Agreement and the consummation of the transactions contemplated hereby are within Franchisee's power and have been duly authorized by Franchisee;

11.2.5 Any financial statements and tax returns provided to Franchisor shall be certified as true, complete and correct and shall have been prepared in conformity with generally accepted accounting principles applicable to the respective periods involved and, except as expressly described in the applicable notes, applied on a consistent basis. No material liabilities, adverse claims, commitments or obligations of any nature exist as of the date of the statements or returns, whether accrued, unliquidated, absolute, contingent or otherwise, that are not reflected as liabilities; and

11.3 Spousal Guaranty. If any Franchisee Principal is a married individual and the Principal's spouse has not executed this Agreement, such Principal shall cause his or her spouse to personally execute and bind himself or herself to the terms of a Guaranty, in the form attached as Attachment 8 hereof.

11.4 Personal Management.

11.4.1 Franchisee shall personally supervise the operation of the Franchised Business and may not appoint a manager of the Franchised Business site, unless Franchisee receives Franchisor's prior written consent. Franchisee accepts full responsibility for, and shall be fully liable to Franchisor for the acts and omissions of any and all agents, employees or third persons working for or with Franchisee. Franchisee shall ensure that its agents, employees and all third party business affiliates observe and adhere to all applicable terms, conditions and restrictions contained in this Agreement and in the Manual; including but not limited to quality and service standards, confidentiality, works made for hire, non-compete and the agreement to return all Franchisor proprietary and confidential information. Any breach of a term or condition contained in this Agreement by an agent, employee or third party working for Franchisee shall be deemed to be the same as a direct breach by Franchisee and its Principals; and Franchisor shall have all the same rights and remedies as if the breach occurred through the direct acts or omissions of the Franchisee and/or its named Principals. Franchisee's agents, employees and third-party business affiliates shall further meet all Franchisor's standards and criteria for such individual(s), as set forth in the Manual.

11.4.2 Franchisee shall promptly notify Franchisor when any employee, agent or third-party affiliate previously granted access to Franchisor's proprietary or confidential information ceases to be employed or affiliated with Franchisee, so that any and all access rights to Franchisor proprietary or confidential information may be terminated and all such materials returned to Franchisor. Any failure by Franchisee to comply with the requirements of this Section shall be deemed a material event of default under this Agreement.

11.4.3 If, at any time during this Agreement, Franchisee can no longer personally supervise the Franchised Business in accordance with this Agreement, Franchisee shall promptly notify Franchisor and, with Franchisor's consent, which Franchisor's may withhold in its sole discretion, designate a replacement manager. Franchisor, in Franchisor's sole discretion, may provide interim management support and charge Franchisee an interim management support fee, at the then-current rate, until an approved replacement manager is properly trained or certified in accordance with Franchisor's requirements. Such interim management support fee as of the date of this Agreement is Two Hundred Fifty Dollars (\$250.00) per day if Franchisor manages the Franchised Business remotely, or Four Hundred Fifty Dollars (\$450.00) per day if Franchisor manages the Franchised Business at the Franchise Business office site, plus any and all costs of travel, lodging, meals and other expenses reasonably incurred by Franchisor, and shall be withdrawn from Franchisee's designated bank account in accordance with Section 6.1.4.

11.5 Legal Compliance. Franchisee shall comply with all federal, state, and local laws, rules and regulations and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the Franchised Business. Such laws, rules and regulations shall include, without limitation, licenses to do business, fictitious name registrations, sales and other tax permits, fire and police department clearances, Americans With Disability Act compliance, health permits, certificates of occupancy, any permits, certificates or licenses required by any health care or environmental federal, state or local law, rule or regulation and any other requirement, rule, law or regulation of any federal, state or local jurisdiction.

11.6 Claims and Potential Claims. Franchisee shall notify Franchisor in writing within three (3) days of any incident or injury that could lead to, or the actual commencement of any action, suit or proceeding and of the issuance of any order, writ, injunction, award or decree of any court, agency, or other governmental instrumentality, which in any way relating to or affecting the operation or financial condition of the Franchised Business. Any and all media inquiries concerning the Franchised Business or Franchised Business site, including, but not limited to, the business operation and incidents and occurrences related to a client or employee, shall be referred to Franchisor. Neither Franchisee, Franchisee's employees nor anyone on Franchisee's behalf may comment to any broadcast medium, except as directed by Franchisor.

11.7 Assignment of Numbers and Listings. Franchisee shall execute such forms and documents included in Attachment 9 to appoint Franchisor its true and lawful attorney-in-

fact, with full power and authority, for the sole purpose of assigning to Franchisor, Franchisee's telephone numbers, listings, and passwords and administrator rights for all email, software, social media, or other such accounts used or created by Franchisee in order to operate the Franchised Business. Upon the expiration or termination of this Agreement, Franchisor may exercise its authority, pursuant to such documents, to obtain any and all of Franchisee's rights to the telephone numbers of the Franchised Business and all related telephone directory listings and other business listings, and all Internet listings, domain names, Internet advertising, websites, listings with search engines, electronic mail addresses, social media, or any other similar listing or usages related to the Franchised Business.

11.8 Access to Tax Filings. Upon execution of this Agreement, and at any time thereafter upon Franchisor's request, Franchisee shall execute such forms and documents as Franchisor deems necessary, to appoint Franchisor its true and lawful attorney-in-fact with full power and authority, for the sole purpose of obtaining any and all returns and reports filed by Franchisee with any state or federal taxing authority.

11.9 Continuing Obligation. Franchisee and each Principal acknowledge and agree that the representations, warranties and covenants set forth in this Article 11 are continuing obligations of Franchisee and each Principal, as applicable, and that any failure to comply with such representations, warranties and covenants shall constitute a material event of default under this Agreement. Franchisee and each Principal shall cooperate with Franchisor in any efforts made by Franchisor to verify compliance with such representations, warranties and covenants.

12 FRANCHISEE'S OPERATIONS

12.1. Operation of Franchised Business. In order to maintain the highest degree of quality and service on a uniform System-wide basis, Franchisee shall operate the Franchised Business in conformity with the methods, standards and specifications prescribed by Franchisor. Franchisee agrees to comply with the Manual, as it is modified from time to time, and all directives, rules and procedures specified by Franchisor, and will, among other things:

12.1.1 Maintain and operate the Franchised Business office site in good condition and repair and in a proper and businesslike manner, using Franchisee's best efforts to maintain a clean, sanitary and respectable atmosphere therein in accordance with System standards, the Manual and all other directives and requirements of Franchisor, and do such redecoration, repairing, refurbishing and restoration as from time to time may be reasonably required to meet System standards and Franchisor's requirements as they may be modified from time to time;

12.1.2 Comply with all applicable governmental laws, ordinances, rules and regulations;

12.1.3 Employ sufficient employees as prescribed by Franchisor to operate the Franchised Business at its maximum capacity and efficiency as required by Franchisor;

- 12.1.4 Require all employees to comply with Franchisor's standards for dress and identifying badges, as Franchisor may from time to time reasonably designate, so as to maintain the goodwill and reputation of Franchisor, the System and the Marks;
- 12.1.5 Employ only qualified individuals, in accordance with Section 12.5 below, who are trained and licensed as required by Franchisor and who will at all times conduct themselves in a competent and courteous manner in accordance with this Agreement and the image and reputation of the System. Franchisee shall use its best efforts to ensure that Franchisee's employees maintain a neat and clean appearance and render competent and courteous service to Franchisee's clients. Franchisee acknowledges and agrees that poorly trained employees, sloppy or unclean appearances and incompetent or discourteous service are extremely damaging to the goodwill of the System and the Marks and are a material default of this Agreement;
- 12.1.6 Permit Franchisor or its agents, to inspect the Franchised Business office site and any services, products, or equipment, to determine whether they meet Franchisor's then-current standards, specifications, and requirements. In addition to any other remedies Franchisor may have, Franchisee shall reimburse Franchisor for Franchisor's inspection costs of any item that does not conform to the System standards and specifications;
- 12.1.7 Maintain in good working order, cleanliness and appearance, a vehicle for use in the Franchised Business that meets Franchisor's standards of condition and age, as set forth in the Manual.
- 12.1.8 Prominently display signage in and upon the Franchised Business office premises and Franchisee's vehicle using the Marks and/or other advertising and/or signs of such nature, form, color, number, location and size, and containing such material, as Franchisor may from time to time reasonably direct or approve in writing. Franchisee shall not display any signage upon the Franchised Business premises or elsewhere of any kind to which Franchisor reasonably objects, including signs and advertising media which have been outdated. Upon giving Franchisee notice of its objection to same or upon termination hereof, Franchisor may at any time enter upon the Franchised Business premises or elsewhere and remove any objectionable or non-approved signs or advertising media and keep or destroy same without paying therefor or without being deemed guilty of trespass or any other tort;
- 12.1.9 Conduct all advertising programs in a manner consistent with Franchisor's standards and specifications, in a manner satisfactory to Franchisor and that will not detract from the reputation of the System or the Marks.

12.2. Bookkeeping and Reports.

- 12.2.1 Franchisee agrees to keep and maintain complete and accurate books and records of its transactions and business operations using the accounting procedures and chart of accounts specified by Franchisor. Franchisee agrees to purchase the Computer Systems specified in Section 12.3 to maintain the records and accounts of the Franchisee to the standards of the Franchisor. Franchisee acknowledges and agrees that the financial data of Franchisee's Franchised Business (i) is owned by Franchisor, (ii) is Franchisor's Proprietary Information, and (iii) may be published in franchise disclosure document(s) issued by Franchisor following the Effective Date hereof, and (iv) may be shared with other franchisees in the System.
- 12.2.2 Within thirty (30) days after the close of each calendar quarter and within ninety (90) days after the close of each fiscal year, Franchisee will furnish Franchisor a full and complete written statement of income and expense and a profit and loss statement for the operation of the Franchised Business during said period, together with a balance sheet for the Franchised Business, all of which shall be prepared in accordance with generally accepted accounting principles and practice. Franchisee's annual statements and balance sheets shall be prepared by an independent certified public accountant and certified to be correct.
- 12.2.3 The financial statements required hereunder shall be in such form and contain such information as Franchisor may from time to time reasonably designate.
- 12.2.4 Commencing one (1) month prior to, and continuing for five (5) month following, the Opening Date, Franchisee shall retain the services of Franchisor's designated bookkeeping service. As of the Effective Date of Franchise Agreement, the fees for such bookkeeping services shall be payable to Franchisor. Thereafter, Franchisee may retain bookkeeping services of Franchisee's choosing, provided that such bookkeeping services follow Generally Accepted Accounting Principles standards. Franchisor reserves the right to require Franchisee to engage the services of a third-party accounting services firm, designated and approved by Franchisor, in the event that (i) Franchisee fails to keep books and records in accordance with Franchisor's standards or (ii) Franchisor, in its sole discretion, determines that use of a third-party accounting services firm by all System franchisees is beneficial to the System.
- 12.2.5. Franchisor shall have the right at all reasonable times to examine, at its expense, Franchisee's books, records, and tax returns. If Franchisor's examination finds that any Gross Revenue Report was understated by two percent (2%) or more, Franchisee shall reimburse Franchisor for the cost of such examination and pay the Franchisor the amounts due together with interest thereon at the rate provided herein. Such understatement may be considered a material default hereunder. Two (2) such understatements during the term of this Agreement may, at the option of Franchisor, be considered an incurable default and thereby subject to termination as provided herein.

12.3. Computer Systems.

- 12.3.1. Franchisee, at Franchisee's sole expense, shall install and maintain the Computer System and other computer hardware and software Franchisor requires for the operation of the Franchised Business and shall follow the procedures related thereto that Franchisor specifies in the Manual or otherwise in writing.
- 12.3.2. Franchisor may require Franchisee, at Franchisee's sole expense, to install and maintain systems and web-based payment processing and bookkeeping accounts that permit Franchisor to independently and electronically access and retrieve any information stored in Franchisee's Computer System and accounts, including, without limitation, information concerning Gross Revenue. Upon Franchisor's request, Franchisee shall execute such documents as Franchisor deems necessary to permit Franchisor to independently and electronically access and retrieve all information stored on Franchisee's Computer System, other systems and web-based payment processing and bookkeeping accounts.
- 12.3.3 Any and all customer data collected or provided by Franchisee, retrieved from Franchisee's Computer System, or otherwise collected from Franchisee by Franchisor or provided to Franchisor, is and will be owned exclusively by Franchisor and will be considered to be Franchisor's proprietary and Confidential Information. Franchisor has the right to use such data in any manner without compensation to Franchisee. Franchisor licenses to Franchisee the use of such data solely for the purpose of operating the Franchised Business; provided that, this license shall automatically and irrevocably terminate, without any additional action or notice required by Franchisor, upon the expiration or earlier termination of this Agreement.
- 12.3.4. Franchisor may require Franchisee, at Franchisee's sole expense, to enter into software license agreements in the form that Franchisor requires for software Franchisor develops or acquires for use in the System.
- 12.3.5. Franchisee shall have and maintain adequate hardware and software in order to access the Internet at the speed required by Franchisor from time to time. Franchisee shall utilize the electronic mail account provided by Franchisor. Franchisee shall promptly read and respond to all electronic mail related to the Franchised Business no less often than on a daily basis and shall accept and acknowledge receipt of all electronic mail sent by Franchisor. Franchisee shall not establish any website or other listing on the Internet except as provided and specifically permitted herein.
- 12.3.6. Franchisor has established a website that provides information about the System and the services and products offered by the 2nd Family Home Care and Support Services System (the "Website"). Franchisor has sole discretion and control over the Website. Franchisor shall include a listing on its Website linking Franchisee's Franchised Business location. Franchisee has no ownership or other proprietary rights to Franchisor's website and Franchisee will lose all rights to such link to

Franchisee's location upon expiration or termination of this Agreement for any reason.

12.3.7. In addition to Franchisee's obligation pursuant to Section 6.6 hereof, Franchisee shall pay all other fees, whether to Franchisor or to third party vendor(s), and expenses for technology required by this Agreement, including but not limited to, the costs of computer hardware and software, regularly recurring fees for software and Internet access, license fees, help desk fees, and licensing or user-based fees for e-mail addresses, a franchise portal or a benchmarking platform.

12.4. Safety and Security. Franchisee is solely responsible for the safe and secure operation of the Franchised Business and the services provided thereby for Franchisee, Franchisee's personnel, clients, agents and the general public. All matters of safety and security are within Franchisee's discretion and control, and Franchisee's indemnification obligations set forth in Section 15.6 hereof shall apply to any claims made against Franchisor regarding safety or security.

12.5. Safety of Clients. Franchisee shall conduct a background review of every prospective employee's criminal history and any other histories (such as motor vehicle, medical and/or credit histories) that Franchisor requires and that Franchisee determines to be necessary and appropriate, prior to hiring. Franchisee shall not hire any prospective employee for any position involving entrance to a client's residence if such prospective employee's background review indicates, in Franchisee's sole discretion, a propensity for violence, dishonesty, negligent, reckless or careless behavior, or a conviction for any crime. Notwithstanding the foregoing, all matters of employment and the safety of Franchisee's clients are within Franchisee's discretion and control. Franchisor shall not be liable to Franchisee, any employee or prospective employee of Franchisee, or any third party for any act or omission of Franchisee or any employee or agent of Franchisee, and Franchisee's indemnification obligations set forth in Section 15.6 hereof shall apply to any claims, demands or actions against Franchisor arising from any act or omission of Franchisee or any employee or agent of Franchisee (including, without limitation, refusal to hire or discrimination claims or claims asserted by third parties for torts allegedly committed by any employee or agent of Franchisee).

12.6 Client Dispute Resolution. Franchisee acknowledges that client satisfaction is essential to Franchisee's success as well as the reputation and success of the System and other 2nd Family Home Care and Support Services franchisees. Accordingly, Franchisee agrees to: (i) use its best efforts to ensure the satisfaction of each of Franchisee's clients; (ii) use good faith in all dealings with clients, potential clients, referral sources, suppliers and creditors; (iii) respond to client complaints in a courteous, prompt, and professional manner; (iv) use its best efforts to promptly and fairly resolve client disputes; and (v) within seven (7) days of receiving a request from Franchisor, provide Franchisor a written summary of the dispute. If Franchisee fails to resolve a dispute with a client, for any reason whatsoever, Franchisor, in its sole discretion and for the sole purpose of protecting the goodwill and reputation of the System and the Marks, may (but shall not be obligated to) investigate the matter and take such action as Franchisor may deem

necessary or appropriate to resolve the dispute fairly and promptly, including, but not limited to, the issuance of a refund on Franchisee's behalf. Within ten (10) days after receiving notice thereof, Franchisee shall reimburse Franchisor for any amounts refunded to a client on Franchisee's behalf. Nothing contained in this Section or any other provision of this Agreement shall be construed to impose liability upon Franchisor to any third party for any action by or obligation of Franchisee.

- 12.7 Prices. Franchisor may from time to time offer guidance with respect to the sales price for services and products. Franchisee is in no way bound to adhere to any such recommended or suggested price. Franchisee shall have the right to provide services and sell products at any price that Franchisee may determine. If Franchisee elects to offer for sale services and products at any price recommended by Franchisor, Franchisee acknowledges that Franchisor has made no guarantee or warranty that offering such services or products at the recommended price will enhance Franchisee's sales or profits.
- 12.8 Unapproved Item/Suppliers. If Franchisee desires to purchase, lease or use any unapproved equipment, product, or service or to purchase, lease or use any equipment, product or service from an unapproved supplier, Franchisee shall submit to Franchisor a written request for such approval prior to utilizing such product, service or supplier. Franchisee shall not purchase or lease any item or use any supplier until and unless such item or supplier has been approved in writing by Franchisor. Franchisor shall have the right to require that its representatives be permitted to inspect the supplier's facilities and to test or otherwise evaluate samples from the supplier. Franchisor reserves the right to charge Franchisee a fee equal to the actual cost and expense for inspection and testing. Franchisor shall notify Franchisee whether Franchisor approves or disapproves of the proposed item or supplier within thirty (30) days after Franchisor receives all required information to evaluate the product, service or supplier. Franchisor reserves the right, at its option, to re-inspect from time to time the facilities and products of any such approved supplier and to revoke its approval upon the supplier's failure to continue to meet any of Franchisor's then-current criteria. Nothing in the foregoing shall be construed to require Franchisor to approve any particular item or supplier.
- 12.9 External Quality Assurance Services. Franchisor reserves the right to establish quality assurance programs conducted by third-party providers, including, but not limited to, customer satisfaction surveys and periodic quality assurance audits ("Quality Review Services"). Upon Franchisor's request and at Franchisee's sole cost and expense, Franchisee shall subscribe, to any such third-party provider for Quality Review Services to monitor the operations of the Franchised Business as directed by Franchisor.
- 12.10 Variations in Standards. Notwithstanding anything to the contrary contained in this Agreement and this Section 12 in particular, Franchisee acknowledges and agrees that because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, at its sole discretion and as it may deem in the best interests of all concerned in any specific

instance, to vary performance standards for some franchisees based upon the peculiarities and characteristics of the particular site or circumstance, business potential, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of such particular franchise business. Franchisor has full rights to vary standard specifications and practices for any other franchisee at any time without giving Franchisee comparable rights. Franchisee shall not be entitled to require Franchisor to disclose or grant to Franchisee a like or similar variation.

13. ADVERTISING, PROMOTIONS AND RELATED FEES

13.1 Advertising Programs. Franchisor may from time to time develop and administer advertising and sales promotion programs designed to promote and enhance the collective success of all Franchised Businesses operating under the System. Franchisee shall participate in all such advertising and sales promotion programs in accordance with the terms and conditions established by Franchisor from time to time for each program. In all aspects of these programs, including, without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies, the standards and specifications established by Franchisor, as modified from time to time, shall be final and binding upon Franchisee.

13.2 Local Advertising.

13.2.1 In addition to the ongoing advertising contributions set forth herein, and following the expenditures set forth in Section 13.2.3 below, Franchisee shall spend (i) during Months 4 – 12 of operation, at least \$500 per month and at least Ten Thousand Dollars (\$10,000.00) in the aggregate, and (ii) monthly, commencing Month 13 of operation and throughout the remainder of the Term, the greater of (x) two percent (2%) of Gross Revenue or (y) \$1,000.00, subject to increase to \$2,000, per month on advertising for the Franchised Business in the Protected Area (“Local Advertising”). Franchisor may require Franchisee to allocate to a regional advertising cooperative, as described in Section 13.4, up to one-half of Franchisee’s required Local Advertising expenditures. Franchisor reserves the right to collect some or all of Franchisee’s Local Advertising expenditure and implement Local Advertising on Franchisee’s behalf.

13.2.2 Within ten (10) business days of Franchisor’s request, Franchisee shall provide a quarterly expenditure report accurately reflecting Franchisee’s Local Advertising expenditures for the preceding quarterly period. The following costs and expenditures incurred by Franchisee shall **not** be included in Franchisee’s expenditures on Local Advertising for purposes of this Section, unless approved in advance by Franchisor in writing: (i) incentive programs for employees or agents of Franchisee; (ii) research expenditures; (iii) salaries and expenses of any of Franchisee’s personnel to attend advertising meetings, workshops or other marketing activities; (iv) charitable, political or other contributions or donations.

13.2.3 Franchisee shall spend at least Ten Thousand Dollars (\$10,000.00) on Local Advertising and promotional activities in the Protected Area within the first ninety (90) days after the opening of the Franchised Business to promote the opening of the Franchisee's Franchised Business. Franchisor reserves the right to collect some or all of Franchisee's grand opening funds and implement grand opening campaign activities on Franchisee's behalf.

13.3. System Marketing Fund.

13.3.1 Franchisor has established a national fund on behalf of the System for national advertising, marketing, and brand development (the "System Marketing Fund"). Franchisee is required to contribute the higher of One Percent (1%) or Five Hundred Dollars (\$500.00) of gross sales per month to the System Marketing Fund ("System Marketing Fund Contribution"). Franchisor reserves the right, in Franchisor's sole discretion and at any time and from time to time, to increase the amount of the System Marketing Fund Contribution to any amount, provided that Franchisee's total combined required Local Advertising expenditure and System Marketing Fund Contribution shall not exceed Thirty-Six Thousand Dollars (\$36,000.00) per year. Payments will be made in the same manner and time as the Royalty Fees.

13.3.2. Franchisor shall direct the System Marketing Fund and shall have sole discretion to approve or disapprove the creative concepts, materials and media used in such programs and the placement and allocation thereof. Franchisee agrees and acknowledges that the System Marketing Fund is intended to maximize general public recognition and acceptance of the Marks and enhance the collective success of all Franchised Businesses operating under the System.

13.3.3. Franchisor may, but has no obligation to, contribute to the System Marketing Fund on the same basis as Franchisee with respect to 2nd Family Home Care and Support Services outlets operated by Franchisor or Franchisor's affiliates.

13.3.4. Franchisor may use the System Marketing Fund to satisfy any and all costs of developing, preparing, producing, directing, administering, conducting, maintaining and disseminating advertising, marketing, promotional and public relations materials, programs, campaigns, sales and marketing seminars and training programs of every kind and nature, through media now existing or hereafter developed (including, without limitation, the cost of television, radio, magazine, social media, newspaper and electronic advertising campaigns; direct mail and outdoor billboard advertising; public relations activities; conducting marketing research, employing advertising agencies to assist therein; developing, enhancing and maintaining the Website; social media platforms, apps, and other technology for the benefit of the Brand image and/or Systemwide improvements; and staff salaries and personnel and other departmental costs for advertising that Franchisor internally administers or prepares). While Franchisor does not intend that any part of the System Marketing Fund will be used for advertising which is

principally a solicitation for franchisees, Franchisor reserves the right to use the System Marketing Fund for public relations, to explain the franchise system, and/or to include a notation in any advertisement indicating “Franchises Available.”

- 13.3.5. The System Marketing Fund will not be used to defray any of Franchisor’s general operating expenses, except for reasonable administrative costs and overhead that Franchisor may incur in activities related to the administration and direction of the System Marketing Fund and such costs and expenses pursuant Section 13.3.4. The System Marketing Fund and its earnings shall not otherwise inure to Franchisor’s benefit except that any resulting technology and intellectual property shall be deemed the property of Franchisor.
- 13.3.6. Franchisor will prepare an unaudited annual statement of the System Marketing Fund’s operations and will make it available to Franchisee upon request. In administering the System Marketing Fund, Franchisor undertakes no obligation to make expenditures for Franchisee that are equivalent or proportionate to Franchisee’s contribution or to ensure that any particular franchisee benefits directly or pro rata from the production or placement of advertising.
- 13.3.7. Although the System Marketing Fund is intended to be of perpetual duration, Franchisor may terminate it at any time and for any reason or no reason. Franchisor will not terminate the System Marketing Fund, however, until all monies in the System Marketing Fund have been spent for advertising or promotional purposes or returned to contributors, without interest, on the basis of their respective contributions.
- 13.4. Regional Advertising. Franchisor reserves the right to establish, in Franchisor’s sole discretion, a regional advertising cooperative. If a regional cooperative is established during the term of this Agreement, Franchisee agrees to sign all documents Franchisor requests to become a member of the cooperative according to the terms of the documents. If Franchisor establishes a regional cooperative, Franchisee agrees to contribute amounts Franchisor requires, in addition to required System Marketing Fund Contributions.
- 13.5. Directory Listings. At Franchisee’s sole cost and expense, Franchisee must list the Franchised Business in local business directories, including, but not limited to, listings on Internet search engines. If feasible, and with Franchisor’s prior written approval, Franchisee may do cooperative listings with other System franchisees. Notwithstanding the foregoing, Franchisee may not maintain any business profile on Facebook, Twitter, LinkedIn, YouTube, Instagram, TikTok or any other social media and/or networking site without Franchisor’s prior written approval and in strict accordance with Franchisor’s requirements.
- 13.6. Approval of Advertising. All advertising and promotion by Franchisee, in any medium, shall be conducted in a professional manner and shall conform to the standards and requirements of Franchisor as set forth in the Manual or otherwise. Franchisee shall

submit to Franchisor for its approval samples of all advertising, press releases, promotional plans and materials and public relations programs that Franchisee desires to use, including, without limitation, any materials in digital, electronic or computerized form, or in any form of media now or hereafter developed that have not been either provided or previously approved by Franchisor. Franchisor shall approve or disapprove such plans and materials within ten (10) business days of Franchisor's receipt thereof. If Franchisor fails to respond to Franchisee's submission within ten (10) business days, such plans and materials shall be deemed "disapproved". Franchisee shall not use such unapproved plans or materials until they have been approved by Franchisor in writing, and shall promptly discontinue use of any advertising or promotional plans or materials, whether or not previously approved, upon notice from Franchisor. Any advertising, marketing or sales concepts, programs or materials proposed or developed by Franchisee for the 2nd Family Home Care and Support Services brand and approved by Franchisor may be used by other System franchisees without any compensation to Franchisee.

14. INTELLECTUAL PROPERTY

14.1 Ownership.

14.1.1. Franchisee expressly understands and acknowledges that Franchisor and/or Franchisor's affiliate(s) are the record owner of the Marks. Franchisor holds the exclusive right to license the Marks to franchisees of the System for use pursuant to the System. Franchisee further expressly understands and acknowledges that Franchisor and/or Franchisor's affiliate(s) claim copyrights on certain material used in the System, including but not limited to its website, documents, advertisements, promotional materials and the Manual, whether or not Franchisor and/or Franchisor's affiliate(s) have filed for copyrights thereto with the U.S. Copyright Office. The Marks and copyrights, along with Franchisor's trade secrets, service marks, trade dress and proprietary systems are hereafter collectively referred to as the "Intellectual Property".

14.1.2. As between Franchisor and Franchisee, Franchisor and/or Franchisor's affiliate(s) are the owner of all right, title and interest in and to the Intellectual Property and the goodwill associated with and symbolized by them.

14.2. **No Interference.** Neither Franchisee nor any Principal shall take any action that would prejudice or interfere with the validity of Franchisor's and/or Franchisor's affiliate(s)'s rights with respect to the Intellectual Property. Nothing in this Agreement shall give the Franchisee any right, title, or interest in or to any of the Intellectual Property or any of Franchisor's and/or Franchisor's affiliate(s)'s service marks, trademarks, trade names, trade dress, logos, copyrights or proprietary materials, except the right to use the Intellectual Property and the System in accordance with the terms and conditions of this Agreement for the operation of a Franchised Business and only at or from the Franchised Business premises or in approved advertising related to the Franchised Business.

- 14.3. Goodwill. Franchisee understands and agrees that any and all goodwill arising from Franchisee's use of the Intellectual Property and the System shall inure solely and exclusively to the benefit of Franchisor and/or Franchisor's affiliate(s), and upon expiration or termination of this Agreement and the license herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the Intellectual Property.
- 14.4. Validity. Franchisee shall not contest the validity of, or Franchisor's and/or Franchisor's affiliate(s)'s interest in, the Intellectual Property or assist others to contest the validity of, or Franchisor's and/or Franchisor's affiliate(s)'s interest in, the Intellectual Property.
- 14.5. Infringement. Franchisee acknowledges that any unauthorized use of the Intellectual Property shall constitute an infringement of Franchisor's and/or Franchisor's affiliate(s)'s rights in the Intellectual Property and a material event of default hereunder. Franchisee shall provide Franchisor and/or Franchisor's affiliate(s) with all assignments, affidavits, documents, information and assistance Franchisor and/or Franchisor's affiliate(s) reasonably requests to fully vest in Franchisor and/or Franchisor's affiliate(s) all such rights, title and interest in and to the Intellectual Property, including all such items as are reasonably requested by Franchisor and/or Franchisor's affiliate(s) to register, maintain and enforce such rights in the Intellectual Property.
- 14.6. Substitution. Franchisor reserves the right to substitute different Marks for use in identifying the System and the Franchised Business, if it in its sole discretion, determines that substitution of different Marks will be beneficial to the System. Franchisor will not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any additions, modifications, substitutions or discontinuation of the Marks. Franchisee covenants not to commence or join in any litigation or other proceeding against Franchisor for any of these expenses, losses or damages.
- 14.7. Franchisee's Use of the Intellectual Property. With respect to Franchisee's use of the Intellectual Property pursuant to this Agreement, Franchisee further agrees that:
- 14.7.1 Unless otherwise authorized or required by Franchisor, Franchisee shall advertise the Franchised Business only under the Marks "2nd Family Home Care and Support Services" and design. Franchisee shall not use the Marks, or any portions, variations, or derivatives thereof, as part of its corporate or other legal name. All fictitious names used by Franchisee shall bear the designation "a franchisee of 2nd Family Franchising, LLC".
- 14.7.2. Franchisee shall identify itself as the owner of the Franchised Business and as an independent 2nd Family Home Care and Support Services franchisee in conjunction with any use of the Intellectual Property, including, but not limited to,

uses on invoices, order forms, receipts, and contracts, as well as the display of a notice in such content and form and at such conspicuous locations on the premises of the Franchised Business as Franchisor may designate in writing.

14.7.3. Franchisee shall not use the Intellectual Property to incur any obligation or indebtedness on behalf of Franchisor.

14.7.4. Any item offered by Franchisee that contains the Marks, must be approved by Franchisor in writing prior to being distributed or sold by Franchisee and such approval may be granted or denied in Franchisor's sole and absolute discretion.

14.8. Claims. Franchisee shall notify Franchisor immediately via both email and telephone, of any apparent infringement of or challenge to Franchisee's use of any Intellectual Property and of any claim by any person of any rights in any Intellectual Property. Franchisee shall not communicate with any person other than Franchisor or any designated affiliate thereof, their counsel and Franchisee's counsel in connection with any such infringement, challenge, or claim. Franchisor shall have complete discretion to take such action as it deems appropriate in connection with the foregoing, and the right to control exclusively, or to delegate control to any of its affiliates of, any settlement, litigation or other proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any Intellectual Property. Franchisee agrees to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in the opinion of Franchisor, reasonably be necessary or advisable to protect and maintain the interests of Franchisor or any other person or entity in any litigation or other proceeding or to otherwise protect and maintain the interests of Franchisor or any other interested party in the Intellectual Property. Franchisor will indemnify and defend Franchisee against and reimburse Franchisee for actual damages (including settlement amounts) for which Franchisee is held liable in any proceeding arising out of Franchisee's use of any of the Intellectual Property that infringes on the rights of any other party, provided that the conduct of Franchisee with respect to such proceeding and use of the Intellectual Property is in full compliance with the terms of this Agreement.

14.9. Franchisor may use and grant franchises and licenses to others to use the Intellectual Property and the System and to establish, develop and franchise other systems, different from the System licensed to Franchisee herein, without offering or providing Franchisee any rights in, to or under such other systems and Franchisor may modify or change, in whole or in part, any aspect of the Intellectual Property or the System, so long as Franchisee's rights thereto are in no way materially harmed thereby.

14.10. Franchisee shall not register or attempt to register the Intellectual Property in Franchisee's name or that of any other person, firm, entity, or corporation.

15. INSURANCE AND INDEMNIFICATION

15.1. Procurement. Franchisee shall procure, prior to the commencement of any operations

under this Agreement, and thereafter maintain in full force and effect during the term of this Agreement at Franchisee's sole cost and expense and to Franchisor's sole satisfaction, insurance policies protecting Franchisee and Franchisor, and naming Franchisor, its officers, directors, partners, owners, employees and affiliates as additional insureds as their interests may appear, in the following minimum limits (except as additional coverage and higher policy limits may reasonably be specified from time to time in the Manual or otherwise in writing):

- 15.1.1. Liability. Comprehensive general liability insurance, including contractual liability, professional liability, public liability, broad form property damage, personal injury, product liability, advertising injury, completed operations and independent contractors coverage, and fire damage coverage in the amount of at least One Million Dollars (\$1,000,000.00) per occurrence and Three Million Dollars (\$3,000,000.00) in the aggregate, and a medical expense coverage of at least Five Thousand Dollars (\$5,000.00), or such higher amounts as required by state laws;
- 15.1.2. Employment. Worker's compensation coverage in the limits required by state law, employer's liability insurance, including coverage for physical/sexual abuse, in the amount of One Million Dollars (\$ 1,000,000.00) per incident, and a commercial crime bond of at least ten thousand dollars (\$10,000.00), shall be carried on all of Franchisee's employees, as well as such other insurance as may be required by statute or rule of the state in which the Franchised Business is located and operated;
- 15.1.3. Property. Fire, vandalism and extended coverage insurance with primary and excess limits of not less than the full replacement value of the equipment, furniture, fixtures, vehicles and inventory.
- 15.1.4. Business. Business interruption insurance for a minimum of twelve (12) months, in an amount necessary to satisfy Franchisee's obligations under this Agreement and the lease for the Franchised Business office.
- 15.1.5. Automobile Insurance. Prior to operation of any vehicle on behalf of the Franchised Business, Franchisee must obtain comprehensive automobile liability insurance in the amount of at least a combined single limit for bodily and property damage of One Million Dollars (\$1,000,000.00), or greater if required by state law.
- 15.2. Evidence of Insurance. Franchisee shall deliver to, and maintain at all times with Franchisor, current Certificates of Insurance evidencing the existence and continuation of the required coverages. In addition, if requested by Franchisor, Franchisee shall deliver to Franchisor a copy of the insurance policy or policies required hereunder.
- 15.3. Failure to Procure. If, for any reason, Franchisee should fail to procure or maintain the insurance required by this Agreement as revised from time to time for all franchisees by the Manual or otherwise in writing, Franchisor shall have the right and authority (without, however, any obligation) to immediately procure such insurance and to charge Franchisee for the cost thereof together with a reasonable fee for Franchisor's

expenses in so acting, including all attorneys' fees. Franchisee shall pay Franchisor immediately upon notice by Franchisor to Franchisee that Franchisor has undertaken such action and the cost thereof.

15.4. Increase in Coverage. The levels and types of insurance stated herein are minimum requirements. Franchisor reserves the right to raise the required minimum requirements for any type of insurance or add additional types of insurance requirements as Franchisor deems reasonably prudent to require. Within thirty (30) days of any such required new limits or types of coverage, Franchisee must submit proof to Franchisor of Franchisee's coverage pursuant to Franchisor's requirements.

15.5. Additional Insured. All required insurance policies shall name Franchisor and their affiliates and their members, officers, agents and employees as additional insureds as their interests may appear, on a primary, noncontributory basis, and shall contain a waiver of rights of subrogation against Franchisor. All public liability policies shall contain a provision that the additional insureds, although named as insureds, shall nevertheless be entitled to recover under such policies on any loss caused by Franchisee or Franchisee's servants, agents or employees.

15.6. Indemnification. TO THE FULLEST EXTENT PERMITTED BY LAW, FRANCHISEE AGREES TO EXONERATE AND INDEMNIFY AND HOLD HARMLESS 2ND FAMILY FRANCHISING, LLC, 2ND FAMILY PROPERTIES, LLC, AND ANY OF THEIR PARENT COMPANIES, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AS WELL AS THEIR DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, AND SHAREHOLDERS (COLLECTIVELY REFERRED TO AS THE "2ND FAMILY INDEMNITEES"), FROM ALL CLAIMS BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATED TO FRANCHISEE'S FRANCHISE AND/OR THE OPERATION THEREOF, INCLUDING BUT NOT LIMITED TO, ANY CLAIM IN CONNECTION WITH FRANCHISEE'S EMPLOYEES OR AGENTS; FRANCHISEE'S COMPUTER SYSTEMS; THE FRANCHISED BUSINESS PREMISES; OR FRANCHISEE'S ADVERTISING OR BUSINESS PRACTICES. FRANCHISEE AGREES TO PAY FOR ALL THE 2ND FAMILY INDEMNITEES' LOSSES, EXPENSES (INCLUDING, BUT NOT LIMITED TO ATTORNEYS' FEES) OR CONCURRENT OR CONTRIBUTING LIABILITY INCURRED IN CONNECTION WITH ANY ACTION, SUIT, PROCEEDING, INQUIRY (REGARDLESS OF WHETHER THE SAME IS REDUCED TO JUDGMENT OR DETERMINATION), OR ANY SETTLEMENT THEREOF FOR THE INDEMNIFICATION GRANTED BY FRANCHISEE HEREUNDER. THE 2ND FAMILY INDEMNITEES SHALL HAVE THE RIGHT TO SELECT AND APPOINT INDEPENDENT COUNSEL TO REPRESENT ANY OF THE 2ND FAMILY INDEMNITEES IN ANY ACTION OR PROCEEDING COVERED BY THIS INDEMNITY. FRANCHISEE AGREES THAT TO HOLD THE 2ND FAMILY INDEMNITEES HARMLESS, FRANCHISEE WILL REIMBURSE THE 2ND FAMILY INDEMNITEES AS THE COSTS AND EXPENSES ARE INCURRED BY THE 2ND FAMILY INDEMNITEES.

16. TRANSFERS

16.1. Transfers by Franchisor.

16.1.1. Franchisor shall have the right to assign this Agreement, and all of Franchisor's rights and privileges hereunder, to any person, firm, corporation or other entity, without Franchisee's permission or prior knowledge, provided that, with respect to any assignment resulting in the subsequent performance by the assignee of Franchisor's obligations, the assignee shall expressly assume and agree to perform Franchisor's obligations hereunder. Specifically, and without limitation to the foregoing, Franchisee expressly affirms and agrees that Franchisor may: (i) sell Franchisor's assets and Franchisor's rights to the Marks and the System outright to a third party; (ii) engage in a public or private placement of some or all of Franchisor's securities; (iii) merge, acquire other corporations, or be acquired by another corporation, including competitors; (iv) undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring; and (v) with regard to any or all of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or relating to the loss of association with or identification of Franchisor. Nothing contained in this Agreement shall require Franchisor to remain in the business franchised herein or to offer the same products and services, whether or not bearing the Marks, in the event that Franchisor exercises its prerogative hereunder to assign Franchisor's rights in this Agreement.

16.1.2. Franchisee agrees that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities operating under the Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of the facilities (which Franchisee acknowledges may be within the Protected Area, proximate thereto, or proximate to any of Franchisee's locations). However, Franchisor represents that it will not convert any such acquired facilities that are operating within the Protected Area to a 2nd Family Home Care and Support Services franchise during the Term of this Agreement.

16.1.3. If Franchisor assigns its rights in this Agreement, nothing herein shall be deemed to require Franchisor to remain in the home health or personal care business or to offer or sell any products or services to Franchisee.

16.2. Restrictions on Transfers by Franchisee. Franchisee's rights and duties under this Agreement are personal to Franchisee as it is organized and with the Principals of the business as they exist on the date of execution of this Agreement, and Franchisor has

made this Agreement with Franchisee in reliance on Franchisor's perceptions of the individual and collective character, skill, aptitude, attitude, business ability, and financial capacity of Franchisee. Thus, no transfer, as hereafter defined, may be made without Franchisor's prior written approval. Franchisor may void any transfer made without such approval.

- 16.3. Transfers by Franchisee. Franchisee shall not directly or indirectly sell, assign, transfer, give, devise, convey or encumber this Agreement or any right or interest herein or hereunder (a "Transfer"), the Franchise, the Franchised Business or any assets thereof (except in the ordinary course of business) or suffer or permit any such assignment, transfer, or encumbrance to occur by operation of law unless it first obtains the written consent of Franchisor. A transfer of any stock in the Franchisee if it is a corporation or a transfer of any ownership rights in Franchisee if it is a partnership, a limited liability company or limited partnership shall be considered a Transfer restricted hereunder. If Franchisee has complied fully with this Agreement and subject to Franchisor's Right of First Refusal set forth in Section 16.6, Franchisor will not unreasonably withhold its consent of a Transfer that meets the following requirements:
- 16.3.1. The proposed transferee and all its principals must have the demeanor, and be individuals of good character, and otherwise meet Franchisor's then-applicable standards for franchisees.
 - 16.3.2. The transferee must have sufficient business experience, aptitude and financial resources to operate the Franchised Business and to comply with this Agreement;
 - 16.3.3. The transferee has agreed to complete Franchisor's Initial Management Training Program to Franchisor's satisfaction;
 - 16.3.4. Franchisee has paid all amounts owed to Franchisor and third-party creditors;
 - 16.3.5. The transferee has executed Franchisor's then-standard form of Franchise Agreement, which may have terms and conditions different from this Agreement, except that the transferee shall not be required to pay the Initial Franchise Fee;
 - 16.3.6. Franchisee and the transferee and each of Franchisee's and the transferee's Principals shall have executed a general release under seal, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's officers, directors, shareholders, members and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances. Franchisee will agree to subordinate any claims Franchisee may have against the transferee to Franchisor, and indemnify Franchisor against any claims by the transferee relating to misrepresentations in the transfer process, specifically excluding those representations made by Franchisor in the Franchise Disclosure Document given to the transferee;

16.3.7. Franchisor has granted written approval of the material terms and conditions of the Transfer, including, without limitation, that the price and terms of payment will not adversely affect the Franchised Business's operation. However, Franchisor's approval of a Transfer is not in any way a representation or warranty of the transferee's success or the soundness of transferee's decision to purchase the Franchise on such terms and conditions. Franchisee shall provide Franchisor all proposed transfer documents for Franchisor's review at least thirty (30) days prior to a closing of the proposed Transfer;

16.3.8. If Franchisee or any Principal finances any part of the sale price of the Transfer, Franchisee or its Principal have agreed that all obligations of the transferee under any notes, agreements or security interests to Franchisee or its Principal will be subordinate to the transferee's obligations to Franchisor; and

16.3.9. If consent is required, the lessor of the Franchised Business's premises consents to the assignment or further sublet of the premises to the transferee.

16.4. Transfer Fee. As a condition to any Transfer, Franchisee shall pay Franchisor a transfer fee ~~equal to seventy five percent (75%) of the then current initial franchise fee; of Ten Thousand Dollars (\$10,000);~~ provided however, (i) ~~for transfers to an existing franchisee in good standing with Franchisor, the transfer fee is fifty percent (50%) of the then current initial franchise fee,~~ (ii) for transfers of ownership interest among existing shareholders or members, or to add a new shareholder or member, of the Franchisee entity and such transfer does not change management control of the Franchisee entity, the transfer fee is One Thousand Five Hundred Dollars (\$1,500.00), and (iii) for a transfer to a spouse, parent or child upon death or permanent disability of Franchisee or Franchise's Principal, as the case may be, the transfer fee is Three Thousand Five Hundred Dollars (\$3,500.00).

16.5. Entity Formation Documents. The By-Laws of a corporation or Operating Agreement of a limited liability company of a Franchisee that is an entity must state that (i) the issuance and assignment of any interest in Franchisee are restricted by this Article 16; (ii) Franchisee may conduct no business except the operation of a Franchised Business pursuant to the terms of this Agreement; (iii) transfers of interests in Franchisee are subject to the terms of this Agreement governing transfers; and (iv) stock or member certificates will contain a legend so indicating.

16.6. Franchisor 's Right of First Refusal.

16.6.1. If Franchisee wishes to transfer all or part of its interest in the Franchised Business or this Agreement or if a Principal wishes to transfer any ownership interest in Franchisee, pursuant to any bona fide offer to purchase such interest, then Franchisee or such Principal shall promptly notify Franchisor in writing of each such offer, and shall provide such information and documentation relating to the offer as Franchisor may require.

16.6.2. Franchisor has the right, exercisable by written notice to Franchisee within thirty (30) days after receipt of written notification and copies of all documentation required by Franchisor describing such offer, to buy the interest in this Agreement and the Franchised Business or the Principal's interest in Franchisee for the price and on the terms and conditions contained in the offer, subject to Section 16.6.3.

16.6.3. Franchisee further agrees, in the event Franchisor exercises its right of first refusal, notwithstanding anything to the contrary contained in the offer, that (i) Franchisor may substitute cash for any other form of consideration contained in the offer; (ii) at Franchisor's option, Franchisor may pay the entire purchase price at closing; (iii) Franchisor's credit will be deemed equal to the credit of any proposed transferee; (iv) Franchisor will have at least sixty (60) days to close the purchase; and (v) Franchisor will be entitled to receive from the Franchisee all customary representations and warranties given by a seller of the assets of a business or equity interest in an entity, as applicable.

16.6.4. If Franchisor does not exercise its right to buy within thirty (30) days, Franchisee may thereafter transfer the interest to the transferee on terms no more favorable than those disclosed to Franchisor, provided that such transfer is subject to Franchisor's prior written approval pursuant to Section 16.3 hereof. However, if (i) the sale to the transferee is not completed within one hundred twenty (120) days after the offer is given to Franchisor or (ii) there is any material change in the terms of the offer, the offer will again be subject to Franchisor's right of first refusal.

16.7. Death or Permanent Disability. The grant of rights under this Agreement is personal to Franchisee, and on the death or permanent disability of Franchisee or any of Franchisee's Principals, the executor, administrator, conservator or other personal representative of Franchisee or Principal, as the case may be, shall be required to transfer Franchisee's or Franchisee's interest in this Agreement within six (6) months from the date of death or permanent disability, to a third party approved by Franchisor. Failure to transfer in accordance with the forgoing will constitute a material default and the Franchise granted by this Agreement will terminate. A transfer under this Section 16.7, including without limitation, transfer by devise or inheritance, is subject to the conditions for Transfers in this Article 16 and unless transferred by gift, devise or inheritance, subject to the terms of Section 16.6 above. For purposes of this Agreement, the term "permanent disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent such person from providing continuous and material supervision of the operation of Franchisee's Franchised Business during the six (6)-month period from its onset.

Immediately after the death or permanent disability of such person, or while the Franchise is owned by an executor, administrator, guardian, personal representative or trustee of that person, the Franchised Business shall be supervised by an interim successor manager satisfactory to Franchisor, or Franchisor, in its sole discretion, may provide interim management at Franchisor's then-current rates during the term of

interim management, plus all travel related and other expenses, pending transfer of the Franchise to the deceased or disabled individual's lawful heirs or successors.

- 16.8. Effect of Consent to Transfer. Franchisor's consent to a Transfer will not waive any claims Franchisor may have against the Franchisee or any Franchisee's Principals nor waive its right to demand that the transferee comply strictly with this Agreement.
- 16.9. Security Interests to Lender. If Franchisee is in full compliance with this Agreement, Franchisee may pledge or give a security interest in Franchisee's interest in the assets of the Franchised Business to a lender of the funds needed by Franchisee for Franchisee's initial investment, provided that the security interest is subordinate to Franchisee's obligations to Franchisor, that a foreclosure on such a pledge or security interest and/or any Transfer resulting from such a foreclosure shall be subject to all provisions of this Agreement, and that Franchisee obtains from the lender a written acknowledgement to Franchisor of these restrictions. Notwithstanding the foregoing, in the event Franchisee obtains financing whereby funding is provided with the assistance of the United States Small Business Administration ("SBA Financing"), Franchisee shall be permitted to grant the lender of such SBA Financing a senior lien on any collateral Franchisee uses to secure the SBA Financing, and Franchisor agrees to (i) subordinate its interest in any lien on Franchisee's collateral to that of the lender of the SBA Financing and (ii) waive the requirement of the written acknowledgement referenced in this Section.

17. DEFAULTS

- 17.1. Default and Automatic Termination. Franchisee shall be deemed to be in material default under this Agreement, and all rights granted herein shall automatically terminate without notice to Franchisee, if Franchisee shall become insolvent or makes a general assignment for the benefit of creditors; or if Franchisee files a voluntary petition under any section or chapter of federal bankruptcy law or under any similar law or statute of the United States or any state thereof, or admits in writing its inability to pay its debts when due; or if Franchisee is adjudicated a bankrupt or insolvent in proceedings filed against Franchisee under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state; or if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; or if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); or if Franchisee is dissolved; or if execution is levied against Franchisee's business or property; or if suit to foreclose any lien or mortgage against the Franchised Business premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days.

17.2. Defaults with No Opportunity to Cure. Franchisee shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon notice to Franchisee, if Franchisee, or any Principal, as the case may be:

17.2.1. fails to obtain all required licenses and permits before opening, identify a mutually acceptable office site or open the Franchised Business within the time and in the manner specified in Article 8.

17.2.2. falsifies any report required to be furnished Franchisor hereunder;

17.2.3. ceases to operate the Franchised Business for a period of five (5) days or more;

17.2.4. fails to comply with any federal, state or local law, rule or regulation, applicable to the operation of the Franchised Business, including, but not limited to, the failure to pay taxes;

17.2.5. understates Gross Revenue on two (2) occasions or more, whether or not cured on any or all of those occasions;

17.2.6. fails to comply with the covenants in Article 15;

17.2.7. permits a Transfer in violation of the provisions of Article 16 of this Agreement;

17.2.8. fails, or Franchisee's legal representative fails, to transfer the interests in this Franchise Agreement and the Franchised Business upon death or permanent disability of Franchisee or any Principal of Franchisee as required by Section 16.7.

17.2.9. has misrepresented or omitted material facts in applying for the Franchise;

17.2.10. is convicted of, or pleads no contest to, a felony or to a crime that could damage the goodwill associated with the Marks or does anything to harm the reputation of the System or the goodwill associated with the Marks;

17.2.11. receives an adverse judgment or a consent decree in any case or proceeding involving allegations of fraud, racketeering, unfair or improper trade practices or similar claim which is likely to have an adverse effect on the System, or the Marks, the goodwill associated therewith or Franchisor's interest therein, in Franchisor's sole opinion;

17.2.12. conceals revenues, knowingly maintains false books or records, or knowingly submits any false reports;

17.2.13. creates a threat or danger to public health or safety from operation of the Franchised Business;

- 17.2.14. refuses to permit Franchisor to inspect or audit Franchisee's books or records;
 - 17.2.15. makes any unauthorized use of the Marks or copyrighted material or any unauthorized use or disclosure of Confidential Information (as defined in Section 19.2);
 - 17.2.16. fails to comply with the non-competition covenants in Section 19.5;
 - 17.2.17. defaults in the performance of Franchisee's obligations under this Agreement three (3) or more times during the term of this Agreement or has been given at least two (2) notices of default in any consecutive twelve (12)-month period, whether or not the defaults have been corrected;
 - 17.2.18. has insufficient funds to honor a check or electronic funds transfer two (2) or more times within any consecutive twelve (12)-month period;
 - 17.2.19. defaults, or an affiliate of Franchisee defaults, under any other agreement, including any other franchise agreement, with Franchisor or any of its affiliates, or suppliers and does not cure such default within the time period provided in such other agreement;
 - 17.2.20 fails to meet Minimum Performance Standards, in which event Franchisor, at its election, may either reduce the size of the Protected Area or terminate this Agreement; or
 - 17.2.21. terminates this Agreement without cause.
- 17.3. Curable Defaults. Franchisee shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, if Franchisee fails to cure the default within the time period set forth in this Section 17.3, effective immediately upon notice to Franchisee, if Franchisee, or any Principal, as the case may be:
- 17.3.1. fails to pay when due any amounts due to Franchisor under this Agreement or any related agreement and does not correct the failure within five (5) days after written notice; provided, however, Franchisor has no obligation to give written notice of a late payment more than two (2) times in any twelve (12)-month period, and the third such late payment in any twelve (12)-month period shall be a non-curable default under Sections 17.2.17 and/or 17.2.18;
 - 17.3.2. fails to perform any non-monetary obligation imposed by this Agreement (excepting those defaults of obligations set forth in Sections 17.1 and 17.2 for which there is no opportunity to cure) and such default shall continue for five (5) days after Franchisor has given written notice of such default, or if the default

cannot be reasonably corrected within said five (5)-day period, then if it is not corrected within such additional time as may be reasonably required assuming Franchisee proceeds diligently to cure; provided, however, Franchisor has no obligation to give written notice of a non-monetary default more than two (2) times in any twelve (12)-month period, and the third such default, whether monetary or non-monetary, in any twelve (12) – month period shall be a non-curable default under Section 17.2.17.

17.4. Franchisor's Cure of Franchisee's Defaults. In the event of a default by Franchisee, in addition to Franchisor's right to terminate the Franchise Agreement, and not in lieu thereof, Franchisor may, but has no obligation to:

17.4.1. effect a cure on Franchisee's behalf and at Franchisee's expense, and Franchisee shall immediately pay Franchisor the costs incurred by Franchisor upon demand; or

17.4.2. exercise complete authority with respect to the operation of the Franchise Business until such time as Franchisor determines that the default of Franchisee has been cured and that Franchisee is complying with the requirements of this Agreement. Franchisee specifically agrees that a designated representative of Franchisor may take over, control and operate the Franchised Business. In addition to all other fees paid under this Agreement, Franchisee shall pay Franchisor at Franchisor's then-current rates for interim management, plus all travel related and other expenses, during Franchisor's operation thereof as compensation therefor. Further, Franchisee shall reimburse Franchisor for the full compensation paid to such representative including the cost of all fringe benefits plus all travel expenses, lodging, meals and other expenses reasonably incurred by such representative until the default has been cured and Franchisee is complying with the terms of this Agreement.

17.5. Notice to Suppliers. In the event of a default by Franchisee, in addition to Franchisor's right to terminate the Franchise Agreement, and not in lieu thereof, Franchisor reserves the right with five (5) days' prior written notice to Franchisee, to direct suppliers to stop furnishing any and all products and supplies, including, but not limited to products sold under Franchisor's discounted pricing schedules, until such time as Franchisee's default is cured. In no event shall Franchisee have recourse against Franchisor for loss of revenue, customer goodwill, profits or other business arising from Franchisor's actions and the actions of suppliers.

17.6 Reimbursement of Costs. Franchisee shall reimburse Franchisor all costs and expenses, including but not limited to attorney's fees, incurred by Franchisor as a result of Franchisee's default, including costs in connection with collection of any amounts owed to Franchisor and/or enforcement of Franchisor's rights under this Agreement.

18. POST-TERMINATION

- 18.1. Franchisee's Obligations. Upon termination or expiration of this Agreement, all rights and licenses granted hereunder to Franchisee shall immediately terminate and Franchisee and each Principal, if any, shall:
- 18.1.1. immediately cease to operate the Franchised Business, and shall not thereafter, directly or indirectly identify himself, herself or itself as a current 2nd Family Home Care and Support Services owner, franchisee or licensee;
 - 18.1.2. immediately and permanently cease to use the Marks, any imitation of any Mark, Franchisor's copyrighted material or other intellectual property, confidential or proprietary material or indicia of the Franchised Business, or use any trade name, trade or service mark or other commercial symbol that suggests an association with Franchisor, Franchisor's affiliate(s), or the System. In particular, Franchisee shall cease to use, without limitation, all signs, billboards, advertising materials, displays, stationery, forms and any other articles, which display the Marks;
 - 18.1.3. take such action as may be necessary to cancel any assumed name or equivalent registration that contains the Mark or any other service mark or trademark of Franchisor, and Franchisee shall furnish Franchisor with evidence of compliance with this obligation which is satisfactory to Franchisor, within five (5) days after termination or expiration of this Agreement;
 - 18.1.4. promptly pay all sums owing to Franchisor and its affiliates. Such sums shall include all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of any default by Franchisee. The payment obligation herein shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, fixtures, and inventory owned by Franchisee and located at the Franchised Business premises at the time of default;
 - 18.1.5. pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor in connection with obtaining any remedy available to Franchisor for any violation of this Agreement and, subsequent to the termination or expiration of this Agreement, in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement that survive its termination;
 - 18.1.6. immediately deliver at Franchisee's sole cost and expense, to Franchisor the Manual and all records, files, instructions, correspondence, invoices, agreements, all confidential, proprietary and copyrighted material and all other materials related to operation of the Franchised Business, including but not limited to client lists and records, (all of which are acknowledged to be Franchisor's property), delete all electronic copies and retain no copy or record of any of the foregoing, except Franchisee's copy of this Agreement and of any correspondence between the parties and any other documents that Franchisee reasonably needs for compliance with any provision of law;

- 18.1.7. comply with the non-disclosure and non-competition covenants contained in Article 19; and
- 18.1.8 in the event this Agreement is terminated due to Franchisee's default, pay Franchisor a lump sum payment (as liquidated damages and not as a penalty) in an amount equal to: (a) the average monthly Royalty Fee and Brand Fund Contribution payable by Franchisee over the twelve (12) month period immediately prior to the date of termination (or such shorter time period if the Franchised Business has been open less than twelve (12) months); (b) multiplied by the lesser of (i) thirty-six (36) months or (ii) the number of months then remaining in the then-current term of this Agreement. Franchisee acknowledges that a precise calculation of the full extent of the damages Franchisor will incur in the event of termination of this Agreement as a result of Franchisee's default is difficult to determine and that this lump sum payment is reasonable in light thereof. The liquidated damages payable by Franchisee pursuant to this Section 18.1.8 shall be in addition to all other amounts payable under this Agreement and shall not affect Franchisor's right to obtain appropriate injunctive relief and remedies pursuant to any other provision of this Agreement.

18.2. Right to Purchase.

- 18.2.1. Franchisor shall have the option, to be exercised within thirty (30) days after termination or expiration of this Agreement, to purchase from Franchisee any or all of the furnishings, equipment (including any point of sale system), signs, fixtures, advertising materials, supplies, and inventory of Franchisee related to the operation of the Franchised Business, at Franchisee's cost or fair market value, whichever is less, and assume any and all contracts related to the operation of the Franchised Business. Franchisor shall purchase Franchisee's assets free and clear of any liens, charges, encumbrances or security interests and Franchisor shall assume no liabilities whatsoever, unless otherwise agreed to in writing by the parties. If the parties cannot agree on the fair market value within thirty (30) days of Franchisor's exercise of its option, fair market value shall be determined by two (2) appraisers, with each party selecting one (1) appraiser, and the average of their determinations shall be binding. In the event of such appraisal, each party shall bear its own legal and other costs and shall split the appraisal fees equally. If Franchisor elects to exercise its option to purchase herein provided, it shall have the right to set off (i) all fees for any such independent appraiser due from Franchisee, (ii) all amounts due from Franchisee to Franchisor or any of its affiliates and (iii) any costs incurred in connection with any escrow arrangement (including reasonable legal fees), against any payment therefor and shall pay the remaining amount in cash. Closing of the purchase shall take place no later than thirty (30) days after determination of the fair market value.
- 18.2.2. With respect to the option described in Section 18.2.1, Franchisee shall deliver to Franchisor in a form satisfactory to Franchisor, such warranties, releases of lien, bills of sale, assignments and such other documents and instruments that Franchisor deems necessary in order to perfect Franchisor's title and possession in and to the assets being purchased or assigned and to meet the requirements of all

tax and government authorities. If, at the time of closing, Franchisee has not obtained all of these certificates and other documents, Franchisor may, in its sole discretion, place the purchase price in escrow pending issuance of any required certificates or documents.

18.2.3. Franchisor shall be entitled to assign any and all of its option in Section 18.2.1 to any other party, without the consent of Franchisee.

18.3. Assignment of Communications. Franchisee, at the option of Franchisor, shall assign to Franchisor all rights to the telephone numbers of the Franchised Business and any related public directory listing or other business listings and execute all forms and documents required by Franchisor and any telephone company at any time, to transfer such service and numbers to Franchisor. Further, Franchisee shall assign to Franchisor any and all social media and internet listings, domain names, internet advertising, websites, listings with search engines, electronic mail addresses or any other similar listing or usage related to the Franchised Business. Notwithstanding any forms and documents that may have been executed by Franchisee under Section 11.6, Franchisee shall provide Franchisor with all passwords and administrative rights, and hereby appoints Franchisor its true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking such action as is necessary to complete such assignment. This power of attorney shall survive the expiration or termination of this Agreement. Franchisee shall thereafter use different telephone numbers, electronic mail addresses or other listings or usages at or in connection with any subsequent business conducted by Franchisee.

18.4. Survival. The rights and obligations of the parties contained in this Article 18 shall survive the expiration or sooner termination of this Agreement.

19. NON-DISCLOSURE AND NON-COMPETITION COVENANTS

19.1. Operations Manual.

19.1.1. Franchisor has provided to Franchisee, on loan, a current copy of the Manual. The Manual may be in hard copy or made available to Franchisee in digital, electronic or computerized form or in some other form now existing or hereafter developed that would allow Franchisee to view the contents thereof. If the Manual (or any changes thereto) are provided in a form other than physical copy, Franchisee shall pay any and all costs to retrieve, review, use or access the Manual. To protect the reputation and goodwill of Franchisor and to maintain high standards of operation under Franchisor's Marks, Franchisee shall operate all aspects of the Franchised Business in accordance with the Manual, as they may from time to time be modified by Franchisor, other written directives that Franchisor may issue to Franchisee from time to time, whether or not such directives are included in the Manual, and any other manual and materials created or approved for use in the operation of the Franchised Business.

- 19.1.2. Franchisee and any and all Principals shall at all times treat the Manual, written directives, and other materials and any other confidential communications or materials, and the information contained therein, as confidential and shall maintain such information as trade secret and confidential in accordance with this Article and this Agreement. Franchisee and Franchisee's Principals, if any, shall not divulge and make such materials available to anyone other than those of Franchisee's employees who require the information contained therein to operate the Franchised Business. Franchisee shall, prior to disclosure, fully train and inform its employees on all the restrictions, terms and conditions under which it is permitted to use Franchisor's intellectual, proprietary and confidential information; and shall ensure its employees' compliance with such restrictions, terms and conditions. Franchisee, Franchisee's Principals, and any person working with Franchisee shall agree not, at any time to use, copy, duplicate, record or otherwise reproduce these materials, in whole or in part, or otherwise make the same available to any person other than those authorized above, without Franchisor's prior written consent.
- 19.1.3. The Manual, written directives, and other materials and any other confidential communications provided or approved by Franchisor shall at all times remain the sole property of Franchisor. Franchisee shall maintain the Manual and all Franchisor's confidential and proprietary materials at all times in a safe and secure location, shall take all reasonable measures to prevent unauthorized access thereto, whether any attempted unauthorized access takes the form of physical access or access via computer or telecommunications networks or otherwise, and shall report the theft or loss of the Manual, or any portion thereof, immediately to Franchisor. At a minimum, Franchisee shall, in the case of computer and telecommunications networks, use the latest available firewall, encryption and similar technology to prevent unauthorized access. Franchisee shall delete all electronic copies, and return and cease using any physical copy of the Manual and other confidential and proprietary materials to Franchisor immediately upon request or upon transfer, termination or expiration of this Agreement.
- 19.1.4. Franchisor may from time to time revise the contents of the Manual and other materials created or approved for use in the operation of the Franchised Business. Franchisee expressly agrees to comply with each new or changed policy, standard or directive. In the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by Franchisor shall control.
- 19.1.5. If Franchisee loses, misplaces or otherwise requests a physical copy of the Manual, Franchisor, in its discretion, may provide such physical copy and Franchisee shall pay Franchisor the then-current replacement fee. The replacement fee as of the date of this Agreement is One Hundred Dollars (\$100.00).
- 19.2. Confidential Information. Franchisee along with its Principals acknowledge and accept that during the term of this Agreement Franchisee and any Principal will have access to Franchisor's trade secrets, including, but not limited to, methods, processes,

customer lists, vendor partnerships and/or relationships, sales and technical information, costs, pricing, software tools and applications, website and/or email design, products, services, equipment, technologies and procedures relating to the operation of the Franchised Business; the Manual; methods of advertising and promotion; instructional materials; any other information which Franchisor may or may not specifically designate as "confidential" or "proprietary"; and the components of the System, whether or not such information is protected or protectable by patent, copyright, trade secret or other proprietary rights (collectively referred to herein as the "Confidential Information"). Neither Franchisee nor any Principal shall, during the term of this Agreement and thereafter, communicate or divulge to, or use for the benefit of, any other person or entity, and, following the expiration or termination of this Agreement, shall not use for their own benefit, any Confidential Information that may be communicated to Franchisee or any Principal or of which Franchisee or any Principal may be apprised in connection with the operation of the Franchised Business under the terms of this Agreement. Franchisee and any Principal shall not divulge and make any Confidential Information available to anyone other than those of Franchisee's employees who require the Confidential Information to operate the Franchised Business and who have themselves entered into confidentiality and non-compete agreements containing the same provisions as contained in this Agreement, in accordance with Section 19.10 hereof. Franchisee and any Principal shall not at any time copy, duplicate, record or otherwise reproduce any Confidential Information, in whole or in part, or otherwise make the same available to any person other than those authorized above, without Franchisor's prior written consent. The covenant in this Section 19.2 shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon Franchisee and each Principal.

- 19.3. Protection of Information. Franchisee shall take all steps necessary, at Franchisee's own expense, to protect the Confidential Information and shall immediately notify Franchisor if Franchisee finds that any Confidential Information has been divulged in violation of this Agreement.
- 19.4. New Concepts. If Franchisee or any Principal develops any new concept, process, product, service, or improvement in the operation or promotion of the Franchised Business ("Improvements"), Franchisee is required to promptly notify Franchisor and provide Franchisor with all related information, processes, products or other improvements, and sign any and all forms, documents and/or papers necessary for Franchisor to obtain full proprietary rights to such Improvements, without compensation and without any claim of ownership or proprietary rights to such Improvements. Franchisee and any Principal acknowledge that any such Improvements will become the property of Franchisor, and Franchisor may use or disclose such information to other franchisees as it determines to be appropriate.
- 19.5. Noncompetition Covenants. Franchisee and each Principal, if any, specifically acknowledge that, pursuant to this Agreement, Franchisee and each Principal, if any, will receive valuable training, trade secrets and Confidential Information of the System that are beyond the present knowledge, training and experience of Franchisee, each

Principal and Franchisee's managers and employees. Franchisee and each Principal, if any, acknowledge that such specialized training, trade secrets and Confidential Information provide a competitive advantage and will be valuable to them in the development and operation of the Franchised Business, and that gaining access to such specialized training, trade secrets and Confidential Information is, therefore, a primary reason why Franchisee and each Principal, if any, are entering into this Agreement. In consideration for such specialized training, trade secrets, Confidential Information and rights, Franchisee and each Principal, if any, covenant that, except as otherwise approved in writing by Franchisor:

19.5.1. During the term of this Agreement, Franchisee and each Principal, if any, shall not, either directly or indirectly, for themselves or through, on behalf of, or in conjunction with, any person or entity (i) divert, or attempt to divert, any business or customer of the Franchised Business or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise; (ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any in-home personal, companion or health care business similar to the System; or (iii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System or (iv) in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Franchisor or any 2nd Family Home Care and Support Services franchisees or Franchisor-affiliated outlets.

19.5.2. Upon the expiration or earlier termination of this Agreement or upon a Transfer and continuing for twenty-four (24) months thereafter, Franchisee and Principals, if any, shall not, either directly or indirectly, for themselves or through, on behalf of or in conjunction with any person or entity (i) divert, or attempt to divert, any business or customer of the Franchised Business or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise; or (ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any in-home personal, companion or health care business within fifty (50) miles of the Protected Area or within fifty (50) miles of any 2nd Family Home Care and Support Services office site; or (iii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System or (iv) in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Franchisor or any 2nd Family Home Care and Support Services franchisees.

19.6. Reasonableness of Restrictions. Franchisee and each Principal, if any, acknowledges and agrees that the covenants not to compete set forth in this Agreement are fair and reasonable and will not impose any undue hardship on Franchisee or Principals, if any, since Franchisee or Principals, as the case may be, have other considerable skills, experience and education which afford Franchisee or Principals, as the case may be, the opportunity to derive income from other endeavors.

- 19.7. Reduction of Time or Scope. If the period of time or the geographic scope specified above, should be adjudged unreasonable in any proceeding, then the period of time will be reduced by such number of months or the geographic scope will be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time and scope as are adjudged to be reasonable. In addition, Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Paragraph 19 or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee agrees to forthwith comply with any covenant as so modified.
- 19.8. Injunctive Relief. Franchisee and each Principal, if any, acknowledges that a violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to Franchisor for which no adequate remedy at law will be available. Accordingly, Franchisee and each Principal, if any, hereby consents to the entry of an injunction prohibiting any conduct by Franchisee or any Principal in violation of the terms of the covenants not to compete set forth in this Agreement.
- 19.9. No Defense. Franchisee and each Principal, if any, expressly agree that the existence of any claims they may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section.
- 19.10. Covenants of Employees, Agents and third persons. Franchisee shall require and obtain execution of covenants similar to those set forth in this Section (including covenants applicable upon the termination of a person's employment with Franchisee) from all employees, contractors or third persons who will have access to Franchisor's confidential and proprietary information. Such covenants shall be substantially in the form set forth in Attachment 10 as revised and updated from time to time and contained in the Manual.

20. DISPUTE RESOLUTION

- 20.1. Internal Dispute Resolution. Franchisee shall first bring any claim, controversy or dispute arising out of or relating to this Agreement, the Attachments hereto or the relationship created by this Agreement to Franchisor's president and/or chief executive officer for resolution. After providing notice as set forth in Section 21.7 below. Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.
- 20.2. Mediation. At Franchisor's option, any claim, controversy or dispute that is not resolved pursuant to Section 20.1 hereof shall be submitted to non-binding mediation. Franchisee shall provide Franchisor with written notice of Franchisee's intent to pursue any unresolved claim, controversy, or dispute, specifying in sufficient detail the nature thereof, prior to commencing any legal action. Franchisor shall have thirty (30) days following receipt of Franchisee's notice to exercise Franchisor's option to submit such

claim, controversy, or dispute to mediation. Mediation shall be conducted through a mediator or mediators in accordance with the American Arbitration Association Commercial Mediation Rules. Such mediation shall take place in the then-current location of Franchisor's corporate headquarters. The costs and expenses of mediation, including compensation and expenses of the mediator (and except for the attorneys' fees incurred by either party), shall be borne by the parties equally. Franchisor may specifically enforce Franchisor's rights to mediation, as set forth herein.

20.3 Arbitration.

20.3.1 Except disputes not subject to alternative dispute resolution as set forth in Section 20.4, any dispute between Franchisor and Franchisee and/or any Principal arising out of or relating to this Agreement, the Exhibits hereto or any breach thereof, including any claim that this Agreement or any of its parts, is invalid, illegal or otherwise voidable or void, which has not been resolved in accordance with Sections 20.1 or 20.2, will be resolved by submission to the American Arbitration Association or its successor organization to be settled by a single arbitrator in accordance with the Commercial Arbitration Rules then in effect for such Association or successor organization.

20.3.2 All issues relating to arbitrability or the enforcement of the agreement to arbitrate contained in this Article 20 will be governed by the Federal Arbitration Act (9 U.S.C. §1 *et seq.*) and the federal common law of arbitration. All hearings and other proceedings will take place in Carroll County, Maryland, or the offices of the American Arbitration Association, or, if Franchisor so elects, in the county where the principal place of business of Franchisee is then located.

20.3.3 This arbitration provision is self-executing and will remain in full force and effect after expiration or termination of this Agreement. Any arbitration will be conducted on an individual, and not a class-wide or multiple plaintiffs, basis. If either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against the party by default or otherwise, notwithstanding the failure to appear. Judgment upon an arbitration award may be entered in any court having jurisdiction and will be binding, final and not subject to appeal. No punitive or exemplary damages will be awarded against Franchisor, Franchisee, or entities related to either of them, in an arbitration proceeding or otherwise, and are hereby waived.

20.3.4 The provisions of this Section 20.3 are independent of any other covenant or provision of this Agreement; provided, however, that if a court of competent jurisdiction determines that any of the provisions are unlawful in any way, the court will modify or interpret the provisions to the minimum extent necessary to have them comply with the law.

20.3.5 In proceeding with arbitration and in making determinations hereunder, no arbitrator shall extend, modify, or suspend any terms of this Agreement or the

reasonable standards of business performance and operation established by Franchisor in good faith. No notice, request or demand for arbitration shall stay, postpone, or rescind the effectiveness of any termination of this Agreement.

20.3.6 Except as expressly required by law, Franchisor, Franchisee and any Principal shall keep all aspects of any mediation and/or arbitration proceeding in confidence, and shall not disclose any information about the proceeding to any third party other than legal counsel who shall be required to maintain the confidentiality of such information.

20.4 Exceptions. Notwithstanding the requirements of Sections 20.2 or 20.3, the following claims shall not be subject to mediation or arbitration:

20.4.1 Franchisor's claims for injunctive or other extraordinary relief;

20.4.2 disputes and controversies arising from the Sherman Act, the Clayton Act or any other federal or state antitrust law;

20.4.3 disputes and controversies based upon or arising under the Lanham Act, as now or hereafter amended, relating to the ownership or validity of the Marks;

20.4.4 disputes and controversies relating to actions to obtain possession of the premises of the Franchised Business; and

20.4.5 enforcement of Franchisee's post-termination obligations, including but not limited to, Franchisee's non-competition covenants.

20.5. Governing Law and Venue. This Agreement is made in, and shall be substantially performed in, the State of Maryland. Any claims, controversies, disputes, or actions arising out of this Agreement shall be governed, enforced, and interpreted pursuant to the laws of the State of Maryland. Franchisee and its Principals, except where specifically prohibited by law, hereby irrevocably submit themselves to the sole and exclusive jurisdiction of the state and federal courts in Maryland. Franchisee and its Principals hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision.

20.6. Mutual Benefit. Franchisee, each Principal, if any, and Franchisor acknowledge that the parties' agreement regarding applicable state law and forum set forth in Section 20.5 provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising hereunder. Each of Franchisee, Principals, if any, and Franchisor further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.

- 20.7. Waiver of Certain Damages. Franchisee and each Principal, if any, hereby waive, to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against Franchisor, its affiliates, and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, arising out of any cause whatsoever. Each of Franchisee and Principals, if any, agree that in the event of a dispute, Franchisee and each Principal shall be limited to the recovery of any actual damages sustained.
- 20.8. Limitations of Claims. Any and all claims arising out of or relating to this Agreement or the relationship among the parties will be barred unless a proceeding for relief is commenced within one (1) year from the date on which the party asserting such claim knew or should have known of the facts giving rise to such claims.
- 20.9. Survival. The provisions of this Article 20 shall continue in full force and effect notwithstanding the expiration or termination of this Agreement or a transfer by Franchisee or any Principal of their respective interests in this Agreement.

21. GENERAL

21.1 Relationship of the Parties.

21.1.1 Independent Licensee. Franchisee is and shall be an independent licensee under this Agreement, and no partnership shall exist between Franchisee and Franchisor. This Agreement does not constitute Franchisee as an agent, legal representative, or employee of Franchisor for any purpose whatsoever, and Franchisee is not granted any right or authority to assume or create any obligation for or on behalf of, or in the name of, or in any way to bind Franchisor. Franchisee agrees not to incur or contract any debt or obligation on behalf of Franchisor or commit any act, make any representation, or advertise in any manner which may adversely affect any right of Franchisor or be detrimental to Franchisor or other franchisees of Franchisor. Franchisor does not assume any liability, and will not be considered liable, for any agreements, representations, or warranties made by Franchisee which are not expressly authorized under this Agreement. Franchisor will not be obligated for any damages to any person or property which directly or indirectly arise from or relate to Franchisee's operation of the Franchised Business. Pursuant to the above, Franchisee agrees to indemnify Franchisor and hold Franchisor harmless from any and all liability, loss, attorneys' fees, or damage Franchisor may suffer as a result of claims, demands, taxes, costs, or judgments against Franchisor arising out of any allegation of an agent, partner, or employment relationship.

21.1.2 No Relationship. Franchisee acknowledges and agrees that Franchisee alone exercises day-to-day control over all operations, activities, and elements of the Franchised Business, and that under no circumstance shall Franchisor do so or be

deemed to do so. Franchisee further acknowledges and agrees, and will never claim otherwise, that the various restrictions, prohibitions, specifications, and procedures of the System which Franchisee is required to comply with under this Agreement, whether set forth in Franchisor's Operations Manual or otherwise, does not directly or indirectly constitute, suggest, infer or imply that Franchisor controls any aspect or element of the day-to-day operations of the Franchised Business, which Franchisee alone controls, but only constitute standards Franchisee must adhere to when exercising control of the day-to-day operations of the Franchised Business.

21.1.3 Franchisee's Employees. Franchisee acknowledges and agrees that any training Franchisor provides for Franchisee's employees is geared to impart to those employees, with Franchisee's ultimate authority, the various procedures, protocols, systems, and operations of a 2nd Family Homecare and Support Services outlet and in no fashion reflects any employment relationship between Franchisor and such employees. If ever it is asserted that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees in any private or government investigation, action, proceeding, arbitration or other setting, Franchisee irrevocably agree to assist Franchisor in defending said allegation, appearing at any venue requested by Franchisor to testify on Franchisor's behalf participate in depositions, other appearances or preparing affidavits rejecting any assertion that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees.

21.2. Successors. This Agreement shall bind and inure to the benefit of the successors and assigns of Franchisor and shall be personally binding on and inure to the benefit of Franchisee (including the individuals executing this Agreement on behalf of the Franchisee entity) and its or their respective heirs, executors, administrators and successors or assigns; provided, however, the foregoing provision shall not be construed to allow a transfer of any interest of Franchisee or Principals, if any, in this Agreement or the Franchised Business, except in accordance with Article 16 hereof.

21.3. Invalidity of Part of Agreement. Should any provisions in this Agreement, for any reason, be declared invalid, then such provision shall be invalid only to the extent of the prohibition without in any way invalidating or altering any other provision of this Agreement.

21.4. Construction. All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed, and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context or sense of this Agreement or any provision herein may require, as if such words had been fully and properly written in the appropriate number and gender. All covenants, agreements and obligations assumed herein by Franchisee and any Principals shall be deemed to be joint and several covenants, agreements, and obligations of each of the persons named as Franchisee, if more than one person is so named.

- 21.5. Captions. Captions and section headings are used herein for convenience only. They are not part of this Agreement and shall not be used in construing it.
- 21.6. Notices. Whenever notice is required or permitted to be given under the terms of this Agreement, it shall be given in writing, and be delivered personally or by certified mail or courier, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or delivery is refused. All such notices shall be addressed to the party to be notified at their respective addresses as set forth in the introductory paragraph of this Agreement, or at such other address or addresses as the parties may from time to time designate in writing.
- 21.7. Effect of Waivers. No waiver, delay, omission or forbearance on the part of Franchisor to exercise any right, option, duty or power arising from any default or breach by Franchisee shall affect or impair the rights of Franchisor with respect to any subsequent default of the same or of a different kind. Any use by Franchisee of the System or any part thereof at any place other than in the Protected Area shall not give Franchisee any rights not specifically granted hereunder. Failure to take action to stop such use shall not in any event be considered a waiver of the rights of Franchisor at any time to require Franchisee to restrict said use to the Protected Area.
- 21.8. Remedies Cumulative. All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies that are provided for herein or that may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between Franchisee or any of its affiliates and Franchisor or any of its affiliates. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination or exercise of Franchisor's rights pursuant to Articles 17 and 18 shall not discharge or release Franchisee or any Principal from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement.
- 21.9. Consent to Do Business Electronically. The parties to the Franchise Agreement hereby consent to do business electronically. Pursuant to the Uniform Electronic Transactions Act as adopted by the State of Maryland, the parties hereby affirm to each other that they agree with the terms of the Franchise Agreement, and by attaching their digital signature, including any DocuSign signature, to the Franchise Agreement, they are executing the document and intending to attach their digital signature to it. Furthermore, the parties acknowledge that the other parties to the Franchise Agreement can rely on a digital signature, including a DocuSign signature, as the respective party's signature.

- 21.10. Counterparts. This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument.
- 21.11. Survival. Any obligation of Franchisee or any Principal that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest of Franchisee or any Principal therein shall be deemed to survive such termination, expiration or transfer.
- 21.12. Entire Agreement. This Agreement, including all attachments, is the entire agreement of the parties, superseding all prior written or oral agreements of the parties concerning the same subject matter, and superseding all prior written or oral representations made to Franchisee, except the representations made to Franchisee in Franchisor's Franchise Disclosure Document. No agreement of any kind relating to the matters covered by this Agreement and no amendment of the provisions hereof shall be binding upon either party unless and until the same has been made in writing and executed by all interested parties.

-Remainder of Page Intentionally Blank-

The parties hereto have executed this Franchise Agreement on the day and year first above written.

FRANCHISOR:

2ND FAMILY FRANCHISING, LLC

By: _____

_____,
(Print Name, Title)

FRANCHISEE:

By: _____

_____,
(Print Name, Title)

PRINCIPAL:

(Print Name)

PRINCIPAL:

(Print Name)

ATTACHMENT 1

Service Mark –



Character Mark –

2nd Family

ATTACHMENT 2

**PROTECTED AREA DESCRIPTION AND
FRANCHISED BUSINESS ADDRESS**

Protected Area (insert map and/or define by zip codes):

Franchised Business Address:

ATTACHMENT 3

MINIMUM PERFORMANCE STANDARDS

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5+
Minimum Annual					
Gross Revenue	None	\$175,000	\$250,000	\$375,000	\$500,000
2 Territories (if applicable)	None	\$250,000	\$400,000	\$600,000	\$800,000
3+ Territories (if applicable)	None	\$325,000	\$500,000	\$750,000	\$1,000,000

ATTACHMENT 4

GENERAL RELEASE

This release (the "Release") is given this day of _____ by _____, a(n) _____, with its principal place of business located at _____ ("Franchisee") and _____'s principals _____, an individual residing at _____ and ("Principal(s)").

Franchisee and Principal(s), on behalf of themselves and their respective officers, directors, employees, successors, assigns, heirs, personal representatives, and all other persons acting on their behalf or claiming under them (collectively, the "Franchisee Releasors"), hereby release, discharge and hold harmless 2nd Family Franchising, LLC ("Franchisor"), 2nd Family Properties, LLC and each of their respective affiliates, officers, directors, members, shareholders, employees, agents, attorneys, successors, and assigns (collectively, the "Franchisor Releasees") from any suits, claims, controversies, rights, promises, debts, liabilities, demands, obligations, costs, expenses, actions, and causes of action of every nature, character and description, in law or in equity, whether presently known or unknown, vested or contingent, suspected or unsuspected arising under, relating to, or in connection with the Franchise Agreement dated _____ between Franchisee and Franchisor and any related agreements and the relationship created thereby, or the Franchised Business operated under the Franchise Agreement, or any claims or representations made relative to the sale of the franchise to operate such Franchised Business or under any federal or state franchise or unfair or deceptive trade practice laws, which any of the Franchisee Releasors now own or hold or have at any time heretofore owned or held against the Franchisor Releasees (collectively, the "Franchisee Released Claims").

FRANCHISEE AND PRINCIPAL(S) ON BEHALF OF THEMSELVES AND THE FRANCHISEE RELEASORS WAIVE ANY RIGHTS AND BENEFITS CONFERRED BY ANY APPLICABLE PROVISION OF LAW EXISTING UNDER ANY FEDERAL, STATE OR POLITICAL SUBDIVISION THEREOF WHICH WOULD INVALIDATE ALL OR ANY PORTION OF THE RELEASE CONTAINED HEREIN BECAUSE SUCH RELEASE MAY EXTEND TO CLAIMS WHICH THE FRANCHISEE RELEASORS DO NOT KNOW OR SUSPECT TO EXIST IN THEIR FAVOR AT THE TIME OF EXECUTION OF THIS AGREEMENT. The Franchisee Releasors also covenant not to bring any suit, action, or proceeding, or make any demand or claim of any type, against any Franchisor Releasees with respect to any Franchisee Released Claim, and Franchisee and Principal(s) shall defend, indemnify and hold harmless each of Franchisor Releasees against same.

Release given this day of _____ by:

FRANCHISEE:

PRINCIPAL:

By: _____

(Print Name)

(Print Name, Title)

PRINCIPAL:

(Print Name)

ATTACHMENT 5

**AUTHORIZATION AGREEMENT
AUTOMATIC DEPOSITS (ACH WITHDRAWALS)**

Franchisor Name: **2nd Family Franchising, LLC**

I (We) hereby authorize 2nd Family Franchising, LLC, hereinafter called Franchisor, to initiate debit entries to my (our) Checking Account/Savings Account (Select One) indicated below at the depository financial institution named below, and to debit the same to such account. I (We) acknowledge that the origination of ACH transactions to my (our) account must comply with the provisions of U.S. Law, and that I will be responsible for any banking fees that my institution charges.

Financial Institution Name: _____ Branch: _____

City: _____ State: _____ Zip: _____ Phone: _____

ACH/Routing Number: _____ Account Number: _____
(Nine Digits)

This authorization is to remain in full force and effect until Franchisor has received a written replacement ACH Withdrawal Form notification from me. I (We) understand that revocation of this Authorization Agreement by me (us) may constitute an event of Default under the Franchise Agreement.

I (We) understand that the amount to be withdrawn by Franchisor will not be the same each month and I (We) therefore authorize all monetary transfers pursuant to Articles 6 and 18 of the Franchise Agreement.

Print Franchisee / Account Holder Name

Print Franchisee/Co-Account Holder Name

Franchisee/ Account Holder Signature-Date

Franchisee/Co-Account Holder Signature-Date

Daytime Phone Number

Email Address

PLEASE ATTACH A VOIDED CHECK TO THIS FORM

**Please Return Form to: 2nd Family Franchising, LLC
1532 Liberty Road, Suite 105
Eldersburg, Maryland 21784**

ATTACHMENT 6

CONDITIONAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned _____ ("Assignor") hereby assigns and transfers to 2nd Family Franchising, LLC, a Maryland limited liability company with a notice address of 1532 Liberty Road, Suite 105, Eldersburg, Maryland, 21784 ("Assignee"), all of Assignor's right, title and interest as tenant in, to and under that certain lease, a copy of which shall be attached hereto (the "Lease") respecting premises located at _____. This Assignment is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless Assignee takes possession of the premises demised by the Lease pursuant to the terms hereof and assumes the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that Assignor has full power and authority to so assign the Lease and Assignor's interest therein and that Assignor has not previously assigned or transferred, and is not obligated to assign or transfer, any of Assignor's interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or under the franchise agreement for a 2nd Family[®] franchise between Assignee and Assignor (the "Franchise Agreement"), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered to take possession of the Premises demised by the Lease, expel Assignor therefrom, and, in such event, Assignor shall have no further right, title or interest in the Lease.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days prior to the last day that the option must be exercised, unless Assignee otherwise agrees in writing. If Assignee does not otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as aforesaid, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of Assignor for the purpose of effecting such extension or renewal.

ASSIGNOR:

DATED: _____

DATED: _____

CONSENT AND AGREEMENT OF LANDLORD

to that Conditional Assignment of Lease from _____ (Assignor) to
2nd Family Franchising, LLC (Assignee) dated _____ for the property known as _____
_____.

The undersigned Landlord under the aforescribed Lease further hereby:

- (a) Agrees to notify Assignee in writing of and upon the failure of Assignor to cure any default by Assignor under the Lease;
- (b) Agrees that Assignee shall have the right, but shall not be obligated, to cure any default by Assignor under the Lease within 30 days after delivery by Landlord of notice thereof in accordance with paragraph (a) above;
- (c) Consents to the foregoing Conditional Assignment and agrees that if Assignee takes possession of the Premises demised by the Lease and confirms to Landlord the assumption of the Lease by Assignee as tenant thereunder, Landlord shall recognize Assignee as tenant under the Lease, provided that Assignee cures within the 30-day period the non-monetary defaults, if any, of Assignor under the Lease;
- (d) Agrees that Assignee may further assign the Lease to a person, firm or corporation who shall agree to assume the tenant's obligations under the Lease and who is reasonably acceptable to Landlord and upon such assignment Assignee shall have no further liability or obligation under the Lease as assignee, tenant or otherwise.
- (e) Permits Assignee to enter upon the Premises without being guilty of trespass or any other crime or tort to de-identify the Premises as a 2nd Family outlet if Tenant fails to do so following termination of the Franchise Agreement or Lease, provided that Assignee shall repair any damage caused thereby.

DATED: _____

LANDLORD:

ATTACHMENT 7

**STATEMENT OF OWNERSHIP INTERESTS IN
FRANCHISEE/FRANCHISEE ENTITY**

Name

Percentage of Ownership

ATTACHMENT 8

GUARANTY

This Guaranty and Covenant (this “Guaranty”) is given by the undersigned (“Guarantor”) on _____ (the “Effective Date”) to 2nd Family Franchising, LLC, a Maryland limited liability company (“Franchisor”), in order to induce Franchisor to enter into that certain Franchise Agreement dated on or about the Effective Date hereof (the “Franchise Agreement”) with _____, a(n) _____ and _____ (collectively “Franchisee”).

Guarantor acknowledges that Guarantor is the spouse of Franchisee’s Principal, as that term is used in the Franchise Agreement.

Guarantor acknowledges that Guarantor has read the terms and conditions of the Franchise Agreement and acknowledges that the execution of this Guaranty are in partial consideration for, and a condition to the granting of, the rights granted in the Franchise Agreement to Franchisee, and that Franchisor would not have granted these rights without the execution of this Guaranty by Guarantor.

Guarantor hereby individually makes, agrees to be bound by, and agrees to perform, all of the monetary obligations and non-disclosure and non-competition covenants and agreements of the Franchisee as set forth in the Franchise Agreement, including but not limited to, the covenants set forth in Sections 19.2, 19.5, 19.6, 19.8 and 19.9 of the Franchise Agreement (“Guaranteed Obligations”). Guarantor shall perform and/or make punctual payment to Franchisor of the Guaranteed Obligations in accordance with the terms of the Franchise Agreement or other applicable document forthwith upon demand by Franchisor.

This Guaranty is an absolute and unconditional continuing guaranty of payment and performance of the Guaranteed Obligations. This Guaranty shall not be discharged by renewal of any claims guaranteed by this instrument, change in ownership or control of the Franchisee entity, transfer of the Franchise Agreement, the suffering of any indulgence to any debtor, extension of time of payment thereof, nor the discharge of Franchisee by bankruptcy, operation of law or otherwise. Presentment, demand, protest, notice of protest and dishonor, notice of default or nonpayment and diligence in collecting any obligation under any agreement between Franchisee and Franchisor are each and all waived by Guarantor and/or acknowledged as inapplicable. Guarantor waives notice of amendment of any agreement between Franchisee and Franchisor and notice of demand for payment by Franchisee. Guarantor further agrees to be bound by any and all amendments and changes to any agreement between Franchisee and Franchisor.

Franchisor may pursue its rights against Guarantor without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy.

If other guarantors have guaranteed any and or all of the Guaranteed Obligations, their liability shall be joint and several to that of Guarantor.

Until all of the Guaranteed Obligations have been paid in full and/or performed in full, Guarantor shall not have any right of subrogation, unless expressly given to Guarantor in writing by Franchisor.

All Franchisor's rights, powers and remedies hereunder and under any other agreement now or at any time hereafter in force between Franchisor and Guarantor shall be cumulative and not alternative and shall be in addition to all rights, powers and remedies given to Franchisor by law.

Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions nevertheless shall remain effective.

This Guaranty shall extend to and inure to the benefit of Franchisor and its successors and assigns and shall be binding on Guarantor and its successors and assigns.

Guarantor has signed this Guaranty as of the date set forth above.

GUARANTOR - SPOUSE OF FRANCHISEE'S PRINCIPAL:

Print Name: _____
Address: _____

ATTACHMENT 9

INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE, AND TELEPHONE LISTING AGREEMENT

THIS INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE, AND TELEPHONE LISTING AGREEMENT (the “Agreement”) is made and entered into this day of _____ (the “Effective Date”), by and between 2nd Family Franchising, LLC, a Maryland limited liability company with its principal place of business at 1532 Liberty Road, Suite 105, Eldersburg, Maryland, 21784 (the “Franchisor”), and _____, a(n) _____, with its principal place of business located at _____ and _____’s principal(s), _____, an individual, residing at _____, and _____, an individual, residing at _____ (“Principal(s)”). _____ and Principal(s) shall be collectively referred to in this Agreement as the “Franchisee”.

WHEREAS, Franchisee desires to enter into a franchise agreement with Franchisor for a 2nd Family Home Care and Support Services business (“Franchise Agreement”) which will allow Franchisee to conduct internet-based advertising, maintain social media accounts, use software, and use telephone listings linked to the 2nd Family Home Care and Support Services brand.

WHEREAS, Franchisor would not enter into the Franchise Agreement without Franchisee’s agreement to enter into, comply with, and be bound by all the terms and provisions of this Agreement;

NOW, THEREFORE, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Definitions**

All terms used but not otherwise defined in this Agreement shall have the meanings set forth in the Franchise Agreement. “Termination” of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

2. **Internet Advertising and Telephone Listings**

2.1 **Interest in Web Sites, Social Media Accounts, Other Electronic Listings and Software.** Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of Franchise Agreement, certain right, title, or interest in and to certain domain names, social media accounts, hypertext markup language, uniform resource locator addresses, access to corresponding internet web sites, the right to hyperlink to certain web sites and listings on various internet search engines, and the right to use certain software (collectively, “Electronic Advertising and Software”) related to the Franchised Business or the Marks.

2.2 **Interest in Telephone Numbers and Listings.** Franchisee has or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, internet page, and other telephone directory listings (collectively, the “Telephone Listings”) related to the Franchised Business or the Marks.

2.3 Transfer. On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately:

2.3.1 direct all internet service providers, domain name registries, internet search engines, other listing agencies and software companies (collectively, the “Internet and Software Companies”) with which Franchisee has Electronic Advertising and Software: (i) to transfer all of Franchisee’s interest in such Electronic Advertising and Software to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Electronic Advertising and Software, Franchisee will immediately direct the Internet and Software Companies to terminate such Electronic Advertising and Software or will take such other actions with respect to the Electronic Advertising and Software as Franchisor directs; and

2.3.2 direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the “Telephone Companies”) with which Franchisee has Telephone Listings: (i) to transfer all Franchisee’s interest in such Telephone Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Listings or will take such other actions with respect to the Telephone Listings as Franchisor directs.

2.4 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor’s benefit under the Franchise Agreement and this Agreement or otherwise, with full power of substitution, as Franchisee’s true and lawful attorney-in-fact with full power and authority in Franchisee’s place and stead, and in Franchisee’s name or the name of any affiliated person or affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation this Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.4.1 Direct the Internet and Software Companies to transfer all Franchisee’s interest in and to the Electronic Advertising and Software to Franchisor, or alternatively, to direct the Internet and Software Companies to terminate any or all of the Electronic Advertising and Software;

2.4.2 Direct the Telephone Companies to transfer all Franchisee’s interest in and to the Telephone Listings to Franchisor, or alternatively, to direct the Telephone Companies to terminate any or all of the Telephone Listings; and

2.4.3 Execute such standard assignment forms or other documents as the Internet and Software Companies and/or Telephone Companies may require in order to affect such transfers or terminations of Franchisee’s interest.

2.5 Certification of Termination. Franchisee hereby directs the Internet and Software Companies and Telephone Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor’s written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.6 Cessation of Obligations. After the Internet and Software Companies and the Telephone Companies have duly transferred all Franchisee's interests as described in paragraph 2.3 above to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations with respect to the particular Electronic Advertising and Software and/or Telephone Listings. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Internet and Software Companies and Telephone Companies for the respective sums Franchisee is obligated to pay to them for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such interests, or for any other obligations not subject to the Franchise Agreement or this Agreement.

3. Miscellaneous

3.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Internet and Software Companies and/or Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertible in, or in any way related to this Agreement.

3.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, debts, claims, demands, or obligations that are related to or are based on this Agreement.

3.3 No Duty. The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's interest in any matter hereunder.

3.4 Further Assurances. Franchisee agrees that at any time after the date of this Agreement, Franchisee will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Agreement, all provisions of the Franchise Agreement and exhibits and schedules thereto shall remain in effect as set forth therein.

3.7 Survival. This Agreement shall survive the Termination of the Franchise Agreement.

3.8 Governing Law. This Agreement shall be governed by and construed under the laws of the State of Maryland, without regard to the application of Maryland conflict of law rules.

-Remainder of Page Intentionally Blank-

The undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

FRANCHISOR:

2ND FAMILY FRANCHISING, LLC

By: _____

_____, _____
(Print Name, Title)

FRANCHISEE:

By: _____

_____, _____
(Print Name, Title)

PRINCIPAL:

(Print Name)

PRINCIPAL:

(Print Name)

ATTACHMENT 10

CONFIDENTIALITY AND NON-COMPETE AGREEMENT

This Confidentiality and Non-Compete Agreement (the “Agreement”) is made and entered into this ___ day of _____, 20___, by _____, a(n) _____ (“Franchisee”), a franchisee of 2nd Family Franchising, LLC a Maryland limited liability company (“Franchisor”), and _____, an individual (“Covenantor”) in connection with an Franchise Agreement dated.

WHEREAS, Franchisee and Franchisor are parties to a franchise agreement dated _____, 20___ (the “Franchise Agreement”), whereby Franchisor has granted Franchisee the right to use certain trademarks, including, the registered trademark “2nd Family Home Care and Support Services” and design mark, and certain proprietary products, services, promotions and methods (the “System”) for the establishment and operation of Franchised Business outlets;

WHEREAS, in connection with his or her duties, it will be necessary for Covenantor to have access to some or all of the confidential information, knowledge, know-how, techniques, contents of the 2nd Family Home Care and Support Services operations manual and other materials used in or related to the System and/or concerning the methods of operation of the System (collectively referred to as “Confidential Information”);

WHEREAS, the Confidential Information provides economic advantages to Franchisor and licensed users of the System, including Franchisee;

WHEREAS, Franchisee has acknowledged the importance of restricting the use, access and dissemination of the Confidential Information, and Franchisee therefore has agreed to obtain from Covenantor a written agreement protecting the Confidential Information and further protecting the System against unfair competition; and

WHEREAS, Covenantor acknowledges that receipt of and the right to use the Confidential Information constitutes independent valuable consideration for the representations, promises and covenants made by Covenantor herein.

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

1. Confidentiality Agreement.

a. Covenantor shall, at all times, maintain the confidentiality of the Confidential Information and shall use such Confidential Information only in the course of his or her employment by or association with Franchisee in connection with the operation of a Franchised Business under the Franchise Agreement.

b. Covenantor shall not at any time make copies of any documents or compilations containing some or all of the Confidential Information without Franchisor’s express written permission.

c. Covenantor shall not at any time disclose or permit the disclosure of the Confidential Information except, and only then to the limited extent necessary, to those employees of Franchisee for training and assisting such employees in the operation of the Franchised Business.

d. Covenantor shall surrender any material containing some or all of the Confidential Information to Franchisee or Franchisor, upon request, or upon termination of employment or association with Franchisee.

e. Covenantor shall not at any time, directly or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the System.

f. Covenantor agrees that no Confidential Information may be reproduced, in whole or in part, without written consent.

2. Covenants Not to Compete.

a. In order to protect the goodwill and unique qualities of the System, and in consideration for the disclosure to Covenantor of the Confidential Information, Covenantor further agrees and covenants that during Covenantor's employment or association with Franchisee, Covenantor shall not, for Covenantor or through, on behalf of or in conjunction with any person or entity:

(i) divert, or attempt to divert, any business or customer of 2nd Family Home Care and Support Services or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise or

(ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any in-home personal, companion or health care business substantially similar to the System.

b. In further consideration for the disclosure to Covenantor of the Confidential Information and to protect the goodwill and unique qualities of the System, Covenantor further agrees and covenants that, upon the termination of Covenantor's employment or association with Franchisee and continuing for twenty-four (24) months thereafter, Covenantor shall not, for Covenantor or through, on behalf of or in conjunction with any person or entity:

(i) divert, or attempt to divert, any business or customer of the Franchised Business or of other franchisees in the 2nd Family Home Care and Support Services System to any competitor, by direct or indirect inducement or otherwise or

(ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any in-home personal, companion or health care business within the Protected Area, within fifty (50) miles outside of the boundaries of the Protected Area or within fifty (50) miles of any 2nd Family Home Care and Support Services office location.

c. The parties acknowledge and agree that each of the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor.

d. If the period of time or the geographic scope specified Section 2.b. above, should be adjudged unreasonable in any proceeding, then the period of time will be reduced by such number of months or the geographic scope will be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time and scope as are adjudged to be reasonable. In addition, Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement or any portion thereof, without Covenantor's or Franchisee's consent, effective immediately upon receipt by Covenantor of

written notice thereof, and Covenantor agrees to forthwith comply with any covenant as so modified.

3. General.

a. Franchisee shall take full responsibility for ensuring that Covenantor acts as required by this Agreement.

b. Covenantor agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, Franchisee is obligated to enforce the provisions of this Agreement and shall be entitled, in addition to any other remedies that are made available to it at law or in equity, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

c. Covenantor agrees to pay all expenses (including court costs and reasonable attorneys' fees) incurred by Franchisor and Franchisee in enforcing this Agreement.

d. Any failure Franchisee to object to or take action with respect to any breach of any provision of this Agreement by Covenantor shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Covenantor.

e. THIS AGREEMENT SHALL BE INTERPRETED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF MARYLAND, WITHOUT REFERENCE TO MARYLAND CHOICE OF LAW PRINCIPLES. COVENANTOR HEREBY IRREVOCABLY SUBMITS HIMSELF OR HERSELF TO THE JURISDICTION OF THE STATE AND FEDERAL COURTS OF THE STATE OF MARYLAND. COVENANTOR HEREBY WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. COVENANTOR HEREBY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON COVENANTOR IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY MARYLAND OR FEDERAL LAW. COVENANTOR FURTHER AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE IN MARYLAND; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION THAT INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR OR FRANCHISEE MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE THAT HAS JURISDICTION.

f. The parties agree that each of the foregoing covenants contained herein shall be construed as independent of any other covenant or provision of this Agreement.

g. Covenantor acknowledges and agrees that each of the covenants contained herein will not impose any undue hardship on Covenantor since Covenantor has other considerable skills, experience and education which affords Covenantor the opportunity to derive income from other endeavors.

h. This Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Agreement may be modified only by a duly authorized writing executed by all parties.

i. All notices and demands required to be given hereunder shall be in writing, and shall be delivered personally or by certified or registered mail, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or the date delivery is refused. All such notices shall be addressed to the party to be notified at the following addresses:

If directed to Franchisee:

If directed to Covenantor:

Any change in the foregoing addresses shall be effected by giving written notice of such change to the other parties.

j. Franchisor is an intended third-party beneficiary of this Agreement, and Franchisor may take whatever action it deems necessary to enforce Covenantor's obligations hereunder. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and shall inure to the benefit of its respective affiliates, successors and assigns.

k. The respective obligations of Franchisee and Covenantor hereunder may not be assigned by Franchisee or Covenantor, without the prior written consent of Franchisor.

The undersigned have entered into this Confidentiality and Non-Compete Agreement as witnessed by their signatures below.

FRANCHISEE:

By: _____

Name: _____

Title: _____

COVENANTOR:

Name: _____

EXHIBIT C
FINANCIAL STATEMENTS

2nd Family Franchising, LLC

2ND FAMILY FRANCHISING, LLC

FINANCIAL REPORT

AS OF DECEMBER 31, 2023 AND 2022



2ND FAMILY FRANCHISING, LLC

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Independent Auditor's Report

To the Members
2nd Family Franchising, LLC
Eldersburg, Maryland

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying balance sheets of 2nd Family Franchising, LLC as of December 31, 2023, and 2022 and the related statements of operations, members' equity and cash flows for the years ended December 31, 2023, 2022 and 2021, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 2nd Family Franchising, LLC as of December 31, 2023, and 2022 and the results of their operations and their cash flows for the years ended December 31, 2023, 2022 and 2021, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 2nd Family Franchising, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 2nd Family Franchising, LLC's ability to continue as a going concern for one year after the date that the financial statements are issued.

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 GAAS 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 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 GAAS, 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 2nd Family Franchising, LLC'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 about 2nd Family Franchising, LLC'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.

Reese CPA LLC

Ft. Collins, Colorado
February 29, 2024

2ND FAMILY FRANCHISING, LLC
BALANCE SHEETS

	AS OF DECEMBER 31,	
	2023	2022
ASSETS:		
CURRENT ASSETS		
Cash and equivalents	\$ 82,158	\$ 121,860
Accounts receivable	13,106	8,303
Prepaid expense	1,417	1,417
TOTAL CURRENT ASSETS	96,681	131,580
 INTANGIBLE ASSETS		
	-	-
 TOTAL ASSETS		
	\$ 96,681	\$ 131,580
 LIABILITIES AND MEMBERS' EQUITY (DEFICIT):		
CURRENT LIABILITIES		
Accounts payable	\$ 14,016	\$ 19,435
Current portion of non-refundable deferred franchise fees	18,488	18,488
	32,504	37,923
 LONG-TERM LIABILITIES		
Non-refundable deferred franchise fees	117,306	135,794
 TOTAL LIABILITIES		
	149,810	173,717
 MEMBERS' EQUITY (DEFICIT)		
	(53,129)	(42,137)
 TOTAL LIABILITIES AND MEMBERS' EQUITY (DEFICIT)		
	\$ 96,681	\$ 131,580

The accompanying notes are an integral part of these financial statements.

2ND FAMILY FRANCHISING, LLC
STATEMENTS OF OPERATIONS

	YEARS ENDED DECEMBER 31,		
	2023	2022	2021
REVENUES			
Initial franchise fees	\$ 18,488	\$ 67,825	\$ 133,772
Royalty fees	127,049	100,102	66,470
Other fees	44,449	41,990	20,185
TOTAL REVENUES	189,986	209,917	220,427
OPERATING EXPENSES			
Advertising and promotion	31,644	81,096	125,201
Professional fees	21,279	60,183	36,820
General and administrative	127,761	111,859	43,513
Personnel and related costs	20,294	22,574	19,720
Amortization Expense	-	-	2,309
TOTAL OPERATING EXPENSES	200,978	275,712	227,563
OPERATING (LOSS)	(10,992)	(65,795)	(7,136)
OTHER INCOME (EXPENSE)	-	-	-
NET (LOSS)	\$ (10,992)	\$ (65,795)	\$ (7,136)

The accompanying notes are an integral part of these financial statements.

2ND FAMILY FRANCHISING, LLC
STATEMENTS OF CHANGES IN MEMBERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

	Member Contributions	Accumulated (Deficit)	Total Members' Equity (Deficit)
BALANCE, DECEMBER 31, 2020	\$ 327,000	\$ (296,206)	\$ 30,794
Net (loss)	-	(7,136)	(7,136)
BALANCE, DECEMBER 31, 2021	327,000	(303,342)	23,658
Net (loss)	-	(65,795)	(65,795)
BALANCE, DECEMBER 31, 2022	327,000	(369,137)	(42,137)
Net (loss)	-	(10,992)	(10,992)
BALANCE, DECEMBER 31, 2022	\$ 327,000	\$ (380,129)	\$ (53,129)

The accompanying notes are an integral part of these financial statements.

2ND FAMILY FRANCHISING, LLC
STATEMENTS OF CASH FLOWS

	YEARS ENDED DECEMBER 31,		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss)	\$ (10,992)	\$ (65,795)	\$ (7,136)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation & Amortization	-	-	2,309
Recognition of non-refundable deferred franchise fees	(18,488)	(17,825)	(9,050)
Changes in assets and liabilities			
Accounts receivable	(4,803)	4,424	(10,241)
Prepaid expense	-	(1,417)	-
Accounts payable	(5,419)	(1,275)	9,739
Brand fund liability	-	-	(2,000)
Non-refundable deferred franchise fees	-	29,600	99,778
Net cash (used) by operating activities	(39,702)	(52,288)	83,399
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of intangible assets	-	-	-
Net cash (used) by investing activities	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Member contributions	-	-	-
Member distributions	-	-	-
Net cash provided by financing activities	-	-	-
NET INCREASE (DECREASE) IN CASH	(39,702)	(52,288)	83,399
CASH, beginning of year	121,860	174,148	90,749
CASH, end of year	\$ 82,158	\$ 121,860	\$ 174,148
SUPPLEMENTAL DISCLOSURES			
Cash paid for interest	\$ -	\$ -	\$ -
Cash paid for taxes	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

**2ND FAMILY FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2nd Family Franchising, LLC ("the Company") was formed on February 20, 2017, (Inception) in the State of Maryland as a limited liability company. The Company grants franchises to qualified persons or business entities to operate a personal assistance and non-medical home care business under the "2nd Family" trademarks. The franchised business will provide non-medical assistance and care to 2nd Family Franchising, LLCs where they reside, whether in a permanent home or temporary living facility. All activities are conducted in a protected territory.

Parent and Affiliates

The Company's parent is 2nd Family Holdings, LLC, a Maryland limited liability company formed on February 20, 2017.

The Company's first affiliate is 2nd Family Properties, LLC, a Maryland limited liability company formed on February 20, 2017, and is the owner of the certain of the Marks the Company uses and has exclusively licensed use of the Marks to the Company.

The Company's second affiliate is 2nd Family Home Health Services, LLC, a Maryland limited liability company formed on October 19, 2011 that has operated a non-medical senior care and support services business like the franchised business.

Changes in the number of franchises years ending December 31, 2023, 2022, and 2021 consist of the following:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Units in operation, beginning	6	4	2
Units opened	2	4	2
Units terminated or closed	(1)	(2)	-
Units in operation, ending	<u>7</u>	<u>6</u>	<u>4</u>
Franchised units	6	5	3
Affiliate owned units	1	1	1

A summary of significant accounting policies follows:

Basis of Presentation and Use of Estimates

The financial statements of the Company are prepared in accordance with generally accepted accounting principles accepted in the United States. Preparation of the Company's financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2ND FAMILY FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The Company had no cash equivalents as of December 31, 2023, and 2022.

Franchisee Receivables

The Company's franchisee receivables primarily result from initial franchise fees, royalty fees, brand development contributions and training fees charged to franchisees. Timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized after invoicing. The Company reports these receivables at net realizable value.

Management determines the allowance for doubtful accounts based on historical losses, current expectations, and economic conditions. On a continuing basis, management analyzes delinquent accounts receivable and, once these accounts receivable are determined to be uncollectible, they are written off through a charge against an existing allowance account. The allowance account is reviewed regularly and adjusted against earnings as appropriate. The Company determined that an allowance on outstanding franchisee receivables of \$0 and \$0 was necessary as of December 31, 2023, and 2022, respectively. There was no Franchisee bad debt expense for the years ended December 31, 2023, 2022 and 2021, respectively. There were no Franchisee amounts written off for the years ended December 31, 2023, 2022 and 2021, respectively.

Intangible Assets

The Company has adopted ASC 350, Intangibles – Goodwill and Other that requires that goodwill and intangible assets with indefinite lives no longer be amortized to earnings but be tested for impairment at least annually. Intangible assets with finite lives are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which it is expected to contribute directly or indirectly to future cash flows. Intangible assets with infinite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable.

Franchisee Revenue Recognition and Non-refundable Deferred Franchise Fee Revenue

The Company recognizes revenue under the guidance of ASC 606 “Contracts with Customers”.

Each franchise agreement is comprised of several performance obligations. The Company identifies those performance obligations, determines the contract price for each obligation, allocates the transaction price to each performance obligation and recognizes revenue when the Company has satisfied the performance obligation by transferring control of the good or service to the franchisee. The remainder of performance obligations are recognized over the term of the respective franchise agreement from the date the agreement is executed. Unearned initial franchise fee revenues from franchisee acquisition and acceptance will be recorded as non-refundable deferred franchise fees and recognized as revenue over the term of the contract which is currently 10 years.

2ND FAMILY FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Franchisee Revenue Recognition and Non-refundable Deferred Franchise Fee Revenue (continued)

When a franchisee purchases a 2nd Family franchise, the Company grants the franchise the right to use the proprietary methods, techniques, trade dress, trademarks, and logos in a designated territory (“the license”). This is considered symbolic intellectual property. Revenues related to the license are continuing royalties that are 5.0% of bi-weekly gross revenues subject to bi-weekly minimums as defined in the franchise agreement. These revenues will be used to continue the development of the Company’s brand, the franchise system and provide on-going support for the Company’s franchisees. The royalties are billed bi-weekly and are recognized as revenue when earned.

Advertising Fund Contribution

The Company has established a national advertising fund contribution to provide regional and national advertising for the benefit of the franchisees. The advertising fee is to be collected monthly and is 2% of the gross revenue or a minimum of \$500 per month.

Income Taxes

The members of the Company have elected to be taxed as a Partnership under the provisions of the Internal Revenue Code. Under those provisions, taxable income and losses of the Company are reported on the income tax returns of its members and no provisions for federal or state franchise taxes have been recorded on the accompanying balance sheet.

The Company adopted ASC 740-10-25-6 "Accounting for Uncertainty in Income Taxes", that requires the Company to disclose uncertain tax positions. Under the standard an entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold upon examination by taxing authorities.

Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements or that would affect the Company’s members. The Company's evaluation was performed for the years ended December 31, 2023, 2022, and 2021 for U.S. Federal Income Tax and for the State of Maryland Income Tax.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expense for the years ended December 31, 2023, 2022, and 2021 were \$31,644, \$81,096, and \$125,201, respectively.

Fair Value of Financial Instruments

For the Company's financial instruments, which consist of cash and cash equivalents, the carrying amounts approximate fair value due to their short maturities.

2ND FAMILY FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently issued accounting pronouncements

Effective January 1, 2019, the company has implemented Financial Accounting Standards Board (“FASB”) revenue accounting standard codified in Section ASC 606 – “Contracts with Customers”. There was no retrospective application of the standard as the Company’s first franchise sale occurred after January 1, 2021. The Company’s revenue recognition under ASC 606 is described under the revenue recognition policy above. The Company has adopted all other recently issued Accounting Standards Updates (“ASU”). The adoption of the recently issued ASUs, including those not yet effective, is not anticipated to have a material effect on the financial position or results of operations of the Company.

NOTE 2 – CONTRACT BALANCES

The Company has recognized an asset for the incremental costs and recorded a liability for unearned revenue associated with franchisee acquisition and acceptance performance obligation of the Company’s franchise agreement. The account balances and activity are as follows:

	December 31,	
	2023	2022
Deferred Non-refundable Franchise Fees:		
Balance Beginning of year	\$ 154,282	\$ 142,507
Deferral of non-refundable franchise fees	-	29,600
Recognition of non-refundable franchise fees	(18,488)	(17,825)
Balance at End of Year	\$ 135,794	\$ 154,282

Disaggregation of Revenues

Disaggregated revenues based on the satisfaction of performance obligations in the Company’s contracts with franchisees is as follows:

	Years Ended December 31,		
	2023	2022	2021
Performance obligations satisfied at a point in time	\$ 171,498	\$ 192,092	\$ 211,377
Performance obligations satisfied through the passage of time	18,488	17,825	9,050
Total revenues	\$ 189,986	\$ 209,917	\$ 220,427

2ND FAMILY FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – CONTRACT BALANCES (CONTINUED)

Estimated Recognition of Non-refundable Deferred Franchise Fees

Estimated revenues and franchise acquisition costs to be recognized in future periods related to non-refundable deferred franchise fees as reported at December 31, 2023, is as follows:

	<u>Non-refundable Franchise Fees</u>
Year ending December 31:	
2024	\$ 18,488
2025	18,488
2026	18,488
2027	18,488
2028	18,488
Thereafter	43,354
	<u>\$ 135,794</u>

NOTE 3 – INTANGIBLE ASSETS

At December 31, intangible assets consist of the following:

	<u>December 31,</u>	
	<u>2023</u>	<u>2022</u>
Franchise development costs	\$ 21,806	\$ 21,806
Less accumulated amortization	(21,806)	(21,806)
	<u>\$ -</u>	<u>\$ -</u>

Amortization expense was \$0, \$0, and \$2,309 for the years ended December 31, 2023, 2022 and 2021, respectively.

NOTE 4 – COMMITMENTS AND CONTINGENCIES

Litigation

The Company may be party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

NOTE 5 - SUBSEQUENT EVENTS

Date of Management's Evaluation

Management has evaluated subsequent events through February 29, 2024, the date on which the financial statements were available to be issued.

EXHIBIT D

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2nd Family Home Health Franchise Operations Manual

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EXHIBIT E

OUTLETS AS OF DECEMBER 31, 2022/2023

Franchisees:

Jeffrey Neidig
245 W State Street, Suite B
Newcomerstown, OH
(740) 462-3152

Brandon and Deanna Emerson
111 Dallas St. suite 100
Argyle, TX 76226
(817) 886-8827

Christopher Glowacki & John J. Killeen Jr.
40 East Montgomery Avenue, 4th Floor
Ardmore, PA 19003
(610) 719-3223

Carole Apkarian and Robert Lobefaro
181 New Rd. suite 304
Parsippany, NJ 07054
(973)-679-7235

~~Christopher Glowacki & John J. Killeen Jr.~~
~~Philadelphia, PA~~
~~(610) 719-3223~~

Thomas Michaels
277 Fairfield Rd. suite 103
Fairfield, NJ 07004
(973)653-0999

~~Craig Bevington~~
~~Dallas, Texas~~
~~(214) 556-8852~~

Franchise Agreements Signed But Outlets Not Yet Open:

~~Carole Apkarian & Robert Lobefaro~~
~~Morristown, NJ~~~~None~~

Franchisees who have left the System:

Matthew Miller & Russell Ahmann
Houston, Texas
(713) 568-4190

Kevin Doyle Springer
401 Westpark Court Suite 200
Peachtree City, GA 30269
(770) 818-6745

Craig Bevington
Dallas, Texas
(214) 556-8852

EXHIBIT F
FRANCHISEE ACKNOWLEDGEMENT STATEMENT

2ND FAMILY FRANCHISEE ACKNOWLEDGEMENT STATEMENT

Acknowledgement of the truthfulness of the statements below are an inducement for the Franchisor to enter into a Franchise Agreement. Notify Franchisor immediately, prior to acknowledgment, if any statement below is incomplete or incorrect.

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.

1. Franchisee has conducted an independent investigation of all aspects relating to the financial, operational and other aspects of the business of operating the Franchised Business. Franchisee further acknowledges that, except as may be set forth in Franchisor’s Disclosure Document, no representations of performance (financial or otherwise) for the Franchised Business provided for in this Agreement has been made to Franchisee by Franchisor and Franchisee and any and all Principals hereby waive any claim against Franchisor for any business failure Franchisee may experience as a franchisee under this Agreement.

Initial

2. Franchisee has conducted an independent investigation of the business contemplated by this Agreement and understands and acknowledges that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of Franchisee and its efforts as an independent business operation.

Initial

3. Franchisee agrees that no claims of success or failure have been made to it or him or her prior to signing the Franchise Agreement and that it/she/he understands all the terms and conditions of the Franchise Agreement. Franchisee further acknowledges that the Franchise Agreement contains all oral and written agreements, representations and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

Initial

4. Franchisee has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, sales representatives, agents or servants, about the business contemplated by the Franchise Agreement that are contrary to the terms of the Franchise Agreement or the documents incorporated herein. Franchisee acknowledges

that no representations or warranties are made or implied, except as specifically set forth in the Franchise Agreement. Franchisee represents, as an inducement to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining the Franchise Agreement.

Initial

5. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by the Franchise Agreement.

Initial

6. Franchisee acknowledges that Franchisor's approval or acceptance of Franchisee's Business location does not constitute a warranty, recommendation or endorsement of the location for the Franchised Business, nor any assurance by Franchisor that the operation of the Franchised Business at the premises will be successful or profitable.

Initial

7. Franchisee acknowledges that it has received the 2nd Family Franchising, LLC Franchise Disclosure Document with a complete copy of the Franchise Agreement and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Franchise Agreement was executed. Franchisee further acknowledges that Franchisee has read such Franchise Disclosure Document and understands its contents.

Initial

8. Franchisee acknowledges that it has had ample opportunity to consult with its own attorneys, accountants and other advisors and that the attorneys for Franchisor have not advised or represented Franchisee with respect to the Franchise Agreement or the relationship thereby created.

Initial

9. Franchisee, together with Franchisee's advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise granted by the Franchise Agreement.

Initial

10. Franchisee is aware of the fact that other present or future franchisees of Franchisor may operate under different forms of agreement(s), and consequently that Franchisor's obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

Initial

11. It is recognized by the parties that Franchisor is also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that Franchisor does not warrant that such products will not be sold within the Franchisee's Territory by others who may have purchased such products from Franchisor.

Initial

12. BY EXECUTING THE FRANCHISE AGREEMENT, FRANCHISEE AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE 2ND FAMILY FRANCHISING, LLC, 2ND FAMILY PROPERTIES, LLC, THE 2ND FAMILY INDEMNITEES, AND ANY OF THIER PARENT COMPANIES, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AND THE FOREGOING ENTITIES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THE FRANCHISE AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF. THIS RELEASE SHALL NOT APPLY TO ANY CLAIMS ARISING FROM REPRESENTATIONS MADE BY FRANCHISOR IN FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT RECEIVED BY FRANCHISEE.

Initial

FRANCHISEE:

PRINCIPAL:

By: _____

(Print Name)

(Print Name, Title)

Date: _____

Date: _____

PRINCIPAL:

(Print Name)

Date: _____

EXHIBIT G
RECRUITING AGREEMENT

THIS RECRUITING AGREEMENT (this "Agreement") is being entered into on _____, (the "Effective Date") by and between 2nd Family Franchising, LLC, a Maryland limited liability company with its principal place of business at 1532 Liberty Road, Suite 105, Eldersburg, Maryland, 21784 (herein "Franchisor") and _____, a(n) _____, with its principal place of business located at _____ and _____'s principals _____, an individual residing at _____ and _____, an individual residing at _____ ("Principal(s)"). And Principal(s) shall be individually and collectively referred to, and each is, the "Franchisee".

RECITALS

WHEREAS, Franchisor and Franchisee are parties to a franchise agreement of dated _____ which grants Franchisee the rights to establish a 2nd Family® Home Care and Support Services franchise in accordance with said agreement (the "Franchise Agreement"); and

WHEREAS, Franchisor and Franchisee desire to enter into the optional recruiting program offered by Franchisor, in which Franchisor shall assist Franchisee with recruiting and screening caregivers for Franchisee's hiring determination.

NOW, THEREFORE, in consideration of the mutual promises contained in the this Agreement, and for good and valuable considerations in hand paid by each of the parties to the others, the receipt and sufficiency of which the parties acknowledge, the parties agree as follows:

1. Term. This Agreement shall be for a period of twelve (12) months from the Effective Date of this Agreement.
2. Recruiting Program Fee. Franchisee agrees to pay Franchisor, throughout the term of this Agreement, Two Thousand Five Hundred Dollars (\$2,500.00) per month in exchange for Franchisor's assistance in recruiting and screening prospective caregivers.
3. Hiring Decision. Franchisee acknowledges that Franchisee shall make the determination whether or not to hire any caregiver presented by Franchisor. Franchisor shall not have any involvement in the decision-making process with regards to the hiring or firing of Franchisee's caregivers.
4. Independent Investigation. Franchisee acknowledges the importance of Franchisee conducting their own independent investigation and vetting of any caregiver candidate proposed by Franchisor.

5. Indemnification. To the fullest extent permitted by law, Franchisee agrees to exonerate and indemnify and hold harmless 2nd Family Franchising, LLC, and any parent companies, subsidiaries, divisions, affiliates, successors, assigns and designees, as well as their directors, officers, employees, agents, and shareholders (collectively referred to as the “2nd Family Indemnitees”), from all claims based upon, arising out of, or in any way related to this Recruiting Agreement, including but not limited to, any claim in connection with Franchisee’s employees or agents; or Franchisee’s advertising or business practices. Franchisee agrees to pay for all the 2nd Family Indemnitees’ losses, expenses (including, but not limited to attorneys’ fees) or concurrent or contributing liability incurred in connection with any action, suit, proceeding, inquiry (regardless of whether the same is reduced to judgment or determination), or any settlement thereof for the indemnification granted by Franchisee hereunder. The 2nd Family Indemnitees shall have the right to select and appoint independent counsel to represent any of the 2nd Family Indemnitees in any action or proceeding covered by this indemnity. Franchisee agrees that to hold the 2nd Family Indemnitees harmless, franchisee will reimburse the 2nd Family Indemnitees as the costs and expenses are incurred by the 2nd Family Indemnitees.

The parties hereto have duly signed and executed this Agreement as of the day and year first above written.

FRANCHISOR:

2ND FAMILY FRANCHISING, LLC

By:

Chad Tracey, President

(Print Name, Title)

FRANCHISEE:

By:

(Print Name, Title)

PRINCIPAL:

(Print Name)

EXHIBIT H
STATE ADDENDA

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF MINNESOTA**

The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act, Minn. Stat. Section 80.01 et seq., and of the Rules and Regulations promulgated under the Act (collectively the "Franchise Act"). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

1. Item 6, Non-Sufficient Funds Fee, is amended to state:

Pursuant to Minn. Stat. § 604.113, the Non-Sufficient Funds Fee is \$30.00 per occurrence.

2. Item 17 is amended to state:

(a) Minn. Stat. § 80C.21 and Minnesota Rules § 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in this Franchise Disclosure Document or agreement(s) shall abrogate or reduce (1) any of your rights as provided for in Minn. Stat. Chapter 80C or (2) your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

(b) In accordance with Minn. Stat. § 80C.14 subd. 3-5, except in certain specified cases, we will give you 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement. Additionally, we will not unreasonably withhold our consent to a transfer of your Franchised Business.

(c) In accordance with Minnesota Rules 2860.4400(D), we cannot require you to assent to a general release.

(d) In accordance with Minnesota Rules 2860.4400(J), we cannot require you to consent to liquidated damages.

(e) Minn. Stat. § 80C.17 subd. 5 requires that an action be commenced pursuant to the Franchise Act within three (3) years after the cause of action accrues.

(f) You cannot consent to us obtaining injunctive relief. We may seek injunctive relief. See Minnesota Rules 2860.4400(J),

**AMENDMENT TO THE
FRANCHISE AGREEMENT REQUIRED BY THE STATE OF MINNESOTA**

In recognition of the requirements of the Minnesota Statutes Chapter 80C, the parties to the attached 2nd Family Franchise Agreement (the "Franchise Agreement") agree as follows:

1. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee's assent to a release other than as part of a voluntary settlement of disputes. To the extent of any inconsistencies with the Minnesota Rules requirement contained in Sections 5.2.5 or 16.3.6 of the Franchise Agreement, such inconsistent provisions are hereby deleted.

2. To the extent of any inconsistencies, Article 5 of the Franchise Agreement is hereby amended to state:

"Except in certain specified cases as set forth in Minn. Stat. § 80C.14 subd. 4, Franchisor will give Franchisee 180 days notice for non-renewal of the Franchise Agreement."

3. To the extent of any inconsistencies, Section 6.6 of the Franchise Agreement is hereby amended to state that the non-sufficient funds fee is Thirty Dollars (\$30.00) per occurrence.

4. To the extent of any inconsistencies, Sections 17.1 through 17.3 of the Franchise Agreement are hereby amended to state:

"Except in certain specified cases as set forth in Minn. Stat. § 80C.14 subd. 3, Franchisor will give Franchisee 90 days notice of termination (with 60 days to cure)".

5. To the extent of any inconsistencies, Article 20, Dispute Resolution, of the Franchise Agreement is hereby amended to state:

"Franchisor cannot require Franchisee to: (i) conduct litigation outside Minnesota, (ii) waive a jury trial, or (iii) consent to liquidated damages, termination penalties or judgment notes. Nothing in this Franchise Agreement shall abrogate or reduce (1) any of Franchisee's rights as provided for in Minn. Stat. Chapter 80C or (2) Franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. Franchisee cannot consent to Franchisor obtaining injunctive relief. Franchisor may seek injunctive relief."

6. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Statutes Chapter 80C are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed this Minnesota Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

2nd FAMILY FRANCHISING, LLC

By: _____

(Print Name, Title)

FRANCHISEE:

By: _____

(Print Name, Title)

PRINCIPAL:

(Print Name)

PRINCIPAL:

(Print Name)

VIRGINIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

Item 5 is hereby supplemented with the following:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

The following statements are added to Item 17.h.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Pursuant to 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 him under the franchise, that provision may not be enforceable.

**AMENDMENT TO THE FRANCHISE AGREEMENT REQUIRED BY THE
COMMONWEALTH OF VIRGINIA**

To the extent of any inconsistencies, Section 6.1.1 of the Franchise Agreement is hereby amended to state:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act are met independently without reference to this Amendment.

The parties hereto have duly executed this Virginia Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

2ND FAMILY FRANCHISING, LLC

By:

(Print Name, Title)

FRANCHISEE:

By:

(Print Name, Title)

PRINCIPAL:

(Print Name)

PRINCIPAL:

(Print Name)

STATE EFFECTIVE DATES

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

This Franchise Disclosure Document is registered, on file or exempt from registrations in the following states having franchise disclosure laws, with the following effective dates:

<u>STATE</u>	<u>EFFECTIVE DATE</u>
Minnesota	PENDING Pending
Virginia	PENDING Pending
Wisconsin	PENDING Pending

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 H

RECEIPT

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

If 2nd Family Franchising, LLC 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 you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If 2nd Family Franchising, LLC 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to your state authority listed on Exhibit A.

The name and principal business address and telephone number of each franchise seller offering the franchise is:

<u>Chad Tracey</u> <u>1532 Liberty Road, Suite 105</u> <u>Eldersburg, MD 21784</u> <u>443-609-3640</u>	<u>Josh Markland</u> <u>1532 Liberty Road, Suite 105</u> <u>Eldersburg, MD 21784</u> <u>443-609-3640</u>
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Issuance Date: June 3, 2024

I received a Disclosure Document dated _____ that included the following Exhibits:

- EXHIBIT A: List of State Franchise Administrators and Agents for Service of Process
- EXHIBIT B: Franchise Agreement with Attachments 1-10
- EXHIBIT C: Financial Statements of 2nd Family Franchising, LLC
- EXHIBIT D: Operations Manual Table of Contents
- EXHIBIT E: Outlets as of the date of this Disclosure Document
- EXHIBIT F: Franchisee Acknowledgement Statement
- EXHIBIT G: Recruiting Agreement
- EXHIBIT H: State Addenda
- EXHIBIT I: Receipt

Date Received: _____ DATE: _____
(If other than date signed)

Print Name: _____

Print Address: _____

City, State: _____

(Signature of recipient)

Please return signed receipt to 2nd Family Franchising, LLC,
1532 Liberty Road, Suite 105
Eldersburg, MD 21784

EXHIBIT I

RECEIPT

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

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Chad Tracey 1532 Liberty Road, Suite 105 Eldersburg, MD 21784 443-609-3640	Josh Markland 1532 Liberty Road, Suite 105 Eldersburg, MD 21784 443-609-3640	
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Issuance Date: ~~March 22, 2023~~ June 3, 2024

I received a Disclosure Document dated _____ that included the following Exhibits:

- ~~EXHIBIT A: List of State Franchise Administrators and Agents for Service of Process~~
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- ~~EXHIBIT C: Financial Statements of 2nd Family Franchising, LLC~~
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- ~~EXHIBIT G: State Addenda~~
- EXHIBIT H: Receipt**

Date Received: _____ DATE: _____
(If other than date signed)

Print Name: _____

Print Address: _____

City, State: _____

(Signature of recipient)

Please return signed receipt to 2nd Family Franchising, LLC,
~~4532 Liberty Road, Suite 105~~
~~Eldersburg, MD 21784~~

EXHIBIT H

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Chad Tracey 1532 Liberty Road, Suite 105 Eldersburg, MD 21784 443-609-3640	Josh Markland 1532 Liberty Road, Suite 105 Eldersburg, MD 21784 443-609-3640	
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- EXHIBIT I: Receipt

Date Received: _____
(If other than date signed)

DATE: _____

Print Name: _____

Print Address: _____

City, State: _____

(Signature of recipient)

KEEP FOR YOUR RECORDS